

One Hundred Fifth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2007

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2007*

To the Honorable Timothy M. Kaine

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred fifth Annual Report of the State Corporation Commission for the year 2007.

Respectfully submitted,

Theodore V. Morrison, Jr., Chairman

Mark C. Christie, Commissioner

Judith Williams Jagdmann, Commissioner

TABLE OF CONTENTS

Commissioners	1
Preface	3
Rules of Practice and Procedure	5
Leading Matters Disposed of by Formal Orders	15
Tables:	
Summary of the Changes in the Number of Virginia and Foreign Corporations and Other Types of Business Entities Licensed to do Business in Virginia, and of Amendments and Other Filings Related to the Organizational Documents of Virginia and Foreign Business Entities During 2006 and 2007	579
Fees Collected by the Clerk's Office, June 30, 2006, and June 30, 2007	581
Fees Collected by the Bureau of Financial Institutions, June 30, 2006, and June 30, 2007	582
Fees and Taxes Collected by the Bureau of Insurance, June 30, 2006, and June 30, 2007	582
Assessments of Value, Taxable Property, Public Service Corporations, 2006 and 2007	583
License Taxes Assessed, Public Service Corporations, 2006 and 2007	583
State Tax for Valuation and Rate Making, Utilities Companies, 2006 and 2007	583
Assessed Value, Property of Public Service Corporations for Local Taxation, By Cities and Counties, 2006 and 2007	584
Fees Collected by the Division of Securities and Retail Franchising for the years 2006 and 2007	586
2007 Proceedings and Activities by Divisions of the State Corporation Commission	
Division of Public Utility Accounting	587
Division of Communications	588
Division of Economics and Finance	589
Division of Energy Regulation	590

Bureau of Financial Institutions	591
Bureau of Insurance Regulation	592
Division of Securities and Retail Franchising	593
Uniform Commercial Code	594
Division of Utility and Railroad Safety	594
Index	595
APPENDIX:	
List of Cases Established in 2007	630

State Corporation Commission

COMMISSIONERS

*Mark C. Christie

Chairman

**Theodore V. Morrison, Jr.

Chairman

Judith Williams Jagdmann

Commissioner

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2007

**Elected Chairman effective for term of one year,
February 1, 2007
Retired as Commissioner, effective December 31, 2007

Commissioners

The three initial Commissioners took office March 1, 1903. From 1903 to 1919 the Commissioners were appointed by the Governor subject to confirmation by the General Assembly. Between 1919 and 1926 they were elected by popular vote. Between 1926 and 1928 they were appointed by the Governor subject to confirmation by the General Assembly. Since 1928 they have been elected by the General Assembly.

The names and terms of office of the Commissioners:

		Years
Beverly T. Crump	March 1, 1903 to June 1, 1907	4
Henry C. Stuart	March 1, 1903 to February 28, 1908	5
Henry Fairfax	March 1, 1903 to October 1, 1905	3
Jos. E. Willard	October 1, 1905 to February 18, 1910	4
Robert R. Prentis	June 1, 1907 to November 17, 1916	9
Wm. F. Rhea	February 28, 1908 to November 15, 1925	18
J. R. Wingfield	February 18, 1910 to January 31, 1918	8
C. B. Garnett	November 17, 1916 to October 28, 1918	2
Alexander Forward	February 1, 1918 to December 5, 1923	5
Robert E. Williams	November 12, 1918 to July 1, 1919	1
(Temporary Appointment during absence of Forward on military service)		
S. L. Lupton	October 28, 1918 to June 1, 1919	1
Berkley D. Adams	June 12, 1919 to January 31, 1928	9
Oscar L. Shewmake	December 16, 1923 to November 24, 1924	1
H. Lester Hooker	November 25, 1924 to January 31, 1972	47
Louis S. Epes	November 16, 1925 to November 16, 1929	4
Wm. Meade Fletcher	February 1, 1928 to December 19, 1943	16
George C. Peery	November 29, 1929 to April 17, 1933	3
Thos. W. Ozlin	April 17, 1933 to July 14, 1944	11
Harvey B. Apperson	January 31, 1944 to October 5, 1947	4
Robert O. Norris	August 30, 1944 to November 20, 1944	
L. McCarthy Downs	December 16, 1944 to April 18, 1949	5
W. Marshall King	October 7, 1947 to June 24, 1957	10
Ralph T. Catterall	April 28, 1949 to January 31, 1973	24
Jesse W. Dillon	July 16, 1957 to January 28, 1972	14
Preston C. Shannon	March 10, 1972 to January 31, 1996	25
Junie L. Bradshaw	March 10, 1972 to January 31, 1985	13
Thomas P. Harwood, Jr.	February 20, 1973 to February 20, 1992	19
Elizabeth B. Lacy	April 1, 1985 to December 31, 1988	4
Theodore V. Morrison, Jr.	February 15, 1989 to December 31, 2007	19
Hullihen Williams Moore	February 26, 1992 to January 31, 2004	13
Clinton Miller	February 15, 1996 to January 31, 2006	11
Mark C. Christie	February 1, 2004 to	
Judith Williams Jagdmann	February 1, 2006 to	

From 1903 through 2007 the lines of succession were:

	Years		Years		Years
Crump	4	Stuart	5	Fairfax	3
Prentis	9	Rhea	18	Willard	4
Garnett	2	Epes	4	Wingfield	8
Lupton	1	Peery	3	Forward	5
Adams	9	Ozlin	11	Williams	1
Fletcher	16	Norris	0	Shewmake	1
Apperson	4	Downs	5	Hooker	47
King	10	Catterall	24	Bradshaw	13
Dillon	14	Harwood	19	Lacy	4
Shannon	25	Moore	13	Morrison	19
Miller	11	Christie	4		
Jagdmann	2				

Preface

The State Corporation Commission is vested with regulatory authority over many businesses and economic interests in Virginia. These interests are as varied as the SCC's powers, which are derived from the Constitution of Virginia and state statutes. The SCC's authority ranges from setting rates charged by public utilities to serving as the central filing office in Virginia for corporate charters.

Established by the Virginia Constitution of 1902 to oversee the railroad and telephone and telegraph industries operating in the Commonwealth, the SCC's jurisdiction now includes supervision of many businesses that have a direct impact on Virginia consumers. The SCC is charged with administering the Virginia laws related to the regulation of public utilities, insurance, state-chartered financial institutions, investment securities, retail franchising, and utility and railroad safety. In addition, it is the state's central filing office for Uniform Commercial Code financing statements and for documents that create corporations, limited liability companies, business trusts, and limited partnerships.

The SCC's structure is unique. No other state has placed in a single agency such a broad array of regulatory responsibility. Created by the state constitution as a permanent department of government, the SCC possesses legislative, judicial, and administrative powers. The decisions of the SCC can be appealed only to the Supreme Court of Virginia.

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

Rules of Practice and Procedure

TABLE OF CONTENTS

**PART I
GENERAL PROVISIONS**

	Rule
Applicability	Rule 10
Good faith pleading and practice	Rule 20
Counsel	Rule 30
Photographs and broadcasting of proceedings	Rule 40
Consultation by parties with Commissioners and Hearing Examiners	Rule 50
Commission staff.....	Rule 60
Informal complaints	Rule 70

**PART II.
COMMENCEMENT OF FORMAL PROCEEDINGS**

Regulatory proceedings.....	Rule 80
Adjudicatory proceedings	Rule 90
Other proceedings.....	Rule 100

**PART III.
PROCEDURES IN FORMAL PROCEEDINGS**

Motions.....	Rule 110
Procedure before Hearing Examiners	Rule 120
Amendment of pleadings	Rule 130
Filing and service	Rule 140
Copies and format	Rule 150
Memorandum of completeness	Rule 160
Confidential information	Rule 170
Official transcript of hearing	Rule 180
Rules of evidence	Rule 190

Briefs Rule 200

Oral argument..... Rule 210

Petition for rehearing or reconsideration..... Rule 220

Extension of time..... Rule 230

PART IV.
DISCOVERY AND HEARING PREPARATION PROCEDURES

Prepared testimony and exhibits..... Rule 240

Process, witnesses, and production of documents and things..... Rule 250

Interrogatories to parties or requests for production of documents and things..... Rule 260

Hearing preparation..... Rule 270

Discovery in 5 VAC 5-20-90 proceedings..... Rule 280

CHAPTER 20
STATE CORPORATION COMMISSION
RULES OF PRACTICE AND PROCEDURE

PART I.

GENERAL PROVISIONS.

5 VAC 5-20-10. Applicability.

The State Corporation Commission Rules of Practice and Procedure are promulgated pursuant to the authority of § 12.1-25 of the Code of Virginia and are applicable to the regulatory and adjudicatory proceedings of the State Corporation Commission except where superseded by more specific rules for particular types of cases or proceedings. When necessary to serve the ends of justice in a particular case, the commission may grant, upon motion or its own initiative, a waiver or modification of any of the provisions of the rules, except 5 VAC 5-20-220, under terms and conditions and to the extent it deems appropriate. These rules do not apply to the internal administration or organization of the commission in matters such as the procurement of goods and services, personnel actions, and similar issues, nor to matters that are being handled administratively by a division or bureau of the commission.

5 VAC 5-20-20. Good faith pleading and practice.

Every pleading, written motion, or other document presented for filing by a party represented by an attorney shall be signed by at least one attorney of record in the attorney's individual name, and the attorney's mailing address and telephone number, and where available, telefax number and email address, shall be stated. An individual not represented by an attorney shall sign the individual's pleading, motion, or other document, and shall state the individual's mailing address and telephone number. A partnership not represented by an attorney shall have a partner sign the partnership's pleading, motion, or other document, and shall state the partnership's mailing address and telephone number. A nonlawyer may only represent the interests of another before the commission in the presentation of facts, figures, or factual conclusions, as distinguished from legal arguments or conclusions. In the case of an individual or entity not represented by counsel, each signature shall be that of a qualified officer or agent. The pleadings need not be under oath unless so required by statute.

The commission allows electronic filing. Before filing electronically, the filer shall complete an electronic document filing authorization form, establish a filer authentication password with the Clerk of the State Corporation Commission and otherwise comply with the electronic filing procedures adopted by the commission. Upon establishment of a filer authentication password, a filer may make electronic filings in any case. All documents submitted electronically must be capable of being printed as paper documents without loss of content or appearance.

The signature of an attorney or party constitutes a certification that (i) the attorney or party has read the pleading, motion, or other document; (ii) to the best of the attorney's or party's knowledge, information, and belief formed after reasonable inquiry, it is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and (iii) it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation. A pleading, written motion, or other document will not be accepted for filing by the Clerk of the Commission if not signed.

An oral motion made by an attorney or party in a commission proceeding constitutes a representation that the motion (i) is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and (ii) is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

5 VAC 5-20-30. Counsel.

Except as otherwise provided in 5 VAC 5-20-20, no person other than a properly licensed attorney at law shall file pleadings or papers or appear at a hearing to represent the interests of another person or entity before the commission. An attorney admitted to practice in another jurisdiction, but not licensed in Virginia, may be permitted to appear in a particular proceeding pending before the commission in association with a member of the Virginia State Bar. The Virginia State Bar member will be counsel of record for every purpose related to the conduct and disposition of the proceeding.

In all appropriate proceedings before the Commission, the Division of Consumer Counsel, Office of the Attorney General, may appear and represent and be heard on behalf of consumers' interests, and investigate matters relating to such appearance, and otherwise may participate to the extent reasonably necessary to discharge its statutory duties.

5 VAC 5-20-40. Photographs and broadcasting of proceedings.

Electronic media and still photography coverage of commission hearings will be allowed at the discretion of the commission.

5 VAC 5-20-50. Consultation by parties with Commissioners and Hearing Examiners.

No commissioner or hearing examiner shall consult with any party or any person acting on behalf of any party with respect to a pending formal proceeding without giving adequate notice and opportunity for all parties to participate.

5 VAC 5-20-60. Commission staff.

The commissioners and hearing examiners shall be free at all times to confer with any member of the commission staff. However, no facts nor legal arguments likely to influence a pending formal proceeding and not of record in that proceeding shall be furnished ex parte to any commissioner or hearing examiner by any member of the commission staff.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

5 VAC 5-20-70. Informal complaints.

All correspondence and informal complaints shall be referred to the appropriate division or bureau of the commission. The head of the division or bureau receiving this correspondence or complaint shall attempt to resolve the matter presented. Matters not resolved to the satisfaction of all participating parties by the informal process may be reviewed by the full commission upon the proper filing of a formal proceeding in accordance with the rules by any party to the informal process.

PART II.**COMMENCEMENT OF FORMAL PROCEEDINGS.***5 VAC 5-20-80. Regulatory proceedings.*

A. Application. Except where otherwise provided by statute, rule or commission order, a person or entity seeking to engage in an industry or business subject to the commission's regulatory control, or to make changes in any previously authorized service, rate, facility, or other aspect of such industry or business that, by statute or rule, must be approved by the Commission, shall file an application requesting authority to do so. The application shall contain: (i) a specific statement of the action sought; (ii) a statement of the facts that the applicant is prepared to prove that would warrant the action sought; (iii) a statement of the legal basis for such action; and (iv) any other information required by law or regulation. Any person or entity filing an application shall be a party to that proceeding.

B. Participation as a respondent. A notice of participation as a respondent is the proper initial response to an application. A notice of participation shall be filed within the time prescribed by the commission and shall contain: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any person or entity filing a notice of participation as a respondent shall be a party to that proceeding.

C. Public witnesses. Any person or entity not participating in a matter pursuant to 5 VAC 5-20-80 A or 5 VAC 5-20-80 B may make known their position in any regulatory proceeding by filing written comments in advance of the hearing if provided for by commission order or by attending the hearing, noting an appearance in the manner prescribed by the commission, and giving oral testimony. Public witnesses may not otherwise participate in the proceeding, be included in the service list, or be considered a party to the proceeding.

D. Commission staff. The commission staff may appear and participate in any proceeding in order to see that pertinent issues on behalf of the general public interest are clearly presented to the commission. The staff may, inter alia, conduct investigations and discovery, evaluate the issues raised, testify and offer exhibits, file briefs and make argument, and be subject to cross-examination when testifying. Neither the commission staff collectively nor any individual member of the commission staff shall be considered a party to the case for any purpose by virtue of participation in a proceeding.

5 VAC 5-20-90. Adjudicatory proceedings.

A. Initiation of proceedings. Investigative, disciplinary, penal, and other adjudicatory proceedings may be initiated by motion of the commission staff or upon the commission's own motion. Further proceedings shall be controlled by the issuance of a rule to show cause, which shall give notice to the defendant, state the allegations against the defendant, provide for a response from the defendant and, where appropriate, set the matter for hearing. A rule to show cause shall be served in the manner provided by § 12.1-19.1 or § 12.1-29 of the Code of Virginia. The commission staff shall prove the case by clear and convincing evidence.

B. Answer. An answer is the proper initial responsive pleading to a rule to show cause. An answer shall be filed within 21 days of service of the rule to show cause, unless the commission shall order otherwise. The answer shall state, in narrative form, each defendant's responses to the allegations in the rule to show cause and any affirmative defenses asserted by the defendant. Failure to file a timely answer may result in the entry of judgment by default against the party failing to respond.

5 VAC 5-20-100. Other proceedings.

A. Promulgation of general orders, rules, or regulations. Before promulgating a general order, rule, or regulation, the commission shall, by order upon an application or upon its own motion, require reasonable notice of the contents of the proposed general order, rule, or regulation, including publication in the Virginia Register of Regulations, and afford interested persons an opportunity to comment, present evidence, and be heard. A copy of each general order, rule, and regulation adopted in final form by the commission shall be filed with the Registrar of Regulations for publication in the Virginia Register of Regulations.

B. Petitions in other matters. Persons having a cause before the commission, whether by statute, rule, regulation, or otherwise, against a defendant, including the commission, a commission bureau, or a commission division, shall proceed by filing a written petition containing: (i) the identity of the parties; (ii) a statement of the action sought and the legal basis for the commission's jurisdiction to take the action sought; (iii) a statement of the facts, proof of which would warrant the action sought; (iv) a statement of the legal basis for the action; and (v) a certificate showing service upon the defendant.

Within 21 days of service of a petition under this rule, the defendant shall file an answer containing, in narrative form, (i) a response to each allegation of the petition and (ii) a statement of each affirmative defense asserted by the defendant. Failure to file a timely answer may result in entry of judgment by default against the defendant failing to respond. Upon order of the commission, the commission staff may participate in any proceeding under this rule in which it is not a defendant to the same extent as permitted by 5 VAC 5-20-80-D.

C. Declaratory judgments. Persons having no other adequate remedy may petition the commission for a declaratory judgment. The petition shall meet the requirements of 5 VAC 5-20-100 B and, in addition, contain a statement of the basis for concluding that an actual controversy exists. In the proceeding, the commission shall by order provide for the necessary notice, responsive pleadings, and participation by interested parties.

PART III.**PROCEDURES IN FORMAL PROCEEDINGS.**

5 VAC 5-20-110. Motions. Motions may be filed for the same purposes recognized by the courts of record in the Commonwealth. Unless otherwise ordered by the commission, any response to a motion must be filed within 14 days of the filing of the motion, and any reply by the moving party must be filed within ten days of the filing of the response.

5 VAC 5-20-120. Procedure before Hearing Examiners.

A. Assignment. The commission may, by order, assign a matter pending before it to a hearing examiner. Unless otherwise ordered, the hearing examiner shall conduct all further proceedings in the matter on behalf of the commission in accordance with the rules. In the discharge of his or her duties, the hearing examiner shall exercise all the adjudicatory powers possessed by the commission including, inter alia, the power to administer oaths; require the attendance of witnesses and parties; require the production of documents; schedule and conduct pre-hearing conferences; admit or exclude evidence; grant or deny continuances; and rule on motions, matters of law, and procedural questions. The hearing examiner shall, upon conclusion of all assigned duties, issue a written final report and recommendation to the commission.

B. Objections and certification of issues. An objection to a ruling by the hearing examiner shall be stated with the reasons therefore at the time of the ruling, and the objection may be argued to the commission as part of a response to the hearing examiner's report. A ruling by the hearing examiner that denies further participation by a party in interest or the commission staff in a proceeding that has not been concluded may be immediately appealed to the commission by filing a written motion with the commission for review. Upon the motion of any party or the staff, or upon the hearing examiner's own initiative, the hearing examiner may certify any other material issue to the commission for its consideration and resolution. Pending resolution by the commission of a ruling appealed or certified, the hearing examiner shall retain procedural control of the proceeding.

C. Responses to hearing examiner reports. Unless otherwise ordered by the hearing examiner, responses supporting or objecting to the hearing examiner's final report must be filed within 21 days of the issuance of the report. A reply to a response to the hearing examiner's report may only be filed with leave of the commission. The commission may accept, modify, or reject the hearing examiner's recommendations in any manner consistent with law and the evidence, notwithstanding an absence of objections to the hearing examiner's report.

5 VAC 5-20-130. Amendment of pleadings.

No amendment shall be made to any formal pleading after it is filed except by leave of the commission, which leave shall be liberally granted in the furtherance of justice. The commission shall make such provision for notice and for opportunity to respond to the amended pleadings as it may deem necessary and proper.

5 VAC 5-20-140. Filing and service.

A formal pleading or other related document shall be considered filed with the commission upon receipt of the original and required copies by the Clerk of the Commission no later than the time established for the closing of business of the clerk's office on the day the item is due. The original and copies shall be stamped by the Clerk to show the time and date of receipt.

Electronic filings may be submitted at any time and will be deemed filed on the date and at the time the electronic document is received by the commission's database; provided, that if a document is received when the clerk's office is not open for public business, the document shall be deemed filed on the next regular business day. A filer will receive an electronic notification identifying the date and time the document is received by the commission's database. An electronic document may be rejected if it is not submitted in compliance with these rules.

When a filing would otherwise be due on a day when the clerk's office is not open for public business, the filing will be timely if made on the next regular business day when the office is open to the public. When a period of 15 days or fewer is permitted to make a filing or take other action pursuant to commission rule or order, intervening weekends or holidays shall not be counted in determining the due date.

Service of a formal pleading, brief, or other document filed with the commission required to be served on the parties to a proceeding or upon the commission staff, shall be effected by delivery of a true copy to the party or staff, or by deposit of a true copy into the United States mail properly addressed and stamped, on or before the date of filing. Service on a party may be made by service on the party's counsel. Alternatively, electronic service shall be permitted on parties or staff in cases where all parties and staff have agreed to such service, or where the commission has provided for such service by order. At the foot of a formal pleading, brief, or other document required to be served, the party making service shall append a certificate of counsel of record that copies were mailed or delivered as required. Notices, findings of fact, opinions, decisions, orders, or other documents to be served by the commission may be served by United States mail. However, all writs, processes, and orders of the commission, when acting in conformity with § 12.1-27 of the Code of Virginia, shall be attested and served in compliance with § 12.1-19.1 or 12.1-29 of the Code of Virginia.

5 VAC 5-20-150. Copies and format.

Applications, petitions, responsive pleadings, briefs, and other documents must be filed in an original and 15 copies. Except as otherwise stated in these rules, submissions filed electronically are exempt from the copy requirement.

One copy of each responsive pleading or brief must be served on each party and the commission staff counsel assigned to the matter, or, if no counsel has been assigned, on the general counsel.

Each document must be filed on standard size white opaque paper, 8-1/2 by 11 inches in dimension, and must be capable of being reproduced in copies of archival quality. Submissions filed electronically shall be made in portable document format (PDF).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Pleadings shall be bound or attached on the left side and contain adequate margins. Each page following the first page shall be numbered. If necessary, a document may be filed in consecutively numbered volumes, each of which may not exceed three inches in thickness. Submissions filed electronically may not exceed 100 pages of printed text of 8-1/2 by 11 inches.

Pleadings containing more than one exhibit should have dividers separating each exhibit and should contain an index. Exhibits such as maps, plats, and photographs not easily reduced to standard size may be filed in a different size, as necessary. Submissions filed electronically that otherwise would incorporate large exhibits impractical for conversion to electronic format shall be identified in the filing and include a statement that the exhibit was filed in hardcopy and is available for viewing at the commission or that a copy may be obtained from the filing party. Such exhibit shall be filed in an original and 15 copies.

All filed documents shall be fully collated and assembled into complete and proper sets ready for distribution and use, without the need for further assembly, sorting, or rearrangement.

The Clerk of the Commission may reject the filing of any document not conforming to the requirements of this rule.

5 VAC 5-20-160. Memorandum of completeness.

With respect to the filing of a rate application or an application seeking actions that by statute or rule must be completed within a certain number of days, a memorandum shall be filed by an appropriate member of the commission staff within ten days of the filing of the application stating whether all necessary requirements imposed by statute or rule for filing the application have been met and all required information has been filed. If the requirements have not been met, the memorandum shall state with specificity the remaining items to be filed. The Clerk of the Commission immediately shall serve a copy of the memorandum on the filing party. The first day of the period within which action on the application must be concluded shall be set forth in the memorandum and shall be the initial date of filing of applications that are found to be complete upon filing. Applications found to require supplementation shall be complete upon the date of filing of the last item identified in the Staff memorandum. Applications shall be deemed complete upon filing if the memorandum of completeness is not timely filed.

5 VAC 5-20-170. Confidential information.

A person who proposes in a formal proceeding that information to be filed with or submitted to the commission be withheld from public disclosure on the ground that it contains trade secrets, privileged, or confidential commercial or financial information shall file this information under seal with the Clerk of the Commission, or otherwise submit the information under seal to the commission staff as may be required. One copy of all such information also shall be submitted under seal to the commission staff counsel assigned to the matter, or, where no counsel has been assigned, to the general counsel who, until ordered otherwise by the commission, shall disclose the information only to the members of the commission staff directly assigned to the matter as necessary in the discharge of their duties. Staff counsel and all members of the commission staff, until otherwise ordered by the commission, shall maintain the information in strict confidence and shall not disclose its contents to members of the public, or to other staff members not assigned to the matter. The commission staff or any party may object to the proposed withholding of the information.

Upon challenge, the filing party shall demonstrate to the satisfaction of the commission that the information should be withheld from public disclosure. If the commission determines that the information should be withheld from public disclosure, it may nevertheless require the information to be disclosed to parties to a proceeding under appropriate protective order.

Whenever a document is filed with the clerk under seal, an expurgated or redacted version of the document deemed by the filing party or determined by the commission to be confidential shall be filed with the clerk for use and review by the public. A document containing confidential information shall not be submitted electronically. An expurgated or redacted version of the document may be filed electronically. Documents containing confidential information must be filed in hardcopy and in accordance with all requirements of these rules.

When the information at issue is not required to be filed or made a part of the record, a party who wishes to withhold confidential information from filing or production may move the commission for a protective order without filing the materials. In considering such a motion, the commission may require production of the confidential materials for inspection in camera, if necessary.

5 VAC 5-20-180. Official transcript of hearing.

The official transcript of a hearing before the commission or a hearing examiner shall be that prepared by the court reporters retained by the commission and certified by the court reporter as a true and correct transcript of the proceeding. Transcripts of proceedings shall not be prepared except in cases assigned to a hearing examiner, when directed by the commission, or when requested by a party desiring to purchase a copy. Parties desiring to purchase copies of the transcript shall make arrangement for purchase with the court reporter. When a transcript is prepared, a copy thereof shall be made available for public inspection in the Clerk of the Commission's office. By agreement of the parties, or as the commission may by order provide, corrections may be made to the transcript.

5 VAC 5-20-190. Rules of evidence.

In proceedings under 5 VAC 5-20-90, and all other proceedings in which the commission shall be called upon to decide or render judgment only in its capacity as a court of record, the common law and statutory rules of evidence shall be as observed and administered by the courts of record of the Commonwealth. In other proceedings, evidentiary rules shall not be unreasonably used to prevent the receipt of evidence having substantial probative effect.

5 VAC 5-20-200. Briefs.

Written briefs may be authorized at the discretion of the commission, except in proceedings under 5 VAC 5-20-100 A, where briefs may be filed by right. The time for filing briefs and reply briefs, if authorized, shall be set at the time they are authorized. The commission may limit the length of a brief. The commission may by order provide for the electronic filing or service of briefs.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

5 VAC 5-20-210. Oral argument.

The commission may authorize oral argument, limited as the commission may direct, on any pertinent matter at any time during the course of the proceeding.

5 VAC 5-20-220. Petition for rehearing or reconsideration.

Final judgments, orders, and decrees of the commission, except judgments prescribed by § 12.1-36 of the Code of Virginia, and except as provided in §§ 13.1-614 and 13.1-813 of the Code of Virginia, shall remain under the control of the commission and subject to modification or vacation for 21 days after the date of entry. Except for good cause shown, a petition for rehearing or reconsideration must be filed not later than 20 days after the date of entry of the judgment, order, or decree. The filing of a petition will not suspend the execution of the judgment, order, or decree, nor extend the time for taking an appeal, unless the commission, within the 21 day period following entry of the final judgment, order or decree, shall provide for a suspension in an order or decree granting the petition. A petition for rehearing or reconsideration must be served on all parties and delivered to commission staff counsel on or before the day on which it is filed. The commission will not entertain responses to, or requests for oral argument on, a petition. An order granting a rehearing or reconsideration will be served on all parties and commission staff counsel by the Clerk of the Commission.

5 VAC 5-20-230. Extension of time.

The commission may, at its discretion, grant a continuance, postponement, or extension of time for the filing of a document or the taking of an action required or permitted by these rules, except for petitions for rehearing or reconsideration filed pursuant to 5 VAC 5-20-220. Except for good cause shown, motions for extensions shall be made in writing, served on all parties and commission staff counsel, and filed with the commission at least three days prior to the date the action sought to be extended is due.

PART IV.**DISCOVERY AND HEARING PREPARATION PROCEDURES.***5 VAC 5-20-240. Prepared testimony and exhibits.*

Following the filing of an application dependent upon complicated or technical proof, the commission may direct the applicant to prepare and file the testimony and exhibits by which the applicant expects to establish its case. In all proceedings in which an applicant is required to file testimony, respondents shall be permitted and may be directed by the commission or hearing examiner to file, on or before a date certain, testimony and exhibits by which they expect to establish their case. Any respondent that chooses not to file testimony and exhibits by that date may not thereafter present testimony or exhibits except by leave of the commission, but may fully participate in the proceeding and engage in cross-examination of the testimony and exhibits of commission staff and other parties. The commission staff also shall file testimony and exhibits when directed to do so by the commission. Failure to comply with the directions of the commission, without good cause shown, may result in rejection of the testimony and exhibits by the commission. With leave of the commission and unless a timely objection is made, the commission staff or a party may correct or supplement any prepared testimony and exhibits before or during the hearing. In all proceedings, all evidence must be verified by the witness before introduction into the record, and the admissibility of the evidence shall be subject to the same standards as if the testimony were offered orally at hearing, unless, with the consent of the commission, the staff and all parties stipulate the introduction of testimony without need for verification. An original and 15 copies of prepared testimony and exhibits shall be filed unless otherwise specified in the commission's scheduling order and public notice, or unless the testimony and exhibits are filed electronically and otherwise comply with these rules. Documents of unusual bulk or weight and physical exhibits other than documents need not be filed in advance, but shall be described and made available for pretrial examination.

5 VAC 5-20-250. Process, witnesses, and production of documents and things.

A. Subpoenas. Commission staff and a party to a proceeding shall be entitled to process, to convene parties, to compel the attendance of witnesses, and to compel the production of books, papers, documents, or things provided in this rule.

B. Commission issuance and enforcement of other regulatory agency subpoenas. Upon motion by commission staff counsel, the commission may issue and enforce subpoenas at the request of a regulatory agency of another jurisdiction if the activity for which the information is sought by the other agency, if occurring in the Commonwealth, would be a violation of the laws of the Commonwealth that are administered by the commission.

A motion requesting the issuance of a commission subpoena shall include:

1. A copy of the original subpoena issued by the regulatory agency to the named defendant;
2. An affidavit of the requesting agency administrator stating the basis for the issuance of the subpoena under that state's laws; and
3. A memorandum from the commission's corresponding division director providing the basis for the issuance of the commission subpoena.

C. Documents. In a pending case, at the request of commission staff or any party, the Clerk of the Commission shall issue a subpoena. When a matter is under investigation by commission staff, before a formal proceeding has been established, whenever it appears to the commission by affidavit filed with the Clerk of the Commission by the commission staff or an individual, that a book, writing, document, or thing sufficiently described in the affidavit, is in the possession, or under the control, of an identified person and is material and proper to be produced, the commission may order the Clerk of the Commission to issue a subpoena and to have the subpoena duly served, together with an attested copy of the commission's order compelling production at a reasonable place and time as described in the commission's order.

D. Witnesses. In a pending case, at the request of commission staff or any party, the Clerk of the Commission shall issue a subpoena.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

5 VAC 5-20-260. Interrogatories to parties or requests for production of documents and things.

The commission staff and a party in a formal proceeding before the commission, other than a proceeding under 5 VAC 5-20-100 A and C, may serve written interrogatories or requests for production of documents upon a party, to be answered by the party served, or if the party served is an entity, by an officer or agent of the entity, who shall furnish to the requesting party information as is known. Interrogatories or requests for production of documents that cannot be timely answered before the scheduled hearing date may be served only with leave of the commission for good cause shown and upon such conditions as the commission may prescribe. No interrogatories or requests for production of documents may be served upon a member of the commission staff, except to discover factual information that supports the workpapers submitted by the staff to the Clerk of the Commission pursuant to 5 VAC 5-20-270. All interrogatories and requests for production of documents shall be filed with the Clerk of the Commission.

The response to each interrogatory or document request shall identify by name the person making the response. Objections, if any, to specified questions shall be stated with specificity, citing appropriate legal authority, and served with the list of responses. Responses and objections to interrogatories or requests for production of documents shall be served within 14 days of receipt, unless otherwise ordered by the commission. Upon motion promptly made and accompanied by a copy of the interrogatory or document request and the response or objection that is subject to the motion, the commission will rule upon the validity of the objection; the objection otherwise will be considered sustained.

Interrogatories or requests for production of documents may relate to any matter not privileged, which is relevant to the subject matter involved, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things, and the identity and location of persons having knowledge of evidentiary value. It is not grounds for objection that the information sought will be inadmissible at the hearing if the information appears reasonably calculated to lead to the discovery of admissible evidence.

Where the response to an interrogatory or document request may only be derived or ascertained from the business records of the party questioned, from an examination, audit, or inspection of business records, or from a compilation, abstract, or summary of business records, and the burden of deriving or ascertaining the response is substantially the same for one entity as for the other, a response is sufficient if it: (i) identifies by name and location all records from which the response may be derived or ascertained; and (ii) tenders to the inquiring party reasonable opportunity to examine, audit, or inspect the records subject to objection as to their proprietary or confidential nature. The inquiring party bears the expense of making copies, compilations, abstracts, or summaries.

5 VAC 5-20-270. Hearing preparation.

In a formal proceeding, a party or the commission staff may serve on a party a request to examine the workpapers supporting the testimony or exhibits of a witness whose prepared testimony has been filed in accordance with 5 VAC 5-20-240. The movant may request abstracts or summaries of the workpapers, and may request copies of the workpapers upon payment of the reasonable cost of duplication or reproduction. Copies requested by the commission staff shall be furnished without payment of copying costs. In actions pursuant to 5 VAC 5-20-80 A, the commission staff, upon the filing of its testimony, exhibits, or report, will compile and file with the Clerk of the Commission three copies of any workpapers that support the recommendations made in its testimony or report. The Clerk of the Commission shall make the workpapers available for public inspection and copying during regular business hours.

5 VAC 5-20-280. Discovery in 5 VAC 5-20-90 proceedings.

The following applies only to proceedings in which a defendant is subject to monetary or injunctive penalties, or revocation, cancellation, or curtailment of a license, certificate of authority, registration, or similar authority previously issued by the commission to the defendant.

A. Discovery of material in possession of the Commission staff. Upon written motion of the defendant, the commission shall permit the defendant to inspect and, at the defendant's expense, copy or photograph any relevant written or recorded statements, the existence of which is known, after reasonable inquiry, by the commission staff counsel assigned to the matter to be within the custody, possession, or control of commission staff, made by the defendant, or representatives, or agents of the defendant if the defendant is other than an individual, to a commission staff member or law enforcement officer.

A motion by the defendant under this rule shall be filed and served at least 10 days before the hearing date. The motion shall include all relief sought. A subsequent motion may be made only upon a showing of cause as to why the motion would be in the interests of justice. An order granting relief under 5 VAC 5-20-280 shall specify the time, place, and manner of making discovery and inspection permitted, and may prescribe such terms and conditions as the commission may determine.

Nothing in this rule shall require the disclosure of any information, the disclosure of which is prohibited by statute. The disclosure of the results of a commission staff investigation or work product of commission staff counsel shall not be required.

B. Depositions. After commencement of an action to which this rule applies, the commission staff or a party may take the testimony of a party or another person or entity, other than a member of the commission staff, by deposition on oral examination or by written questions. Depositions may be used for any purpose for which they may be used in the courts of record of the Commonwealth. Except where the commission or hearing examiner finds that an emergency exists, no deposition may be taken later than 10 days in advance of the formal hearing. The attendance of witnesses at depositions may be compelled by subpoena. Examination and cross-examination of the witness shall be as at hearing. Depositions may be taken in the City of Richmond or in the town, city, or county in which the deposed party resides, is employed, or does business. The parties and the commission staff, by agreement, may designate another place for the taking of the deposition. Reasonable notice of the intent to take a deposition must be given in writing to the commission staff counsel and to each party to the action, stating the time and place where the deposition is to be taken. A deposition may be taken before any person (the "officer") authorized to administer oaths by the laws of the jurisdiction in which the deposition is to be taken. The officer shall certify his or her authorization in writing, administer the oath to the deponent, record or cause to be recorded the testimony given, and note any objections raised. In lieu of participating in the oral examination, a party or the commission staff may deliver sealed written questions to the officer, who shall propound the questions to the witness. The officer may terminate the deposition if convinced that the examination is being conducted in bad faith or in an unreasonable manner. Costs of the deposition shall be borne by the party noticing the deposition, unless otherwise ordered by the commission.

C. Requests for admissions. The commission staff or a party to the proceeding may serve upon a party written requests for admission. Each matter on which an admission is requested shall be stated separately. A matter shall be deemed admitted unless within 21 days of the service of the request, or some other period the commission may designate, the party to whom the request is directed serves upon the requesting party a written answer addressing or objecting to the request. The response shall set forth in specific terms a denial of the matter set forth or an explanation as to the reasons the responding party cannot truthfully admit or deny the matter set forth. Requests for admission shall be filed with the Clerk of the Commission and simultaneously served on commission staff counsel and on all parties to the matter.

Adopted: September 1, 1974

Revised: May 1, 1985 by Case No. CLK850262

Revised: August 1, 1986 by Case No. CLK860572 and Repealed June 1, 2001 by Case No. CLK000311

Adopted: June 1, 2001 by Case No. CLK000311

Revised: January 15, 2008 by Case No. CLK-2007-00005

LEADING MATTERS DISPOSED OF BY FORMAL ORDERS**BUREAU OF FINANCIAL INSTITUTIONS**

**CASE NO. BAN20062271
MAY 29, 2007**

APPLICATION OF
PRIME CARE CREDIT UNION, INCORPORATED

To merge with L.O.M.H. Employees Federal Credit Union

ORDER APPROVING A MERGER

Prime Care Credit Union, Incorporated, a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.27 of the Code of Virginia, to merge with L.O.M.H. Employees Federal Credit Union, a federally chartered credit union. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the field of membership of the credit union which is proposed to result from the merger satisfies the requirements of § 6.1-225.23 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of L.O.M.H. Employees Federal Credit Union and the board of directors of Prime Care Credit Union, Incorporated have approved the plan of merger in accordance with applicable law.

THEREFORE, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, the merger of L.O.M.H. Employees Federal Credit Union into Prime Care Credit Union, Incorporated is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, Prime Care Credit Union, Incorporated shall be authorized to operate as a service facility, in addition to its current service facility, what is now the office of L.O.M.H. Employees Federal Credit Union at 2800 Godwin Boulevard, Suffolk, Virginia 23434. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NO. BAN20062426
APRIL 6, 2007**

APPLICATION OF
CASH SOLUTION, LLC

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Cash Solution, LLC, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 12809 Jefferson Avenue, Newport News, Virginia 23608. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20062744
JANUARY 22, 2007**

APPLICATION OF
ADVANCE AMERICA, CASH ADVANCE CENTERS OF VIRGINIA, INC. D/B/A
ADVANCE AMERICA, CASH ADVANCE CENTERS

For authority to conduct business as an agent of a money transmitter in its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money transmitter in the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money transmission services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money transmission business.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person exempt from licensing as a money transmitter pursuant to § 6.1-371 of the Code of Virginia ("exempt money transmitter"). The Company shall not engage in money transmission services on its own behalf or on behalf of any person other than an exempt money transmitter with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money transmission business separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of an exempt money transmitter.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20062928
APRIL 26, 2007**

APPLICATION OF
TERRELL L. GRAVELY, SR. D/B/A AAA CASH ADVANCE

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Terrell L. Gravelly, Sr. d/b/a AAA Cash Advance has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 3335B Campbell Avenue, Lynchburg, Virginia 24501. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20062962
NOVEMBER 19, 2007**

APPLICATION OF
CREDIT ADVISORS FOUNDATION

For a license to engage in business as a credit counseling agency

ORDER GRANTING A LICENSE

Credit Advisors Foundation, a Nebraska corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at (1) 1818 South 72nd Street, Omaha, Nebraska 68124; and (2) 1944 South Pacific Avenue, Suite 203, Tacoma, Washington 98402. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20063030
JANUARY 31, 2007**

APPLICATION OF
D. LONG INVESTMENTS, INC. D/B/A BROSVILLE PAYDAY ADVANCE

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

D. Long Investments, Inc. d/b/a Brosville Payday Advance, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 11980 Martinsville Highway, Suite A-1, Danville, Virginia 24541. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20063048
JANUARY 5, 2007**

APPLICATION OF
BEACON CREDIT UNION, INCORPORATED

To merge with Lynchburg Transit Employees Federal Credit Union

ORDER APPROVING A MERGER

Beacon Credit Union, Incorporated ("Beacon"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.27 of the Code of Virginia, to merge with Lynchburg Transit Employees Federal Credit Union, a federally-chartered credit union. Beacon will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the field of membership of the credit union which is proposed to result from the merger satisfies the requirements of § 6.1-225.23 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Lynchburg Transit Employees Federal Credit Union and the board of directors of Beacon have approved the plan of merger in accordance with applicable law.

THEREFORE, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, the merger of Lynchburg Transit Employees Federal Credit Union into Beacon is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NO. BAN20063073
MARCH 15, 2007**

APPLICATION OF
CASH-2-GO OF VIRGINIA, INC

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Cash-2-Go of Virginia, Inc, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 6644 Indian River Road, Virginia Beach, Virginia 23464; and (2) 424 Portsmouth Boulevard, Portsmouth, Virginia 23701. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NOS. BAN20063248 and BAN20063250
JANUARY 18, 2007**

APPLICATIONS OF
AMERICAN CASH CENTER, INC. (USED IN VIRGINIA BY: B & L MANAGEMENT, INC.) D/B/A CARDINAL CASH ADVANCE

For authority to conduct tax preparation and electronic tax filing business in its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

American Cash Center, Inc. (Used in Virginia by: B & L Management, Inc.) d/b/a Cardinal Cash Advance ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct tax preparation and electronic tax filing business in the Company's payday lending offices. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the Bureau's report, the Commission finds that the proposed other businesses are financial in nature and the applications should be approved.

THEREFORE, the authority requested in the applications is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to pay a fee related to tax preparation or electronic tax filing services provided by the Company at its payday lending offices.
2. The Company shall not make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company drawn on a borrower's account at a depository institution.
3. The Company shall not engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. The Company shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its tax preparation and electronic tax filing businesses. The Company shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation and electronic tax filing, or as to the extent to which it is subject to supervision or regulation.
5. The Company shall not make a payday loan or vary the terms of a payday loan on the condition or requirement that a person also obtain tax preparation or electronic tax filing services. The Company shall not provide tax preparation or electronic tax filing services or vary the terms of its tax preparation or electronic tax filing services on the condition or requirement that a person also obtain a payday loan.
6. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation and electronic tax filing businesses.
7. The Company shall maintain books and records for its tax preparation and electronic tax filing businesses separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.

8. The Company should maintain a copy of this Order at each location where it conducts tax preparation and electronic tax filing business.
9. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20063251
JANUARY 23, 2007**

APPLICATION OF
TERRY L. COLLINS, NORMAN P. HORN, RICHARD C. LITMAN,
ALVIN E. NASHMAN, RUSSELL E. SHERMAN, DAVID C. KARLGAARD
and
THE ATEGRA COMMUNITY FINANCIAL INSTITUTION FUND, LP

To acquire 39 percent of the voting stock of The Freedom Bank of Virginia

ORDER OF APPROVAL

Terry L. Collins, Norman P. Horn, Richard C. Litman, Alvin E. Nashman, Russell E. Sherman, David C. Karlgaard and the Ategra Community Financial Institution Fund, LP, acting as a group have filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire 39 percent of the voting shares of The Freedom Bank of Virginia, a Virginia state-chartered bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of 39 percent of the voting shares of The Freedom Bank of Virginia by Terry L. Collins, Norman P. Horn, Richard C. Litman, Alvin E. Nashman, Russell E. Sherman, David C. Karlgaard and the Ategra Community Financial Institution Fund, LP is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20063256
MAY 25, 2007**

APPLICATION OF
CASH-2-GO OF VIRGINIA, INC

For authority to conduct an open-end credit business at its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Cash-2-Go of Virginia, Inc ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct open-end credit business from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the Company in connection with an open-end credit transaction.
2. The Company shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The Company shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless the Company is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The Company shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The Company shall not make or cause to be made any misrepresentation as to its being licensed to conduct open-end credit business, or as to the extent to which it is subject to supervision or regulation.
6. The Company shall not sell insurance or enroll borrowers under group insurance policies.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

7. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The Company shall maintain books and records for its open-end credit business separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where it conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NOS. BAN20063313 and BAN20063314
JANUARY 30, 2007**

APPLICATION OF
THE PNC FINANCIAL SERVICES GROUP, INC.

To acquire the Virginia bank subsidiaries of Mercantile Bankshares Corporation

ORDER OF APPROVAL

The PNC Financial Services Group, Inc., a bank holding company with headquarters in Pittsburgh, Pennsylvania, has filed with the State Corporation Commission ("Commission") the applications required by Chapter 15 of Title 6.1 of the Code of Virginia to acquire the Virginia bank subsidiaries of Mercantile Bankshares Corporation, a bank holding company with headquarters in Baltimore, Maryland (see Exhibit A for a listing of Mercantile Bankshares Corporation's banking subsidiaries). The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the applications and the report of the Bureau, the Commission finds that the applications meet the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of the Virginia bank subsidiaries of Mercantile Bankshares Corporation by The PNC Financial Services Group, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date within ten (10) days thereof.

NOTE: A copy of Exhibit A is on file and may be examined at the State Corporation Commission, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BAN20063321
JANUARY 18, 2007**

APPLICATION OF
SECOND BANK & TRUST

For a certificate of authority to do a banking and trust business following a merger with Virginia Heartland Bank and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

Second Bank & Trust, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to do a banking and trust business following a merger with Virginia Heartland Bank, a Virginia state-chartered bank. Both banks are subsidiaries of Virginia Financial Group, Inc., a bank holding company based in Culpeper, Virginia. Second Bank & Trust proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be \$6,076,385, and its surplus will be not less than \$61,642,948; (3) the public interest will be served by the banking facilities of the resulting bank in the communities where its offices will be located; (4) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to do a banking and trust business is GRANTED to Second Bank & Trust, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank, which will have its main office at 102 South Main Street, Culpeper, Culpeper County, Virginia, is authorized to maintain and operate, in addition to its current offices and facilities, the offices that have been operated by Virginia Heartland Bank. The offices operated by the merging banks are listed in Attachment A. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOTE: A copy of Attachment A is on file and may be examined at the State Corporation Commission, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BAN20063365
FEBRUARY 2, 2007**

APPLICATION OF
SANDY SPRING BANCORP, INC.

To acquire Potomac Bank of Virginia

ORDER OF APPROVAL

Sandy Spring Bancorp, Inc., an out-of-state bank holding company with headquarters in Olney, Maryland, has filed with the State Corporation Commission ("Commission") the application required by Chapter 15 of Title 6.1 of the Code of Virginia to acquire Potomac Bank of Virginia, a Virginia bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of Potomac Bank of Virginia by Sandy Spring Bancorp, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20063448
MAY 25, 2007**

APPLICATION OF
PROSPERITY ENTERPRISES, INC.

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Prosperity Enterprises, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 15 Jackson Avenue, Winchester, Virginia 22601. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20070679
MAY 18, 2007**

APPLICATION OF
AMERICAN CASH CENTER, INC. (USED IN VIRGINIA BY: B & L MANAGEMENT, INC.) D/B/A CARDINAL CASH ADVANCE

For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

American Cash Center, Inc. (Used in Virginia by: B & L Management, Inc.) d/b/a Cardinal Cash Advance ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to allow a third party to conduct open-end credit business from the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the third party in connection with an open-end credit transaction.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

2. The third party shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company and third party shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The third party shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless such third party is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The third party shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The third party shall not make or cause to be made any misrepresentation as to its being a licensed lender, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall not sell insurance or enroll borrowers under group insurance policies.
7. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The third party shall maintain books and records for its open-end credit business separate and apart from the Company's payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where a third party conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20070699
SEPTEMBER 11, 2007**

APPLICATION OF
PAYDAY TODAY, LLC

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Payday Today, LLC, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 564 First Colonial Road, Unit B, Virginia Beach, Virginia 23451. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20070901
MAY 18, 2007**

APPLICATION OF
F & L MARKETING ENTERPRISES LLC D/B/A CASH-2-U PAYDAY LOANS

For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to allow a third party to conduct open-end credit business from the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the third party in connection with an open-end credit transaction.
2. The third party shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company and third party shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The third party shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless such third party is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The third party shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The third party shall not make or cause to be made any misrepresentation as to its being a licensed lender, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall not sell insurance or enroll borrowers under group insurance policies.
7. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The third party shall maintain books and records for its open-end credit business separate and apart from the Company's payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where a third party conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20071010
JUNE 28, 2007**

APPLICATION OF
J. TODD RAWLE

To acquire 28.74 percent of the ownership of Anykind Check Cashing, LC d/b/a Check City

ORDER OF APPROVAL

J. Todd Rawle, of Provo, Utah, has applied to the State Corporation Commission ("Commission") to acquire 28.74 percent of the ownership of Anykind Check Cashing, LC d/b/a Check City, a licensed payday lender under Chapter 18 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-452 of the Code of Virginia.

THEREFORE, the acquisition of Anykind Check Cashing, LC d/b/a Check City by J. Todd Rawle is APPROVED, effective this date.

**CASE NUMBER: BAN20071011
JUNE 28, 2007**

APPLICATION OF
R. TRACY RAWLE

To acquire 28.74 percent of the ownership of Anykind Check Cashing, LC d/b/a Check City

ORDER OF APPROVAL

R. Tracy Rawle, of Provo, Utah, has applied to the State Corporation Commission ("Commission") to acquire 28.74 percent of the ownership of Anykind Check Cashing, LC d/b/a Check City, a licensed payday lender under Chapter 18 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-452 of the Code of Virginia.

THEREFORE, the acquisition of Anykind Check Cashing, LC d/b/a Check City by R. Tracy Rawle is APPROVED, effective this date.

**CASE NO. BAN20071147
MAY 10, 2007**

APPLICATION OF
KWIK CASH INC

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE
WITH AN ADMONITION**

ON FORMER DAY, the Staff reported to the State Corporation Commission that Kwik Cash Inc ("Company") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.1 of the Code of Virginia; that the Company applied for authority to relocate an office from 203 Main Street, Brookneal, Virginia 24528 to 1313-D Lynchburg Avenue, Brookneal, Virginia 24528; that upon investigation of the application it was found that the office had been relocated without the approval required by § 6.1-451(B) of the Code of Virginia but that otherwise the conditions in the statute for approval of the application were met; and the Commissioner of Financial Institutions recommended that the application be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

1. The application for authority to relocate the office is approved; and
2. The Company is admonished that further violations of § 6.1-451(B) of the Code of Virginia may result in the imposition of fines under § 6.1-467 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20071360
AUGUST 24, 2007**

APPLICATION OF
FIRST VIRGINIA COMMUNITY BANK

For a certificate of authority to begin business as a bank at 11325 Random Hills Road, Fairfax County, Virginia

ORDER GRANTING AUTHORITY

First Virginia Community Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank at 11325 Random Hills Road, Fairfax County, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the investigation report of the Bureau, the Commission finds that the public interest will be served by additional banking facilities in the City of Fairfax, where the applicant proposes to conduct business. The Commission also finds that (1) all applicable provisions of law have been complied with; (2) financially responsible individuals have subscribed for capital stock and surplus in an amount deemed by the Commission to be sufficient to warrant successful operation; (3) the oaths of all directors have been taken and filed in accordance with § 6.1-48 of the Code of Virginia; (4) the applicant was formed in order to conduct a legitimate banking business; (5) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the proposed bank are such as to command the confidence of the community; and (6) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

IT IS THEREFORE ORDERED that a certificate of authority for First Virginia Community Bank to engage in banking business at the specified location is GRANTED, provided the following conditions are met before the bank opens for business:

- (1) Capital funds totaling \$23,000,000 are paid in to the bank and allocated as follows: \$11,500,000 to capital stock and \$11,500,000 to surplus;
- (2) The bank actually obtains insurance of its accounts by the Federal Deposit Insurance Corporation; and
- (3) The bank receives the approval of the Commissioner of Financial Institutions of its appointment of a chief executive officer and gives the Bureau written notice of the date the bank will open for business. If the bank does not open for business within one (1) year from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20071446
JULY 9, 2007**

APPLICATION OF
UNITED BANK

For a certificate of authority to do a banking and trust business following a merger with The Marathon Bank and Rockingham Heritage Bank and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

United Bank, a Virginia state-chartered bank with its main office at 11185 Fairfax Boulevard, City of Fairfax, Virginia, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to do a banking and trust business following a merger with The Marathon Bank and Rockingham Heritage Bank, both Virginia state-chartered banks. United Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The applications were investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the applications and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be \$2,000,000, and its surplus will be not less than \$564,474,000; (3) the public interest will be served by the banking facilities of the resulting bank in the communities where its office will be located; (4) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to do a banking and trust business is GRANTED to United Bank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 11185 Fairfax Boulevard, City of Fairfax, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities the offices listed in Attachment A that have been operated by The Marathon Bank and Rockingham Heritage Bank. Unless the merger is consummated within one (1) year of the date of this order, the authority granted herein shall expire unless extended by Commission order prior to that date.

NOTE: A copy of Attachment A entitled "Attachment A" is on file and may be examined at the State Corporation Commission, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BAN20071643
OCTOBER 19, 2007**

APPLICATION OF
CW FINANCIAL OF VA LLC D/B/A PAYDAY USA

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

CW Financial of VA LLC d/b/a Payday USA, a Delaware limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at twenty-three (23) locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

NOTE: A copy of the Attachment is on file and may be examined at the State Corporation Commission, Bureau of Financial Institutions, Tyler Building, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BAN20071754
SEPTEMBER 27, 2007**

APPLICATION OF
AMERICAN CASH CENTER, INC. (USED IN VIRGINIA BY: B & L MANAGEMENT, INC.) D/B/A CARDINAL CASH ADVANCE

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

American Cash Center, Inc. (Used in Virginia by: B & L Management, Inc.) d/b/a Cardinal Cash Advance ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders or money transmission services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales and money transmission businesses separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20071816
AUGUST 27, 2007**

APPLICATION OF
CASH & GO, INC. OF VIRGINIA (USED IN VA BY: CASH & GO, INC.) D/B/A CASH-N-GO

For authority to conduct open-end credit business from its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Cash & Go, Inc. of Virginia (Used in VA by: Cash & Go, Inc.) d/b/a CASH-N-GO ("Company") a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct open-end credit business from its payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the Company in connection with an open-end credit transaction.
2. The Company shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

4. The Company shall not enter into an open-end credit transaction that is secured by an interest in one-to-four family residential owner-occupied property located in the Commonwealth unless the Company is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The Company shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The Company shall not make or cause to be made any misrepresentation as to its being licensed to conduct open-end credit business, or as to the extent to which it is subject to supervision or regulation.
6. The Company shall not sell insurance or enroll borrowers under group insurance policies.
7. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The Company shall maintain books and records for its open-end credit business separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where it conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20071819
DECEMBER 3, 2007**

APPLICATION OF
INSTANT CASH ADVANCE, L.L.C.

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Instant Cash Advance, L.L.C., a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 545 West Main Street, Wise, Virginia 24293. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is APPROVED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20071873
DECEMBER 3, 2007**

APPLICATION OF
FRONTIER COMMUNITY BANK

For a certificate of authority to begin business as a bank on the northeast side of Lew Dewitt Boulevard, approximately 0.7 miles south of its intersection with U.S. Route 250, City of Waynesboro, Virginia

ORDER GRANTING AUTHORITY

Frontier Community Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank on the northeast side of Lew Dewitt Boulevard, approximately 0.7 miles south of its intersection with U.S. Route 250, City of Waynesboro, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the investigation report of the Bureau, the Commission finds that the public interest will be served by additional banking facilities in the City of Waynesboro, where the applicant proposes to conduct business. The Commission also finds that: (1) all applicable provisions of law have been complied with; (2) financially responsible individuals have subscribed for capital stock and surplus in an amount deemed by the Commission to be sufficient to warrant successful operation; (3) the oaths of all directors have been taken and filed in accordance with § 6.1-48 of the Code of Virginia; (4) the applicant was formed in order to conduct a legitimate banking business; (5) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the proposed bank are such as to command the confidence of the community; and (6) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

IT IS THEREFORE ORDERED that a certificate of authority for Frontier Community Bank to engage in the banking business at the specified location is GRANTED, provided the following conditions are met before the bank opens for business:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) Capital funds totaling \$10,448,450 are paid in to the bank and allocated as follows: \$5,224,225 to capital stock and \$5,224,225 to surplus;

(2) The bank actually obtains insurance of its accounts by the Federal Deposit Insurance Corporation; and

(3) The bank receives the approval of the Commission of Financial Institutions of its appointment of a chief executive officer and gives the Bureau written notice of the date the bank will open for business. If the bank does not open with one (1) year from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20071889
AUGUST 21, 2007**

APPLICATION OF
CONSUMER CREDIT COUNSELING SERVICE OF MARYLAND AND DELAWARE, INC.

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE
WITH AN ADMONITION**

ON A FORMER DAY, the Staff reported to the State Corporation Commission that Consumer Credit Counseling Service of Maryland and Delaware, Inc., ("Company") is licensed to engage in business as a credit counseling agency under Chapter 10.2 of Title 6.1 of the Code of Virginia; that the Company applied for authority to relocate an office from 507 Eastern Boulevard, Suite A, Essex, Maryland 21221 to 408 Eastern Boulevard, Essex, Maryland 21221; that upon investigation of the application it was found that the office had been relocated without the approval required by § 6.1-363.8(B) of the Code of Virginia but that otherwise the conditions in that statute for approval of the application were met; and the Commissioner of Financial Institutions recommended that the application be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

1. The application for authority to relocate the office is approved; and
2. The company is admonished that further violations of § 6.1-363.8(B) of the Code of Virginia may result in the imposition of fines under § 6.1-363.23 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20071963
AUGUST 29, 2007**

APPLICATION OF
EXPRESS CHECK ADVANCE OF VIRGINIA, LLC, D/B/A EXPRESS CHECK ADVANCE

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

ORDER GRANTING OTHER BUSINESS AUTHORITY

Express Check Advance of Virginia, LLC d/b/a Express Check Advance ("Company") a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders or money transmission services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission business.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales and money transmission business separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.

5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20072085
SEPTEMBER 25, 2007**

APPLICATION OF
D. LONG INVESTMENTS, INC. D/B/A BROSVILLE PAYDAY ADVANCE

For authority to conduct open-end credit business from its payday lending office(s)

ORDER GRANTING OTHER BUSINESS AUTHORITY

D. Long Investments, Inc. d/b/a Brosville Payday Advance ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct open-end credit business from its payday lending office(s). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the Company in connection with an open-end credit transaction.
2. The Company shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The Company shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless the Company is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The Company shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The Company shall not make or cause to be made any misrepresentation as to its being licensed to conduct open-end credit business, or as to the extent to which it is subject to supervision or regulation.
6. The Company shall not sell insurance or enroll borrowers under group insurance policies.
7. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The Company shall maintain books and records for its open-end credit business separate and apart from its payday lending business and in a different location within its payday lending office(s). The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where it conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20072091
DECEMBER 20, 2007**

APPLICATION OF
INFINITY FINANCIAL SOLUTIONS INC.

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Infinity Financial Solutions Inc., a Delaware corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 14218 Smoketown Road, Woodbridge, Virginia 22192. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20072136
OCTOBER 26, 2007**

APPLICATION OF
HOME TOWN COMMUNITY CREDIT UNION

To merge with Smithfield Packing Employee's Credit Union

ORDER APPROVING A MERGER

Home Town Community Credit Union ("Home Town"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.27 of the Code of Virginia, to merge with Smithfield Packing Employee's Credit Union ("Smithfield Packing Employee's"), a Virginia state-chartered credit union. Home Town will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the field of membership of the credit union that is proposed to result from the merger satisfies the requirements of § 6.1-225.23 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Smithfield Packing Employee's and the board of directors of Home Town have approved the plan of merger in accordance with applicable law.

THEREFORE, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, the merger of Smithfield Packing Employee's into Home Town is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NO. BAN20072195
NOVEMBER 1, 2007**

APPLICATION OF
VIRGINIA FINANCIAL GROUP, INC.

To acquire FNB Corporation

ORDER OF APPROVAL

Virginia Financial Group, Inc., a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire all of the voting shares of FNB Corporation, a Virginia bank holding company. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of all of the voting shares of FNB Corporation by Virginia Financial Group, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20072253
DECEMBER 27, 2007**

APPLICATION OF
CASH ADVANCE HOLDINGS, INC.

To acquire 100 percent of the ownership of Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance

ORDER OF APPROVAL

Cash Advance Holdings, Inc., a Delaware corporation, has applied to the State Corporation Commission ("Commission") to acquire 100 percent of the ownership of Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance, a licensed payday lender under Chapter 18 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-452 of the Code of Virginia.

THEREFORE, the acquisition of Approved Cash Advance Centers (Virginia), LLC by Cash Advance Holdings, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant gives written notice to the Bureau stating the date the acquisition occurred within ten (10) days thereafter.

**CASE NO. BFI-2006-00021
MAY 17, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ABC MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that ABC Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, in violation of § 6.1-420 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, and failed to timely file its annual report due March 1, 2006, in violation of § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 21, 2007, (1) of his intention to recommend revocation of its license unless the Defendant paid its annual fee, filed its 2006 annual report, and paid a fine for failing to timely file its 2005 annual report, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before April 11, 2007; and that no payments, annual report, or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to pay its annual fee and file its annual reports as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2006-00123
FEBRUARY 16, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

J & H MORTGAGE CONSULTANTS, INC. D/B/A CREATIVE LENDING SOLUTIONS,
Defendant

VACATING ORDER

On November 20, 2006, the State Corporation Commission ("Commission") entered an Order revoking the mortgage broker license issued to J & H Mortgage Consultants, Inc. d/b/a Creative Lending Solutions ("Defendant") under Chapter 16 of Title 6.1 of the Code of Virginia for failure to maintain its surety bond in force as required by law. Thereafter, the Staff reported to the Commission that the Defendant subsequently obtained a satisfactory replacement bond, and the Commissioner of Financial Institutions recommended that the Commission reinstate the Defendant's mortgage broker license.

Accordingly, IT IS ORDERED THAT:

- (1) The November 20, 2006 Order Revoking a License is vacated effective on that date.

- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2006-00131
FEBRUARY 2, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: In re: annual fees for mortgage lenders and mortgage brokers

ORDER ADOPTING A REGULATION

By Order entered in this case on December 4, 2006, the State Corporation Commission ("Commission") directed that notice be given of its proposal, acting pursuant to § 6.1-421 of the Mortgage Lender and Broker Act (the "Act"), to make certain technical changes to 10 VAC 5-160-40, which sets forth the schedule of annual fees to be paid by licensed mortgage lenders and mortgage brokers. The proposed changes would round each annual fee down to the nearest whole dollar, update the annual report due date in order to conform to § 6.1-418 of the Act, and adjust the cutoff date for assessing mortgage lenders and mortgage brokers that are granted a license or additional authority after January 1. Notice of the proposed regulation was published in the Virginia Register on December 25, 2006, posted on the Commission's website, and sent by the Commissioner of Financial Institutions to all licensed mortgage lenders and mortgage brokers. Interested parties were afforded the opportunity to file written comments on or before January 19, 2007. No comments were filed.

NOW THE COMMISSION, having considered the record, the proposed regulation, and Staff recommendations, concludes that the proposed regulation should be adopted as proposed.

THEREFORE, IT IS ORDERED THAT:

- (1) The proposed regulation, 10 VAC 5-160-40, attached hereto is adopted effective February 10, 2007.
- (2) The regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.
- (3) AN ATTESTED COPY hereof, together with a copy of the regulation, shall be sent to the Registrar of Regulations for publication in the Virginia Register.
- (4) This case is dismissed from the Commission's docket of active cases.

NOTE: A copy of Attachment A entitled "Rules Governing Mortgage Lenders and Brokers" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2006-00137
JANUARY 30, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
CAPITAL MARKETS LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Capital Markets LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 3, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 18, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by January 18, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 8, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2006-00140
JANUARY 30, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FIRST COMMUNITY LENDING, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that First Community Lending, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 12, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 18, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by January 18, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 8, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00002
MARCH 8, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GREATER ACCEPTANCE MORTGAGE CORP.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Greater Acceptance Mortgage Corp. ("Defendant") is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 27, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 16, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 16, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 6, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00007
MARCH 8, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NORTHERN VIRGINIA FAMILY SERVICE,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Northern Virginia Family Service ("Defendant") is licensed to engage in business as a credit counseling agency under Chapter 10.2 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-363.5 of the Code of Virginia was cancelled on January 20, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 26, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 26, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 16, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a credit counseling agency is hereby revoked.

**CASE NO. BFI-2007-00015
FEBRUARY 27, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: services for nonmembers within the field of membership

ORDER TO TAKE NOTICE

WHEREAS, §§ 6.1-225.3:1 and 6.1-225.22 of the Code of Virginia authorize the State Corporation Commission ("Commission") to promulgate regulations permitting state-chartered credit unions to exercise powers comparable to federal credit unions;

WHEREAS, federal credit unions are authorized by 12 U.S.C. § 1757(12) and 12 C.F.R. § 701.30 to provide certain financial services to nonmembers within their fields of membership; and

WHEREAS, the Commission is informed that certain state-chartered credit unions wish to exercise this authority;

IT IS THEREFORE ORDERED THAT:

(1) The proposed regulation is appended hereto and made a part of the record herein.

(2) Comments or requests for hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before April 6, 2007. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. BFI-2007-00015.

(3) Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The proposed regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Chapter 40. Credit Unions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2007-00015
APRIL 24, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: services for nonmembers within the field of membership

ORDER ADOPTING A REGULATION

By Order entered in this case on February 27, 2007, the State Corporation Commission ("Commission") directed that notice be given of its proposal, acting pursuant to §§ 6.1-225.3:1 and 6.1-225.22 of the Code of Virginia, to promulgate a regulation permitting state-chartered credit unions to provide certain financial services to nonmembers within their fields of membership to the extent permitted for federal credit unions. Notice of the proposed regulation was published in the Virginia Register on March 19, 2007, posted on the Commission's website, and sent by the Commissioner of Financial Institutions to all state-chartered credit unions and others. Interested parties were afforded an opportunity to request a hearing or file written comments on or before April 6, 2007. The Commission received several comments in favor of the proposed regulation but no comments against the proposal or requests for a hearing.

NOW THE COMMISSION, having considered the record, the proposed regulation, the comments filed, and Staff recommendations, concludes that the proposed regulation is a proper exercise of our authority under §§ 6.1-225.3:1 and 6.1-225.22 of the Code of Virginia, will promote parity with federal credit unions, and should be adopted as proposed.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed regulation, 10 VAC 5-40-50, attached hereto is adopted effective May 1, 2007.

(2) The regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

(3) AN ATTESTED COPY hereof, together with a copy of the regulation, shall be sent to the Registrar of Regulations for publication in the Virginia Register.

(4) This case is dismissed from the Commission's docket of active cases.

NOTE: A copy of Attachment A entitled "Chapter 40. Credit Unions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2007-00020
MARCH 21, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
OPTEUM INC.,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Opteum Financial Services, LLC ("Company") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that Opteum Inc. ("Defendant") acquired 100% of the ownership of the Company without obtaining prior Commission approval, in violation of § 6.1-416.1 of the Code of Virginia; that upon being informed that the Commissioner of Financial Institutions ("Commissioner") intended to recommend the imposition of a fine, the Defendant, without admitting or denying the violation, offered to settle this case by payment of the sum of five thousand dollars (\$5,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00022
APRIL 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
LOANS AND MORTGAGES, LLC,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Loans and Mortgages, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on March 2, 2006, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws applicable to the conduct of its licensed business; that the Defendant offered to settle this case by payment of a fine in the sum of thirty thousand dollars (\$30,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NOS. BFI-2007-00031 and BFI-2007-00142
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
UNITED HOME SAVINGS, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that United Home Savings, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, as required by § 6.1-420 of the Code of Virginia, and failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and annual fee were received by June 8, 2007, and June 15, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007, in the case of the annual report, and on or before June 15, 2007, in the case of the annual fee; and that no annual report, annual fee, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and pay its annual fee as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00034 and BFI-2007-00103
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

GREYSTONE FINANCIAL SERVICES, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Greystone Financial Services, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, as required by § 6.1-420 of the Code of Virginia, and failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and annual fee were received by June 8, 2007, and June 15, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007, in the case of the annual report, and on or before June 15, 2007, in the case of the annual fee; and that no annual report, annual fee, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and pay its annual fee as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00037 and BFI-2007-00072
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

AMERICAN LOANS II, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that American Loans II, Inc ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, as required by § 6.1-420 of the Code of Virginia, and failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and annual fee were received by June 8, 2007, and June 15, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007, in the case of the annual report, and on or before June 15, 2007, in the case of the annual fee; and that no annual report, annual fee, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and pay its annual fee as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00043 and BFI-2007-00065
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

4 CAPITAL M, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that 4 Capital M, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, as required by § 6.1-420 of the Code of Virginia, and failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and annual fee were received by June 8, 2007, and June 15, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007, in the case of the annual report, and on or before June 15, 2007, in the case of the annual fee; and that no annual report, annual fee, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and pay its annual fee as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00044 and BFI-2007-00146
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

WALL STREET MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Wall Street Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2006, as required by § 6.1-420 of the Code of Virginia, and failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and annual fee were received by June 8, 2007, and June 15, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007, in the case of the annual report, and on or before June 15, 2007, in the case of the annual fee; and that no annual report, annual fee, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and pay its annual fee as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00049
JUNE 14, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

FIRST AMERICAN SAVINGS CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that First American Savings Corporation ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 1, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 16, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by May 16, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 7, 2007; and that no new bond or written request for a hearing was received or filed.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00050
JUNE 14, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

MORTGAGE GROUP OF AMERICA, LLC (USED IN VIRGINIA BY: MORTGAGE OF AMERICA, LLC),
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Mortgage Group of America, LLC (Used in Virginia by: Mortgage of America, LLC) ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 8, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 16, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by May 16, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk of the Commission on or before May 7, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00068
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ACT LENDING CORPORATION D/B/A ACT MORTGAGE CAPITAL,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender is hereby revoked.

**CASE NO. BFI-2007-00076
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CAMBRIDGE MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00080
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMONWEALTH HOME LOANS, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00081
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMONWEALTH INVESTMENT ALLIANCE LLC D/B/A PEOPLE MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00082
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMONWEALTH MORTGAGE ASSOCIATES, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00083
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMUNITY TRUST MORTGAGE CORP.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00086
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CROSS ATLANTIC MORTGAGE BANK, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00089
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EQUALITY FINANCE & REALTY, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00090 and BFI-2007-00157
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EQUIFUND, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Equifund, Inc. ("Defendant") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 17, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and a new bond were received by June 8, 2007, and June 10, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007; and that no annual report, new bond, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender is hereby revoked.

**CASE NO. BFI-2007-00091
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EUCLID MORTGAGE SERVICES, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00091
AUGUST 23, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EUCLID MORTGAGE SERVICES, LLC,
Defendant

VACATING AND SETTLEMENT ORDER

On July 13, 2007, the State Corporation Commission ("Commission") entered an Order in this case revoking the license previously granted to Euclid Mortgage Services, LLC ("Defendant") to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia for failure to file its annual report in accordance with § 6.1-418 of the Code of Virginia. Thereafter, the Staff reported to the Commission that the Defendant is seeking

reinstatement of its license and has offered to settle this case by filing its annual report and paying a fine in the sum of two thousand dollars (\$2,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission vacate its July 13, 2007 Order and accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Upon consideration thereof, IT IS ORDERED THAT:

- (1) The July 13, 2007 Order Revoking a License is vacated effective on that date.
- (2) Defendant's offer in settlement of this case is accepted.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00099
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GENERAL FUNDING SOLUTIONS, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00100
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FIRST CAPITAL FINANCIAL SERVICES CORP. D/B/A FULL COMPASS LENDING CORP.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed with the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender is hereby revoked.

**CASE NO. BFI-2007-00107
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
INTRUST MORTGAGE SERVICES, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00107
AUGUST 10, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
INTRUST MORTGAGE SERVICES, LLC,
Defendant

ORDER REINSTATING A LICENSE

ON THIS DAY the Commissioner of Financial Institutions recommended to the State Corporation Commission ("Commission") that the license revoked in this case be reinstated.

Accordingly, IT IS ORDERED that the Defendant's license to engage in business as a mortgage broker is reinstated nunc pro tunc to July 13, 2007, and that the Order entered on that date revoking the Defendant's license shall be deemed a nullity for all purposes.

**CASE NO. BFI-2007-00108
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
IWAYLOAN, L.P.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00111
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

LIBERTY FUNDING SERVICES, INC.
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00115
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

METRO FINANCIAL GROUP, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00124
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PAYNE FINANCIAL SERVICES, LTD.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00125
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PLATINUM CAPITAL GROUP D/B/A PLATINUM CAPITAL GROUP, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00126
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PREMIER HOME EQUITY SERVICES, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00127
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PRESTIGE FUNDING, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2007-00129
JULY 13, 2007

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PRIME OPTION FINANCIAL SERVICES, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CASE NO. BFI-2007-00131
JULY 13, 2007

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

QUALITY FLORIDA GROUP, CORP. D/B/A QUALITY VIRGINIA MORTGAGE, CORP.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

CASE NO. BFI-2007-00132
JULY 13, 2007

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

RONALD E. UMBERGER AND SHERI L. WEDMORE D/B/A NEW HOPE MORTGAGE
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business as mortgage brokers under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file their annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendants by certified mail on May 10, 2007, (1) of his intention to recommend revocation of their license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendants have failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendants to engage in business as mortgage brokers are hereby revoked.

**CASE NO. BFI-2007-00133
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

SAFEGUARD MORTGAGE, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00135
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

SOUTHERN FINANCIAL MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00137
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

STRATEGIC MORTGAGE, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00140
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

TOWNE AND COUNTRY HOME LOANS, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NOS. BFI-2007-00141 and BFI-2007-00156
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UNION EQUITY CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Union Equity Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 19, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant in accordance with § 6.1-427 of the Code of Virginia, (1) of his intention to recommend revocation of its license unless its annual report and a new bond were received by June 8, 2007, and June 10, 2007, respectively, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007; and that no annual report, new bond, or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its annual report and maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00148
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

WINTHROP OPPENHEIMER, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2007, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 8, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 31, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00151
JULY 30, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

BYNUM FINANCE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 6 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due April 1, 2007, as required by § 6.1-301 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 9, 2007, (1) of his intention to recommend revocation of its license unless the annual report was filed by June 11, 2007, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 24, 2007; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a consumer finance company is hereby revoked.

**CASE NO. BFI-2007-00151
AUGUST 10, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

BYNUM FINANCE CORPORATION,
Defendant

ORDER REINSTATING A LICENSE

ON THIS DAY the Commissioner of Financial Institutions recommended to the State Corporation Commission ("Commission") that the license revoked in this case be reinstated.

Accordingly, IT IS ORDERED that the Defendant's license to engage in business as a consumer finance company is reinstated nunc pro tunc to July 30, 2007, and that the Order entered on that date revoking the Defendant's license shall be deemed a nullity for all purposes.

**CASE NO. BFI-2007-00154
JUNE 20, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

LEGENDS INVESTMENTS GROUP, INC. D/B/A LMI MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Legends Investments Group, Inc. d/b/a LMI Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on March 15, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 10, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by June 10, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 31, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00161
OCTOBER 5, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: credit union service organizations

ORDER TO TAKE NOTICE

WHEREAS, §§ 6.1-225.3, 6.1-225.3:1, and 6.1-225.22 of the Code of Virginia authorize the State Corporation Commission ("Commission") to promulgate regulations to implement the provisions of the Virginia Credit Union Act and permit state-chartered credit unions to exercise powers comparable to federal credit unions;

WHEREAS, subsection 10 of § 6.1-225.57 of the Code of Virginia authorizes state-chartered credit unions to invest their funds in or make loans to entities known as credit union service organizations ("CUSOs");

WHEREAS, 12 U.S.C. § 1757(7)(I) and 12 C.F.R. § 712.1 et seq. prescribe the terms and conditions under which federal credit unions may invest in or make loans to CUSOs; and

WHEREAS, based on the terms and conditions under which federal credit unions are authorized to invest in or make loans to CUSOs, the Bureau of Financial Institutions has proposed regulations that would impose similar terms and conditions on state-chartered credit unions that wish to invest their funds in or make loans to CUSOs;

IT IS THEREFORE ORDERED THAT:

(1) The proposed regulations are appended hereto and made a part of the record herein.

(2) Comments or requests for hearing on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before December 14, 2007. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. BFI-2007-00161. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(3) The proposed regulations shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

AN ATTESTED COPY hereof, together with a copy of the proposed regulations, shall be sent to the Registrar of Regulations for publication in the Virginia Register.

NOTE: A copy of Attachment A entitled "Credit Unions (Proposed)" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2007-00163
JUNE 11, 2007**

IN RE:
CITIFINANCIAL OF VIRGINIA, INC.

ORDER CANCELING A CERTIFICATE

On February 23, 1940, Commercial Credit Plan Industrial Loan Company (the "Company") was issued a certificate of authority to engage in business as an industrial loan company. Thereafter, the name of the Company was changed to CitiFinancial of Virginia, Inc. Now the Staff of the State Corporation Commission ("Commission") has reported that the assistant secretary of the Company, by letter dated May 11, 2007, surrendered its certificate of authority to engage in business as an industrial loan company effective May 31, 2007; and the Commissioner of Financial Institutions recommended to the Commission that the surrender be accepted. Upon consideration thereof,

IT IS ORDERED THAT:

(1) The surrender of the certificate authorizing Commercial Credit Plan Industrial Loan Company, now known as CitiFinancial of Virginia, Inc., to engage in the industrial loan business is accepted.

(2) Such certificate is canceled and shall be of no further force or effect.

(3) The contents of this Order shall be reflected on the records of the Bureau of Financial Institutions.

(4) This case is dismissed.

(5) The papers filed herein shall be placed among the ended causes.

**CASE NO. BFI-2007-00164
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.
21ST CENTURY CAPITAL CORP.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that 21st Century Capital Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on May 17, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on June 11, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by July 11, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 2, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00165
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.
AMERICAN EQUITY FINANCE, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that American Equity Finance, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on May 10, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on June 11, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by July 11, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 2, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00174
AUGUST 1, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.
AMERICA'S CHOICE MORTGAGE, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that America's Choice Mortgage, Inc. ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant repeatedly failed to respond to the Bureau of Financial Institutions' examination report dated September 7, 2005, in violation of 10 VAC 5-160-50; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on June 26, 2007, (1) of his intention to recommend revocation of its license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 26, 2007; and that no written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has repeatedly violated 10 VAC 5-160-50, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00176
OCTOBER 16, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

LIFETIME MORTGAGE, INC.,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Bureau of Financial Institutions ("Bureau") reported to the State Corporation Commission ("Commission") that Lifetime Mortgage, Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant's storefront and roadway signs violated various provisions of 10 VAC 5-160-60; that the Defendant subsequently offered to settle this case by paying the sum of five thousand dollars (\$5,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case. The Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall cease and desist from using any signs or other advertisements that violate 10 VAC 5-160-60.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00183
SEPTEMBER 12, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

FAMILY HOME LENDING CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Family Home Lending Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 7, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 16, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 17, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 7, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00235
SEPTEMBER 11, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ALLSTATE LENDING SERVICES, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Allstate Lending Services, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on April 20, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 2, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 2, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 23, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00237
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
H & O MORTGAGE, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that H & O Mortgage, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 25, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 6, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 6, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 27, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00238
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
T&B MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that T&B Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 25, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 6, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 6, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 27, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00240
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EQUIS FINANCIAL, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Equis Financial, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 21, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 6, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 6, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 27, 2007; and that no new bond or written request for a hearing was received or filed.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00241
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

BROOKS FINANCIAL GROUP, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Brooks Financial Group, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on July 21, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 6, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 6, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 27, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00246
OCTOBER 16, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

VANGUARD MORTGAGE & TITLE, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Vanguard Mortgage & Title, Inc. ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on August 8, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 16, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by September 16, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 6, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00252
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

PACIFIC SHORE FUNDING CORPORATION (USED IN VIRGINIA BY: PACIFIC SHORE FUNDING),
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Pacific Shore Funding Corporation (Used in Virginia by: Pacific Shore Funding) ("Defendant") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on August 18, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 12, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 12, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 3, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender is hereby revoked.

**CASE NO. BFI-2007-00255
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

MUTUAL FUNDING MY, INC (USED IN VIRGINIA BY: MUTUAL FUNDING, INC.),
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Mutual Funding MY, Inc (Used in Virginia by: Mutual Funding, Inc.) ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on August 22, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 12, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 12, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 3, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00258
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

VANGUARD CAPITAL FUNDING, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Vanguard Capital Funding, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on August 31, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 12, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 12, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 3, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and
IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00260
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

FIDELITY MORTGAGE NETWORK, LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Fidelity Mortgage Network, LLC ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on September 3, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 12, 2007,

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) of his intention to recommend revocation of its license unless a new bond was filed by October 12, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 3, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00261
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

NORTH STATE FINANCE COMPANY OF GOLDSBORO, N.C., INC. D/B/A IMPERIAL CASH ADVANCE,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that North State Finance Company of Goldsboro, N.C., Inc. d/b/a Imperial Cash Advance ("Defendant") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-448 of the Code of Virginia was cancelled on August 25, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 12, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 12, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 3, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a payday lender is hereby revoked.

**CASE NO. BFI-2007-00264
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ECI LOAN.COM, INC. (USED IN VIRGINIA BY: EQUITY CONCEPTS, INC.),
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that ECI Loan.com, Inc. (Used in Virginia by: Equity Concepts, Inc.) ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on September 11, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 20, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 20, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 11, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00265
NOVEMBER 20, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

INDEPENDENT FINANCIAL MORTGAGE INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Independent Financial Mortgage Inc. ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

September 11, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 20, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 20, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 11, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00267
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PRECASH, INC.,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that PreCash, Inc. (the "Company"), recently applied for a license to engage in business as a money transmitter pursuant to Chapter 12 of Title 6.1 of the Code of Virginia; that during investigation of the application it was found that the Company conducted a money transmission business in Virginia without the required license in violation of § 6.1-371 of the Code of Virginia; that upon being informed that the Commissioner of Financial Institutions ("Commissioner") intended to recommend the imposition of a fine, the Defendant offered to settle this case by payment of a fine of fifteen thousand dollars (\$15,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00268
NOVEMBER 20, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PREFERRED MORTGAGE CONSULTANTS, INC. D/B/A ALERO HOME LOANS,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Bureau of Financial Institutions ("Bureau") reported to the State Corporation Commission ("Commission") that Preferred Mortgage Consultants, Inc. d/b/a Alero Home Loans ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant's "Deed of Trust" solicitations violated various provisions of the Mortgage Lender and Broker Act and 10 VAC 5-160-60; that the Defendant subsequently offered to settle this case by paying a fine in the sum of five thousand dollars (\$5,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case. The Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall cease and desist from sending its "Deed of Trust" solicitations or any other deceptive or misleading advertisements to Virginia consumers.
- (3) The Defendant shall comply with all provisions of 10 VAC 5-160-60 and § 6.1-424 of the Code of Virginia.
- (4) This case is dismissed.
- (5) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00270
NOVEMBER 8, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

VINA TRANSFER EXPRESS CORPORATION,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a money transmitter under Chapter 12 of title 6.1 of the Code of Virginia; that the Defendant failed to file its June 30, 2007 semi-annual transaction report as required by Commission Regulation 10 VAC 5-120-40; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 26, 2007, (1) of his intention to recommend revocation of its license unless the required report was filed by October 9, 2007, and (2) that a written request for hearing was required to be filed in the office of the Clerk of the Commission on or before October 9, 2007; and that no report or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to file its semi-annual transaction report as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a money transmitter is hereby revoked.

**CASE NO. BFI-2007-00271
OCTOBER 19, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COMPARE, LLC,
Defendant

SETTLEMENT ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Compare, LLC ("Defendant") acquired more than twenty-five percent of the ownership of NexTag, Inc. d/b/a Calibex, a licensed mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia, without prior Commission approval in violation of § 6.1-416.1 of the Code of Virginia; that the Defendant offered to settle this case by payment of a fine in the sum of five thousand dollars (\$5,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2007-00274
DECEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

HOME CAPITAL, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that a bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on September 25, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 22, 2007, and (2) that a written request for hearing was required to be filed in the office of the Clerk on or before November 13, 2007; and that no new bond or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and broker is hereby revoked.

**CASE NO. BFI-2007-00276
DECEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REGENT MORTGAGE FUNDING LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that a bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 10, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 22, 2007, and (2) that a written request for hearing was required to be filed in the office of the Clerk on or before November 13, 2007; and that no new bond or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender is hereby revoked.

**CASE NO. BFI-2007-00277
DECEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
APEX FINANCE LLC,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that a bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 11, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 22, 2007, and (2) that a written request for hearing was required to be filed in the office of the Clerk on or before November 13, 2007; and that no new bond or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00280
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CUSTOM MORTGAGE SOLUTIONS, INC.,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Custom Mortgage Solutions, Inc. ("Defendant"), is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 15, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 22, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 13, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage lender and mortgage broker is hereby revoked.

**CASE NO. BFI-2007-00281
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

JMH FINANCIAL MORTGAGE CORP. D/B/A LENOX FINANCIAL MORTGAGE,
Defendant

ORDER REVOKING A LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that JMH Financial Mortgage Corp. d/b/a Lenox Financial Mortgage ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on October 16, 2007; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2007, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 22, 2007, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 13, 2007; and that no new bond or written request for a hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

IT IS ORDERED that the license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

CLERK'S OFFICE

CASE NO. CLK-2001-00068
APRIL 10, 2007

COMMONWEALTH OF VIRGINIA, *ex rel.*
 STATE CORPORATION COMMISSION

Ex Parte: In re: Uniform Commercial Code Filing Rules

DISMISSAL ORDER

On June 26, 2001, the State Corporation Commission ("Commission") entered an Order Adopting a Regulation in this case. At the time, the Commission was advised that a new filing system for Uniform Commercial Code records would be put in place in the Clerk's Office later in the year. Since it was anticipated that the new filing system would necessitate modifying the regulations, this case was continued generally on the Commission's docket. However, a new filing system was not implemented as anticipated, and Staff now reports that the Clerk's Office will be seeking unrelated proposed changes to the Uniform Commercial Code Filing Rules.

Accordingly, IT IS HEREBY ORDERED that this case is dismissed.

CASE NO. CLK-2002-00003
APRIL 19, 2007

IN RE:
 GUARD HILL MEATS, INCORPORATED

DISMISSAL ORDER

On March 4, 2002, the State Corporation Commission entered an order dissolving Guard Hill Meats, Incorporated, a Virginia corporation. Thereafter, the existence of the corporation was automatically terminated on January 3, 2006, pursuant to § 13.1-752 of the Code of Virginia on account of its failure to file an annual report and pay its annual fee.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (2) The papers herein shall be filed among the ended cases.

CASE NO. CLK-2003-00009
OCTOBER 25, 2007

IN RE:
 THE FIREMEN'S RELIEF ASSOCIATION OF LYNCHBURG, VIRGINIA

ORDER TERMINATING CORPORATE EXISTENCE

On December 16, 2003, the State Corporation Commission ("Commission") entered an order in this case dissolving The Firemen's Relief Association of Lynchburg, Virginia, a Virginia non-stock corporation, the Circuit Court of the City of Lynchburg having previously entered a decree dissolving said corporation in Case Number CH03022783. Thereafter, said Court notified the Commission that all of the assets of the dissolved corporation had been distributed.

Accordingly, IT IS ORDERED THAT:

1. The corporate existence of The Firemen's Relief Association of Lynchburg, Virginia is terminated pursuant to § 13.1-911B of the Code of Virginia.
2. This matter is dismissed from the Commission's docket of active cases.
3. The papers filed herein shall be placed in the file for ended causes.

**CASE NO. CLK-2006-00007
FEBRUARY 6, 2007**

MARK A. RYAN
VALEERIE CHAMBERS
SUSAN GIDDINGS
DEBBIE STEVENS
JULIE C. DUDLEY
B. A. BLEDSOE
JACKSON L. KISER
and
CONNIE L. DAVIS CRUM,
Petitioners,
v.
ANDREW P. WINDSOR,
Defendant

FINAL ORDER

On August 21, 2006, the Petitioners, Mark A. Ryan, et al., by counsel, the United States Attorney for the Western District of Virginia, filed a Petition with the State Corporation Commission ("Commission") requesting, among other things, that the Commission find that a Uniform Commercial Code ("UCC") financing statement filed by Andrew P. Windsor ("Defendant") with the Clerk of the Commission is false, fraudulent, and unauthorized and should be declared void ab initio. The Petition alleges that the Defendant is a federal prisoner presently in custody at the U.S. Penitentiary Lee County, P.O. Box 305, Jonesville, Virginia, and that none of the petitioners has ever been indebted to the Defendant as claimed in the filed financing statement.

On August 29, 2006, the Commission entered a Preliminary Order docketing the Petition and providing the Defendant an opportunity to file an Answer within twenty-one (21) days after service of the petition on him. The Commission also directed the Office of the Clerk of the Commission ("Clerk") to respond to the Petition and address, in particular, the specific requests for relief therein.

The Defendant failed to timely file an Answer to the Petition. On October 3, 2006, the Clerk filed a response to the Petition acknowledging that the financing statement was filed in his office on a proper form accompanied by the required fee. The Clerk's response also contended that petitioners had an adequate remedy in their ability to file a termination statement under §§ 8.9A-509 (d) (2) and 8.9A-513 of the Code of Virginia and noted that the financing statement could not be expunged from copies of records in the possession of third parties.

On December 29, 2006, the petitioners, by counsel, filed a Motion for Summary Judgment alleging that the allegations in the Petition that the financing statement was fraudulent should be deemed admitted in light of the Defendant's failure to timely file an answer in the case. Petitioners contend that failure to grant the relief sought in the Petition would not only corrupt the Commission's records resulting in lack of public confidence in their accuracy, but would also result in a serious, unjust, and fraudulent blight on the credit ratings of the innocent petitioners. The Defendant has not filed any response to this motion.

NOW THE COMMISSION, having considered the Petition and Motion, the Clerk's response to the Petition, and all applicable law, finds that the petitioners' Motion for Summary Judgment should be granted, and the relief requested in the Petition should also be granted. The Defendant has failed to present any evidence or colorable argument supporting the validity of the filed financing statement.

Accordingly, IT IS ORDERED THAT:

- (1) Petitioners' Motion for Summary Judgment is granted.
- (2) The UCC financing statement numbered 060524 7245-7 filed or caused to be filed by the Defendant is declared void ab initio.
- (3) The Clerk shall immediately expunge from his records UCC financing statement numbered 060524 7245-7 filed or caused to be filed by the Defendant.
- (4) This case is dismissed from the Commission's docket of active cases.

**CASE NO. CLK-2006-00008
MARCH 5, 2007**

NOAH'S ARK FOUNDATION, INC.,
GLENN A. LANE
and
SARAH M. WEBSTER,
Petitioners,
v.
NOAH'S ARK FOUNDATION, INC.
and
JENNIFER SEIFERT,
Respondents

FINAL ORDER

On September 18, 2006, a Petition was filed in this case on behalf of Noah's Ark Foundation, Inc., a Virginia nonstock corporation ("the Corporation"), alleging that certain amended articles of incorporation filed with the Clerk of the State Corporation Commission ("Commission") on or about June 29, 2006 ("the amended articles") were fraudulent and were filed without the knowledge or approval of the Corporation's board of directors. The Petition named Jennifer Seifert as a party defendant. The Petition alleged that at all relevant times, the Corporation's board of directors consisted of Glenn A. Lane and Sarah M. Webster, who never reviewed or approved the amended articles. The Petition further alleged that the statement in the amended articles to the effect that the amendments were approved by a majority of the board of directors was false, and requested that the Commission nullify and declare void the amended articles and reinstate the Corporation's original articles of incorporation. Various exhibits were attached to the Petition including affidavits of Glenn A. Lane and Sarah M. Webster and a copy of the Commission's July 19, 2006 Certificate of Amendment effectuating the amended articles.

On October 3, 2006, the Commission entered a Preliminary Order docketing the case and requiring the named defendant, Jennifer Seifert, to file an Answer to the Petition within twenty-one (21) days after receipt of the Petition, which was duly served upon her. On October 31, 2006, an Answer and Counter-Petition was filed by the Corporation and Jennifer Seifert. The Answer asserted various defenses to the Petition, including want of Commission jurisdiction under § 13.1-813 of the Code of Virginia, lack of corporate authority for filing the Petition, estoppel, laches, and unclean hands. The Counter-Petition sought various forms of relief against Glenn A. Lane and Sarah M. Webster alleging their lawful removal from the Corporation's board of directors, the legality of the election of others to the board of directors, the legality of the amended articles, and misappropriations of corporate funds, property and records. The Answer and Counter-Petition were accompanied by affidavits of Liza Beckner, Terra L. Gilley, Dina Young, and Jennifer Seifert and copies of various e-mails and other documents.

On November 29, 2006, counsel for Petitioners filed a Motion for Summary Judgment contending that the allegations in the Petition were amply supported by the Lane and Webster affidavits, that the allegations were un rebutted by the affidavits and documents produced by the Respondents, that the Petition was not time-barred by § 13.1-813 of the Code of Virginia, and that the relief sought in the Petition should be granted. Counsel for Petitioners also then filed an Answer and Counterclaim to the Counter-Petition filed by Respondents. The Answer specifically denied that Webster ever held or claimed to hold a proxy for Lane to vote in favor of expansion of the Corporation's board and further denied that Webster or Lane ever saw or approved any final version of the amended articles. Petitioner's Answer again asserted the illegality of the filing of the amended articles, sought the relief requested in the Petition, sought an order enjoining the added directors from holding themselves out as directors of the corporation, and sought an order declaring any and all actions taken by the added directors to be ultra vires and without legal effect.

On December 19, 2006, counsel for Respondents filed an Opposition to Summary Judgment in response to Petitioner's Motion for Summary Judgment, and a Motion for Summary Judgment in the Respondents' favor. The Opposition to Summary Judgment asserted various additional facts, attached additional documents and asserted that Petitioners' Motion for Summary Judgment ignored relevant facts demonstrated by Respondents' exhibits. Respondents' Motion for Summary Judgment relied, in part, on the time bar in § 13.1-813 of the Code of Virginia and distinguished prior cases decided by the Commission in which petitioners were granted relief of the sort requested in the Petition when cases were filed more than ten days after Commission issuance of a certificate. Respondents further contended that their exhibits demonstrated that Petitioners Webster and Lane were guilty of laches and had unclean hands as a matter of law.

On December 20, 2006, counsel for Respondents filed an Answer to Petitioners' Counterclaim denying various allegations contained therein and reiterating defenses previously pleaded, including that all relief was time-barred by § 13.1-813 of the Code of Virginia. On December 27, 2006, counsel for Respondents filed another Motion for Summary Judgment on behalf of the Corporation and the added directors, contending that the Commission lacked jurisdiction to grant the Petitioners any relief because of the time bar in § 13.1-813 of the Code of Virginia. Finally, on December 29, 2006, counsel for the Petitioners filed pleadings responding to all Respondents' filings not previously responded to. In these pleadings, counsel contended that (1) Respondents had produced no evidence to contradict the affidavits of Lane and Webster to the effect that these individuals never saw, approved, or voted in favor of expansion of the Corporation's board, (2) fraud on the part of the respondent, Jennifer Seifert, has been conclusively demonstrated, and (3) application of § 13.1-813 of the Code of Virginia to bar adjudication of the merits of the Petition would be contrary to public policy.

NOW THE COMMISSION, having considered the pleadings and applicable law, finds that the Respondents' Motion for Summary Judgment should be granted. The parties agree, as they must, that the Petition which commenced this case was filed with the Clerk of the Commission more than ten days after the July 19, 2006 effective date of the Commission's Certificate of Amendment effectuating the disputed articles. The ten-day time bar imposed by § 13.1-813 of the Code of Virginia has not been asserted by any respondent in any contested case previously decided by the Commission, including those cited by the Petitioners. That statute effectively deprives the Commission of authority to determine the merits of the Petition filed in this case, as it contains no exceptions for actions worked upon the Commission by fraud or mistake. Inasmuch as Petitioners' Counterclaim is based essentially on the same contentions as are made in the Petition, the Commission must likewise decline to adjudicate the merits of that Counterclaim.

Accordingly, IT IS ORDERED THAT:

- (1) The Respondents' Motion for Summary Judgment is granted.

- (2) The Petitioners' Motion for Summary Judgment is denied, and all other relief requested by the Petitioners and Respondents is denied.
- (3) This case is dismissed from the Commission's docket.
- (4) The papers filed herein shall be placed among the ended cases.

**CASE NO. CLK-2006-00008
MARCH 26, 2007**

NOAH'S ARK FOUNDATION, INC.,
GLENN A. LANE,
and
SARAH M. WEBSTER,
Petitioners,
v.
NOAH'S ARK FOUNDATION, INC.
and
JENNIFER SEIFERT,
Respondents

ORDER DENYING RECONSIDERATION

On March 5, 2007, the State Corporation Commission ("Commission") entered a Final Order in this case, in which the Commission granted the Respondents' Motion for Summary Judgment and denied the Petitioners' Motion for Summary Judgment and other relief requested herein.

On March 22, 2007, the Petitioners filed a Petition for Rehearing and Reconsideration ("Petition"). Therein, the Petitioners contend that: (i) the Commission's Final Order in this case is inconsistent with its decision in *Olin Corporation, Petitioner, v. Jimmie (Jimmy) W. Joiner a/k/a Edward P. Nemeth, Defendant*, Case No. CLK-2004-00009, 2004 S.C.C. Ann. Rept. 52 (Final Order, September 13, 2004) ("*Olin*"); and, (ii) the Commission's decision opens the floodgates to ". . . those who would perpetrate false and fraudulent filings [sic] upon the Commission in the hope that a mere ten days will lapse before anyone with lawful corporate authority learns of such filings."¹

The Petitioners request that the Commission vacate the Final Order and permit further proceedings to adjudicate their claims on the merits, or that the Commission permit further briefing on the issue of the proper interpretation of § 13.1-813 of the Code of Virginia² as applied to the facts of this case.³

NOW THE COMMISSION, having considered the Petition, as well as the entire record in this case, denies the Petition. We do not read our decision as inconsistent with *Olin*. In *Olin*, no party raised the issue of § 13.1-813 and its applicability to the facts of that case. Section 13.1-813 limits the Commission's ". . . power to grant a rehearing with respect to any certificate. . ." to a ten-day period after the effective date of the certificate. No exceptions are provided therein. We find further support for our result in *Kappa Sigma Fraternity, Inc. v. Kappa Sigma Fraternity*, 266 Va. 455 (2003).

In *Kappa Sigma*, the Supreme Court of Virginia was faced with a challenge by a fraternity to a foundation's amendments to its articles of incorporation. Among other relief requested, the fraternity asked the chancellor for a declaration that certain amendments or restatements of articles of incorporation were null and void because those amendments were not ratified properly by the foundation's members. *Kappa Sigma*, 266 Va. at 462. The foundation raised certain affirmative defenses, including the statute of limitations. The Supreme Court agreed with the foundation's arguments and, citing to an earlier decision,⁴ stated that "[i]n the absence of a statute of limitations defense, we further held that the corporate act was subject to challenge and that the deed was null and void because the corporation had not complied with all statutory requirements." *Id.* at 465-466. The Supreme Court distinguished between a voidable and a void corporate act and held that a challenge to a voidable corporate act is subject to a defense of the statute of limitations. *Id.* at 466.⁵

We think the reasoning of that case is directly applicable here. The Respondents have raised the issue of the ten-day bar incorporated into § 13.1-813, and we must execute the will of the General Assembly as embodied in the law as it has been enacted.

As to the Petitioners' second contention, that our decision opens the floodgates to all kinds of false and fraudulent filings, again, we must follow the law as it has been enacted.

¹ Petition at 3.

² All statutory references are to the Code of Virginia.

³ Petition at 4.

⁴ *Princess Anne Hills Civic League, Inc. v. Susan Constant Real Estate Trust*, 243 Va. 53 (1992).

⁵ The Supreme Court further stated that "[a] contrary conclusion is untenable because it would require us to assume, in the absence of any authority, that the General Assembly intended to render innumerable corporate transactions, imperfectly executed but within a corporation's power to act, subject to attack in perpetuity. In addition, such a conclusion would blur the bright line presently existing between an ultra vires act, in which a corporation lacks power to act, and a voidable act, which is within the lawful scope of a corporation's power." *Kappa Sigma*, 266 Va. at 466-467.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition for Rehearing and Reconsideration is DENIED; and
- (2) The papers filed herein shall be placed among the ended cases.

**CASE NO. CLK-2007-00003
APRIL 25, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: Uniform Commercial Code Filing Rules

ORDER TO TAKE NOTICE

WHEREAS, § 8.9A-526 of the Code of Virginia authorizes the State Corporation Commission ("Commission") to promulgate rules governing the practices of the Clerk's Office when acting as the filing office for financing statements and associated records permitted to be filed under Title 8.9A of the Code of Virginia;

WHEREAS, effective July 1, 2001, the Commission adopted rules to implement Title 8.9A of the Code of Virginia, which are set forth at 5 VAC 5-30-10 et seq. ("UCC Filing Rules");

WHEREAS, effective July 1, 2007, Chapter 239 of the 2007 Acts of Assembly amends § 12.1-21.1 of the Code of Virginia, which prescribes the fees charged by the Clerk of the Commission for providing and certifying a copy of a Uniform Commercial Code record; and

WHEREAS, the Clerk of the Commission has proposed corresponding changes to 5 VAC 5-30-40 as well as various other amendments to the UCC Filing Rules;

IT IS THEREFORE ORDERED THAT:

- (1) The proposed regulations are appended hereto and made a part of the record herein.
- (2) Comments or requests for hearing on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before June 1, 2007. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. CLK-2007-00003. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (3) The proposed regulations shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Chapter 30. Uniform Commercial Code Filing Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. CLK-2007-00003
JUNE 21, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: Uniform Commercial Code Filing Rules

ORDER ADOPTING REGULATIONS

By Order entered in this case on April 25, 2007, the State Corporation Commission ("Commission") directed that notice be given of its proposal, acting pursuant to § 8.9A-526 of the Code of Virginia, to amend its rules governing the practices of the Clerk's Office when acting as the filing office for financing statements and associated records permitted to be filed under Title 8.9A of the Code of Virginia. Notice of the proposed regulations was published in the Virginia Register on May 14, 2007, posted on the Commission's website, and mailed to numerous individuals designated by the Manager of the Uniform Commercial Code section of the Clerk's Office. Interested persons were afforded an opportunity to request a hearing or file written comments on or before June 1, 2007. The Commission received one comment letter from R. Gaines Tavenner. Amongst Mr. Tavenner's comments was a suggestion to clarify the meaning of the term "amendment" in 5 VAC 5-30-20.

NOW THE COMMISSION, having considered the record, the proposed regulations, the comment letter filed, and Staff recommendations, concludes that the proposed regulations should be adopted with a clarifying modification to the definition of the term "amendment."

THEREFORE, IT IS ORDERED THAT:

- (1) The modified proposed regulations (the "regulations"), 5 VAC 5-30-10 et seq., attached hereto are adopted effective July 1, 2007.

(2) The regulations shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

(3) AN ATTESTED COPY hereof, together with a copy of the regulations, shall be sent to the Registrar of Regulations for publication in the Virginia Register.

(4) This case is dismissed from the Commission's docket of active cases.

NOTE: A copy of Attachment A entitled "Uniform Commercial Filing Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. CLK-2007-00004
JULY 3, 2007**

IN RE MERGER OF
MANAGEMENT RECRUITERS OF RICHMOND, INCORPORATED INTO THE RICHMOND GROUP USA, INC.

ORDER VACATING A CERTIFICATE

On December 20, 2006, the State Corporation Commission ("Commission") issued a certificate of merger effectuating the merger of Management Recruiters of Richmond, Incorporated, a Virginia corporation, with and into The Richmond Group USA, Inc., a Virginia corporation, as of December 31, 2006. Thereafter, the merging corporations, by counsel, filed a Petition with the Clerk of the Commission stating that the stockholders of Management Recruiters of Richmond, Incorporated, had been incorrectly identified in connection with preparation of the articles and plan of merger filed with the Clerk, and seeking vacation of the aforesaid certificate of merger. Upon consideration of the Petition and papers filed herein, and it appearing that neither affected corporation objects to granting the relief requested in the Petition,

IT IS ORDERED THAT:

(1) The December 20, 2006, certificate of merger is vacated effective on that date.

(2) The corporate existence of Management Recruiters of Richmond, Incorporated, is reinstated effective December 31, 2006.

(3) The Clerk of the Commission shall make such entries in the records in his office as may be necessary to reflect the relief afforded in this Order.

(4) This case is dismissed, and the papers herein shall be filed among the ended causes.

**CASE NO. CLK-2007-00005
AUGUST 10, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: In the matter concerning revised State Corporation Commission Rules of Practice and Procedure

**ORDER FOR NOTICE OF PROCEEDING TO CONSIDER
REVISIONS TO COMMISSION'S RULES OF PRACTICE AND
PROCEDURE TO PERMIT ELECTRONIC FILING OF DOCUMENTS**

The Commission's Rules of Practice and Procedure, now codified at 5 VAC 5-10-10 *et seq.* ("Rules"), were last revised in 2001 in Case No. CLK-2000-00311.¹ Since then, changes have occurred in the industries and businesses subject to the regulatory authority of the Commission, including advancement in technology and increased reliance on electronic methods of communication in standard business practices.

The Commission has concluded that, in light of the passage of time and the changes occurring, it is appropriate to revisit our Rules and incorporate a procedure for electronic filing. Accordingly, the Commission Staff has prepared a proposed revision of the Rules of Practice and Procedure ("Proposed Rules"). A copy of the Proposed Rules is attached hereto. Interested parties are invited to comment upon and suggest modifications or supplements to, or request hearing on, the Proposed Rules. Comments or requests for hearing should address only the matters addressed in the Proposed Rules regarding electronic filing of documents. The Commission's Division of Information Resources is directed to cause the Proposed Rules to be published in the Virginia Register of Regulations and to make the Proposed Rules available for inspection on the Commission's Internet website.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. CLK-2007-00005.

¹ Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: In the Matter concerning revised State Corporation Commission Rules of Practice and Procedure, Case No. CLK-2000-00311, 2001 S.C.C. Ann. Rpt. 55.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) The Commission's Division of Information Resources shall forward the Proposed Rules to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) The Commission's Division of Information Resources shall make a downloadable version of the Proposed Rules available for access by the public at the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>. The Clerk of the Commission shall make a copy of the Proposed Rules available for public inspection in his office and provide a copy of the Proposed Rules, free of charge, in response to any written request for one.

(4) Interested persons wishing to comment, propose modifications or supplements to, or request a hearing on the Proposed Rules shall file an original and fifteen (15) copies of such comments, proposals, or request with the Clerk of the Commission, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, on or before September 25, 2007, making reference to Case No. CLK-2007-00005. Any interested person wishing to present evidence and be heard regarding the Proposed Rules should file an original and fifteen (15) copies of a notice of participation as a respondent, as provided in 5 VAC 5-20-80 B, on or before September 25, 2007.

(5) This matter is continued for further orders of the Commission.

NOTE: A copy of Attachment A entitled "Amended Rules of Practice and Procedure" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. CLK-2007-00006
JULY 16, 2007

IN RE
BLUES STRATEGIES, LLC

**ORDER VACATING A CERTIFICATE AND
DIRECTING A REFUND**

On May 8, 2007, the State Corporation Commission ("Commission"), as the result of a clerical error, issued a certificate of organization for a Virginia limited liability company named Blues Strategies, LLC (the "Company"). Thereafter, the Company's organizer formed another limited liability company, discovered the error in the Company's formation, and requested that the Company be cancelled and the fee paid for filing the Company's articles of organization be refunded. Upon consideration whereof,

IT IS ORDERED THAT:

- (1) The certificate of organization of Blues Strategies, LLC is vacated effective May 8, 2007.
- (2) The Clerk of the Commission shall refund the sum of one-hundred dollars (\$100.00) to the organizer of Blues Strategies, LLC.
- (3) The Clerk of the Commission shall make such entries in the records in his office as may be necessary to reflect the relief afforded in this

Order.

- (4) This case is dismissed and the papers herein shall be filed among the ended causes.

CASE NO. CLK-2007-00007
AUGUST 9, 2007

IN RE:
PETROLEUM TRANSPORT, INC., a West Virginia corporation,
and
PETROLEUM TRANSPORT, INC., a Virginia corporation

VACATING AND AUTHORIZING ORDER

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that on March 22, 1999, as a result of miscommunication between a West Virginia corporation named Petroleum Transport, Inc. and the Office of the Clerk, a terminated Virginia corporation having the same name was reinstated rather than the West Virginia corporation being issued a certificate of authority to transact business in Virginia; that the West Virginia corporation subsequently filed annual reports and paid annual fees as required by law as if it were the Virginia corporation; that the West Virginia corporation recently discovered the error and requested that it be corrected retroactively; that nonpayment of fees is not an impediment to granting the requested relief; and that efforts to communicate with representatives of the Virginia corporation have been unsuccessful.

Upon consideration whereof,

IT IS ORDERED THAT:

1. The March 22, 1999 order reinstating the corporate existence of Petroleum Transport, Inc., a Virginia corporation, is hereby vacated retroactive to that date.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

2. Upon compliance with applicable legal requirements Petroleum Transport, Inc., a West Virginia corporation, will be granted a certificate of authority to transact business in Virginia as a foreign corporation retroactive to March 22, 1999, provided such compliance is effected within 30 days of the date of this Order.

3. The annual reports filed with the Office of the Clerk, and the annual registration fees paid to the Commission, by the West Virginia corporation on behalf of the Virginia corporation since March 22, 1999, shall be deemed to have been filed and paid on behalf of the West Virginia corporation upon its receipt of a certificate of authority under paragraph 2 of this Order.

4. The Clerk of the Commission shall make such entries in the records in his office as may be necessary to reflect the relief afforded in this Order.

5. Entry of this Order shall not affect the rights of any person or entity relying on the existence of the Virginia corporation between March 22, 1999, and the date of this Order.

6. This case is dismissed, and the papers herein shall be filed among the ended causes.

BUREAU OF INSURANCE

**CASE NO. INS-1989-00474
JANUARY 18, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

THE CENTRAL NATIONAL INSURANCE COMPANY OF OMAHA (IN REHABILITATION),
Defendant

FINAL ORDER

The Central National Insurance Company of Omaha, in Rehabilitation, a foreign corporation domiciled in the State of Nebraska ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on May 29, 1948.

By order entered herein November 14, 1989, the Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to the entry of an Order of Supervision against the Defendant by the Nebraska Department of Insurance based on a finding that the Defendant was in a hazardous financial condition.

By Order for Rehabilitation entered on March 9, 1990, the Defendant ceased doing business as an active property and casualty insurer. By letter of Michael C. Davlin, President of the Defendant, dated June 7, 2006, the Commission's Bureau of Insurance was notified that as part of the rehabilitation proceedings it has been determined that the Defendant will not again become an active insurer in the Commonwealth of Virginia. In addition, Mr. Davlin requested that the Bureau cancel the Defendant's Certificate of Authority. By letter of Cynthia M. Kubat, Attorney in the Nebraska Department of Insurance, Rehabilitator for the Defendant, and the Assistant Secretary of the Defendant, dated November 28, 2006, and received by the Commission's Bureau of Insurance, Mr. Davlin's request was confirmed.

The withdrawal of the Defendant's license has been processed by the Bureau of Insurance, effective January 3, 2007.

The Bureau of Insurance has recommended that, in light of the foregoing, the Order Suspending License entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order Suspending License entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order Suspending License entered by the Commission is hereby VACATED;
- (2) This case is hereby DISMISSED; and
- (3) The papers herein shall be placed in the file for ended causes.

**CASE NO. INS-1991-00068
NOVEMBER 26, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION,
Plaintiff

v.

FIDELITY BANKERS LIFE INSURANCE COMPANY,
Defendant

ORDER APPROVING FOURTH AMENDMENT OF AGREEMENT AND DECLARATION OF TRUST

ON A FORMER DAY CAME the Deputy Receiver of First Dominion Mutual Life Insurance Company (formerly Fidelity Bankers Life Insurance Company), in Receivership for Conservation and Rehabilitation (the "Company"), and filed with the Clerk of the State Corporation Commission ("Commission") an Application for Order Approving Fourth Amendment of Agreement and Declaration of Trust ("Agreement") by which the Company formed a grantor Trust, and extends the term of the Trust until December 31, 2008.

AND THE COMMISSION, having considered the Application, finds that the Deputy Receiver's Application is, in all things, well taken and that it should be, and it is hereby, granted. Accordingly, the Commission now finds that the "Amendment Number Four to Agreement and Declaration of Trust" attached to the Deputy Receiver's Application as Exhibit "A", should be, and it is hereby, approved as being in conformance with the Agreement and the

plan for rehabilitation of the Company approved by the Commission on September 29, 1992 ("Rehabilitation Plan"). The Commission finds that the extension of the term of the Trust until December 31, 2008, is in the best interest of policyholders, other creditors, and the public.

THEREFORE, IT IS ORDERED that the Application for Order Approving Fourth Amendment Agreement and Declaration of Trust be, and it is hereby, granted in conformance with the Agreement and the Rehabilitation Plan, and the Trust be, and it is hereby, extended until December 31, 2008.

**CASE NO. INS-1991-00298
JUNE 21, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

ACCEPTANCE CASUALTY INSURANCE COMPANY (Formerly EMPLOYERS CASUALTY COMPANY),

Defendant

FINAL ORDER

Acceptance Casualty Insurance Company ("Defendant"), a foreign corporation domiciled in the State of Nebraska, formerly was known as Employers Casualty Company ("Employers"), domiciled in the State of Texas and initially licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on May 29, 1964.

Section 38.2-1028 of the Code of Virginia currently requires that insurers licensed to transact the business of insurance in the Commonwealth of Virginia are required to maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000. In 1991, the requirements were minimum capital of \$1,000,000 and minimum surplus of \$1,000,000.

By order entered herein November 13, 1991, Employers' license to transact the business of insurance in the Commonwealth of Virginia was suspended based on Employers' voluntary consent to such suspension due to Employers' failure to comply with such minimum surplus requirement.

In 1994, Employers and many of its affiliates and subsidiaries were placed into receivership in Texas. In 1995, Employers' charter was acquired by Acceptance Insurance Companies, Inc., a Delaware corporation, and subsequently, its name was changed to Acceptance Casualty Insurance Company, and it was redomiciled to the State of Nebraska.

In 2001, the Defendant became part of the IAT Reinsurance Company Ltd. ("IAT") holding company system when the Defendant and Acceptance Indemnity Insurance Company, its sister company, were acquired by McM Corporation, a North Carolina corporation and downstream holding company subsidiary of IAT, a Bermuda corporation. Acceptance Indemnity Insurance Company, the immediate parent of the Defendant, is an approved surplus lines company in this Commonwealth.

Since its acquisition by McM Corporation, the Defendant has improved its performance and its capital position. The Quarterly Statement of the Defendant dated March 31, 2007, and filed with the Bureau of Insurance ("Bureau") reports capital of \$3,000,000 and surplus of \$29,008,876, rendering the Defendant in compliance with Virginia's minimum capital and surplus requirements.

The Bureau has recommended that the suspension of the Defendant's license be lifted and the Defendant's license be restored, and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license should be restored.

THEREFORE, IT IS ORDERED THAT:

- (1) The Defendant's license to transact the business of insurance in the Commonwealth of Virginia is hereby RESTORED;
- (2) This case is hereby DISMISSED; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-1997-00257
FEBRUARY 15, 2007**

PETITION OF
LADDS AND KATHLEEN BANKS

For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, "HOW Companies" or "HOW"). The receivership order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure ("RAP") to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On August 8, 1997, Ladds and Kathleen Banks ("Petitioners") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 2947125A.

By Order dated August 29, 1997, the Commission docketed the Petition, assigned the matter to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before September 26, 1997.

On September 23, 1997, the Deputy Receiver filed his Answer to the Petition in which he argued that the Petitioners' allegations were insufficient to support a claim for major structural defect coverage.

By ruling dated September 30, 1997, the matter was scheduled for telephonic hearing and a procedural schedule was established.

The hearing was continued several times at the request of the parties. On July 7, 1998, the Deputy Receiver, by counsel, filed a motion for continuance stating that the parties were attempting to reach an amicable disposition of the claim described in the Petition for Review. By ruling dated July 7, 1998, the matter was continued generally until further ruling by the Hearing Examiner.

No pleadings or other activity occurred with respect to this matter subsequent to the ruling of July 7, 1998. Thus, a Hearing Examiner's Ruling dated July 25, 2006, informed the parties that this matter would be dismissed unless the parties showed good cause on or before August 10, 2006, why the matter should not be dismissed from the Commission's docket of active cases. On August 1, 2006, the Deputy Receiver advised that he did not oppose dismissal. On August 7, 2006, the Petitioners stated that though representatives from HOW had verbally conceded the merits of the Petitioners' claim, the Petitioners had been unsuccessful in their attempts to contact HOW representatives. Consequently, the Petitioners requested that the proceeding not be dismissed.

By ruling dated August 15, 2006, the matter was continued and the parties were directed to advise the Hearing Examiner of the status of settlement negotiations.

On February 5, 2007, the parties filed a Stipulation of Agreement and Agreed Motion for Dismissal of Petition. The Petitioners agreed to withdraw their Petition and execute a release in exchange for a payment of \$18,593.04. Neither party admitted liability or mistake.

On February 6, 2007, the Hearing Examiner issued his Report in which he recommended that the Joint Motion for Dismissal of the Petition should be granted.

Upon consideration of the record herein and the Report of the Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion for Dismissal of the Petition is hereby GRANTED;
- (2) The Petition of Ladds and Kathleen Banks for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and
- (3) The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2002-01302
NOVEMBER 16, 2007**

PETITION OF
CENTENNIAL HOMES, INC. d/b/a TRENDMAKER HOMES

For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, "HOW Companies" or "HOW"). The receivership order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure ("RAP") to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On November 25, 2002, Centennial Homes, Inc., d/b/a Trendmaker Homes ("Centennial Homes" or "Petitioner") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 3882753-A.

On January 8, 2003, counsel for the Deputy Receiver and Centennial Homes filed a Joint Motion for Continuance ("Joint Motion"). In support of the Joint Motion, the parties stated that the Petition addressed issues substantively similar in the three petitions previously filed by the Petitioner and pending before the Commission (Case Nos. INS-2001-00081, INS-2001-00082, and INS-2002-00040, which were consolidated) at the time of filing. The Deputy Receiver and Centennial Homes were awaiting the Commission's decision with regard to the pending cases, and jointly moved for a general continuance of the captioned proceeding pending final disposition of the other petitions set forth above. By Hearing Examiner's Ruling dated January 23, 2003, the Joint Motion was granted.

On October 28, 2003, the Commission entered an Order in the above-mentioned consolidated cases, ruling that the Petitions be denied, the Determinations of Appeal issued respectively to each Petition be affirmed, and the cases be dismissed. On November 20, 2003, Centennial Homes filed an appeal with the Virginia Supreme Court ("Court"). On March 30, 2004, the Court affirmed the Commission's Order of October 28, 2003.

On June 29, 2007, the Deputy Receiver filed a motion in which he argued that the case should be dismissed pursuant to § 8.01-335 of the Code of Virginia on the grounds that no action had been taken by the Petitioner since it was continued in 2003. Furthermore, the Deputy Receiver argued that it is in the best interest of all policyholders to conclude this pending matter. In support thereof, he noted that on June 13, 2005, the Commission entered its Order Approving Plans of Liquidation for the companies, and these Plans of Liquidation require him to wind down the businesses of the Companies. The Deputy Receiver also noted that the Commission had dismissed a similar case involving the Petitioner in Case No. INS-2002-01300.

On September 26, 2007, the Chief Hearing Examiner issued her Report and made the following findings and recommendations:

1. The Petition of Centennial Homes, Inc. d/b/a Trendmaker Homes should be dismissed with prejudice.
2. The matter should be stricken from the Commission's docket of active cases.

Upon consideration of the record herein and the Report of the Chief Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petition of Centennial Homes, Inc. d/b/a Trendmaker Homes for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED WITH PREJUDICE;
2. The Determination of Appeal in Claim No. 3882753-A issued by the Deputy Receiver on August 5, 2002 is hereby AFFIRMED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2003-00267
MARCH 15, 2007**

APPLICATION OF
VIRGINIA PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

For Disbursement of Assets

FINAL ORDER

On December 15, 2003, pursuant to § 38.2-1509 of the Code of Virginia,¹ the Virginia Property and Casualty Insurance Guaranty Association ("VPCIGA")² filed the Application of Virginia Property and Casualty Insurance Guaranty Association for Disbursement of Assets ("Application")³ of

¹ All statutory references are to the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Reciprocal of America and The Reciprocal Group (collectively "ROA") with the State Corporation Commission ("Commission"). Therein, VPCIGA requested, among other things, upon the filing of its Application, that the Commission disburse to it the available assets of ROA.

On January 9, 2004, the Commission entered an Order Establishing Proceeding, which docketed this case, assigned the matter to a Hearing Examiner, and provided for participation by interested parties herein.

Notices of participation were timely filed by the Deputy Receiver of ROA, the Special Deputy Receivers of Doctors Insurance Reciprocal, Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal, RRG, and The Reciprocal Alliance, RRG (collectively the "Tennessee RRGs"); Coastal Region Board of Directors and Alabama Subscribers ("Coastal"); the Kentucky Hospitals;⁴ PhyAmerica Physician Group, Inc.; the Children's Hospital of Alabama; the Tennessee Insurance Guaranty Association; and the other Guaranty Associations.⁵

The various procedural maneuverings, rulings and iterations of the parties' divergent proposed early access plans and early access agreements are accurately summarized in the Report of Michael D. Thomas, Hearing Examiner ("Report") that was filed in this matter on November 30, 2006. The Commission notes that the Hearing Examiner conducted a pre-hearing conference in February of 2004, and that he provided the interested parties with two hearings, one in April of 2004 and one in July of 2006. The parties have also had numerous opportunities to submit written responses and objections to the various early access proposals and agreements that have been received.

The Report contains a thorough summary of the record in this proceeding, as well as the Hearing Examiner's discussion of the legal issues involved in this case, along with his findings and recommendations. The Hearing Examiner made the following findings and recommendations:

- (1) Section 38.2-1509 B 1 requires the Deputy Receiver to reserve sufficient assets to pay all of the administrative costs and expenses of the ROA estate, and these assets are not available for any early access distribution;
- (2) Section 38.2-1509 B 1 (ii) limits the amount of any early access distribution to the guaranty associations to their proportionate share of the assets of ROA;
- (3) A reasonable method to apportion without preference the assets of ROA among the two groups of policyholder-level claimants is to use each group's estimated claims liabilities;
- (4) Early access distributions should be allocated among the guaranty associations on the basis of claims paid;
- (5) Section 38.2-1509 B 3 permits a receiver to clawback a liquidating distribution made to a guaranty association to pay claims of an equal or higher priority, but the receiver must ensure that all policyholder-level claimants receive the same final percentage of the insolvent insurer's assets;
- (6) The term "available assets" used in § 38.2-1509 C means the guaranty associations' proportionate share of the assets of the estate available to the policyholder class;
- (7) The costs incurred in defending an insured under the terms of his ROA insurance policy are part of the total costs incurred in paying the claim, and not an administrative expense entitled to priority under § 38.2-1609 B;
- (8) The guaranty associations are entitled to an early access distribution of their proportionate share of ROA's total assets as calculated using the methodology in Attachment 3, until the Commission resolves the status of the RRG claims;
- (9) The early access distribution amount should be computed using the most current financial information available, ROA's 2005 Annual Statement, and the assumptions and methodology in Attachment 3;
- (10) The Deputy Receiver should file the updated early access distribution computation for the Commission's consideration with his comments to this Report;
- (11) The Deputy Receiver is an active receiver and is vested with broad discretionary authority to establish the reserves to pay ROA's insurance claim liabilities;

² VPCIGA is an unincorporated association organized and existing by virtue of Chapter 16 of Title 38.2 of the Code of Virginia for the purpose of providing prompt payment of covered claims to reduce financial loss to claimants or policyholders resulting from insolvency of an insurer.

³ The Application contained a Proposed Plan for Disbursement of Available Assets and a proposed Early Access Agreement.

⁴ The "Kentucky Hospitals" include Appalachian Regional Healthcare, Gateway Regional Medical Center, Hardin Memorial Hospital, Highlands Regional Medical Center, Murray-Calloway County Hospital, Owensboro Mercy Health System, Regional Medical Center/Trover Clinic Foundation, and T.J. Samson Community Hospital.

⁵ In addition to the Tennessee Insurance Guaranty Association, the "Guaranty Associations," as used herein, include the Alabama Insurance Guaranty Association, the District of Columbia Insurance Guaranty Association, the Georgia Insurers Insolvency Pool, the Indiana Insurance Guaranty Association, the Kansas Insurance Guaranty Association, the Louisiana Insurance Guaranty Association, the Maryland Property & Casualty Insurance Guaranty Corporation, the Mississippi Insurance Guaranty Association, the Missouri Property & Casualty Insurance Guaranty Association, and the North Carolina Insurance Guaranty Association.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (12) Early access distributions should be made initially on the basis of UDS,⁶ but adequate documentation should be required later from the guaranty associations;
- (13) The parties should submit revised language for EAP⁷ Paragraph III for the Commission's consideration in their comments to this Report;
- (14) The Deputy Receiver should be able to offset any future early access distribution or final liquidating distribution to a guaranty association by any unsatisfied clawback request made to that association;
- (15) Section 38.2-1509 C should not be summarized in the early access plan or agreement;
- (16) The early access agreement should address the submission of closed claim files to the Deputy Receiver, and the associations should be required to submit those files to the Deputy Receiver approximately every six months;
- (17) The guaranty associations' claims handling expenses should not be part of the early access agreement;
- (18) The Deputy Receiver cannot condition early access payments on a guaranty association's ability to repay the funds;
- (19) The early access plan and agreement should address early access payments and liquidating distributions made to the guaranty associations, but should not address claims handling expenses;
- (20) The early access agreement does not limit a guaranty association's right of appeal;
- (21) The early access agreement should address the claims submission process, timing, and documentation;
- (22) The last three lines of Paragraph 3.h should be changed to read: "to the extent required in order to pay claims entitled to a priority equal to or greater than the Association as established in Va. Code Ann. § 38.2-1509(B)(1);"
- (23) A third-party administrator is not a "similar organization" as provided in § 38.2-1609 B; therefore, Coastal's third-party administrator expenses should not be afforded the same priority as the liquidator's expenses; and
- (24) The non-party guaranty associations are proper parties, not necessary parties, and their joinder in this proceeding is not required.

The Hearing Examiner recommends that the Commission adopt the findings and recommendations of his Report, approve an early access plan and agreement that are consistent with such findings and recommendations, authorize the Deputy Receiver to make an early access distribution to the guaranty associations consistent with the methodology in Attachment 3, but updated to reflect numbers from ROA's 2005 Annual Statement, direct the Deputy Receiver to void the Tolling Agreement with the Tennessee RRGs,⁸ and return Case No. INS-2003-00092⁹ to the Commission's docket of active cases.¹⁰

On January 5, 2007, the Deputy Receiver filed his Comments and Submission of Deputy Receiver. ("Deputy Receiver Comments").¹¹ Therein, the Deputy Receiver did not disagree with or challenge any finding or recommendation contained in the Report, but he sought to clarify certain matters therein.¹² He also submitted a proposed early access plan, early access agreement, and updated early access distribution computation, pursuant to the Hearing Examiner's direction in his Report. The Deputy Receiver further noted that he and the Guaranty Associations arrived at proposed language for paragraph III of the early access plan as directed by finding 13 in the Report.

The Deputy Receiver also noted that he agrees with the Hearing Examiner's recommendation regarding the Joint Petition Proceeding and that he has issued notice terminating the tolling agreement between the Deputy Receiver and the Receiver of the Tennessee RRGs. The Deputy Receiver also indicated that he was preparing a proposal for increasing the currently approved 17% payment to policyholder-level claimants.¹³

⁶ "UDS," as defined in the Report, means the National Association of Insurance Commissioners Uniform Data Standards Reporting Format. Report at 18.

⁷ "EAP," as defined in the Report, means the proposed Early Access Plan.

⁸ The Hearing Examiner discusses the basis of this recommendation and the procedural history of the case involving the Tennessee RRGs and the Deputy Receiver on page 2, note 4, and pages 29-30 of the Report.

⁹ *In re: Joint Petition of Special Deputy Receivers of Doctors Insurance Reciprocal, Risk Retention Group, In Receivership, American National Lawyers Insurance Reciprocal, Risk Retention Group, In Receivership, and The Reciprocal Alliance, Risk Retention Group, In Receivership* (the "Joint Petition Proceeding" or "Case No. INS-2003-00092").

¹⁰ Report at 49.

¹¹ The attachments to the Comments will be referred to separately. *See infra* at 12.

¹² Deputy Receiver Comments at 1.

¹³ On January 11, 2007, the Deputy Receiver filed an Application to Increase the Payment Percentage from 17% to 25%, *Application of Reciprocal of America and The Reciprocal Group, For Approval to Increase Payment Percentage from 17% to 25%*. (the "Increased Payout Proceeding"). A Hearing Examiner conducted a pre-hearing conference on March 6, 2007, to discuss procedural schedules for both the Joint Petition Proceeding and the Increased Payout Proceeding. By Hearing Examiner's Ruling dated March 8, 2007, any party opposing the relief requested by the Deputy Receiver in the Increased Payout Proceeding was directed to file an objection thereto by March 20, 2007.

On January 3, 2007, Coastal filed the Comments of the Coastal Region Board of Directors and the Alabama Subscribers to Hearing Examiner Thomas' Report of November 30, 2006 ("Coastal Comments"). Therein, Coastal contends that the Hearing Examiner, in finding 23, erred in concluding that the administrative expenses incurred by ROA policyholders, such as Coastal's members, are not entitled to the same priority as the guaranty associations in seeking reimbursement for such expenses from the Deputy Receiver. Coastal further asserts that the guaranty associations should be required to account for interest on funds in excess of claims paid between the time the funds are received under an early access agreement and the time they are used to pay claims.¹⁴ Other than the two foregoing exceptions, Coastal supports the recommendations of the Hearing Examiner.¹⁵ Coastal also specifically supports the recommendation that the Joint Petition Proceeding be restored to the Commission's docket of active cases.

Coastal states that more than 40% of the policyholders in this case have no guaranty association coverage, which means that nearly half of the policyholder-level claims in this receivership have been handled by the policyholders themselves, either by using their own staff personnel or by employing third party administrators. Coastal further relies on the "or a similar organization" language from § 38.2-1609 B to support its contention that its claims-handling expenses should be treated as administrative expenses. Coastal does agree with the distinction drawn by the Hearing Examiner between allocated loss adjustment expenses ("ALAE") and unallocated loss adjustment expenses ("ULAE"), whereby the guaranty associations' ALAE will be given policyholder-level treatment, and their ULAE will be treated as administrative costs. Coastal argues, however, that this treatment should apply equally to Coastal's unallocated costs and expenses.¹⁶ Coastal thus vigorously argues that Hearing Examiner finding 23 should be rejected.

On January 5, 2007, the Kentucky Hospitals filed the Kentucky Hospitals' Comments to Hearing Examiner Thomas' November 30, 2006 Report ("Kentucky Hospitals' Comments"). The Kentucky Hospitals support all Hearing Examiner findings and recommendations, with the exception of finding 23, which pertains to the treatment of the Kentucky Hospitals' expenses in handling claims. The Kentucky Hospitals join in the Coastal Comments.¹⁷ The Kentucky Hospitals highlight the fact that there are significant groups of policyholder-level creditors who are not covered by any guaranty association, and they also recount the history of the Assumed Claims Litigation.¹⁸ The Kentucky Hospitals contend that the actions of the guaranty associations in failing to cover certain claims have caused catastrophic hardship for the Kentucky Hospitals.¹⁹

The Kentucky Hospitals claim that finding 23 was made without sufficient evidentiary background to: "(1) consider the unique context of Coastal's (and other ROA policyholder claimants) position in the ROA receivership; and (2) appreciate the critical effect the aforementioned ruling would have on other ROA proceedings (including a number of claim appeals)."²⁰ The Kentucky Hospitals request that the Commission find that "claim administrative and adjudication expenses is the obligation of the insurer and whether incurred by the Deputy Receiver, the guaranty associations or the policyholders should be accorded the same priority or return the issue to the Hearing Examiner for further proceedings."²¹ The Kentucky Hospitals also concur with Coastal that the guaranty associations should be required to account for all investment/earned income on the early access funds they receive. The Kentucky Hospitals further agree with Coastal that the Joint Petition Proceeding should be placed back on the Commission's docket of active cases.²² The Kentucky Hospitals also seek minor clarifications to certain findings of the Hearing Examiner.²³

On January 5, 2007, VPCIGA and the Guaranty Associations filed their Response of Guaranty Associations to Report of Michael D. Thomas, Hearing Examiner, dated November 30, 2006 ("Guaranty Associations' Comments"). The Guaranty Associations do not object to most of the findings and recommendations in the Report. Their primary objections concern:

- (1) The Hearing Examiner's recommendation that \$61.1 million be held back from early access disbursements pending resolution of whether the claims of the Tennessee RRGs are general creditor claims or policyholder claims;
- (2) The Hearing Examiner's recommendation that claims of guaranty associations on account of

¹⁴ Coastal Comments at 7-8.

¹⁵ Coastal Comments at 1-2.

¹⁶ Coastal Comments at 3-5.

¹⁷ Kentucky Hospitals' Comments at 2.

¹⁸ On August 24, 2005, after more than two years of litigation, the Commission entered a Final Order in Case No. INS-2003-00239, *Application of Reciprocal of America and The Reciprocal Group, For a Determination Whether Certain Workers' Compensation Insurance Policy Payments May be Made to Claimants Formerly Covered by SITs and GSAs* (the "Assumed Claims Litigation"). The Commission found that certain claims assumed by ROA from certain self-insured trusts and group self-insurance associations through various merger transactions constituted "claims of other policyholders arising out of insurance contracts" pursuant to § 38.2-1509 B 1(ii), but the Commission also found that such claims could only be paid at the payment percentage, later determined as 17%, found to be appropriate for other policyholder-level claimants.

¹⁹ Kentucky Hospitals' Comments at 4.

²⁰ Kentucky Hospitals' Comments at 6.

²¹ *Id.* at 7.

²² On January 5, 2007, the Kentucky Hospitals and Coastal filed the Comments and Motion of the Kentucky Hospitals and Coastal Region Board of Directors in Case No. INS-2004-00244, *Application of Reciprocal of America and The Reciprocal Group, For Approval of Agreement to Stay Proceedings and Tolling Agreement*. ("Case No. INS-2004-00244"). Therein, the Kentucky Hospitals and Coastal requested that the Commission direct the Deputy Receiver to void the tolling agreement and return Case No. INS-2003-00092 to the Commission's docket of active cases. Such joint request is moot in light of the fact that the Deputy Receiver has terminated the tolling agreement and the Hearing Examiner has conducted further proceedings in the Joint Petition Proceeding.

²³ Kentucky Hospitals' Comments at 10.

expenses incurred in defending ROA insureds are reimbursable at the policyholder priority level (as opposed to the administrative expense level), and (3) The Hearing Examiner's assertion that the clawback mechanism can be applied to liquidating distributions to guaranty associations.²⁴

The Guaranty Associations do not object to the recommendation that the amount of the early access distribution be limited to their proportionate share of the assets of ROA, but they believe that Attachment 4 to the Report should be used to calculate properly the amount of available assets, rather than Attachment 3 as recommended by the Hearing Examiner. The Guaranty Associations request that the Commission explicitly state that any early access funds that are later determined to be liquidating distributions are not subject to clawback.²⁵

The Guaranty Associations object to finding 7. The Guaranty Associations contend that there is no authority for the Hearing Examiner's ALAE/ULAE distinction, and they argue that all of their defense costs should be treated as administrative expenses, since they perform a duty that would be otherwise performed by the liquidator as recognized in § 38.2-1609 B.²⁶

The Guaranty Associations object to finding 8, and they instead contend that Attachment 4 should be used to calculate the amount of available assets.²⁷ According to the Guaranty Associations, using the appropriate methodology will result in an early access distribution to guaranty associations in the amount of \$147,232,004. The Guaranty Associations contend that the proper method, as established by the General Assembly, to deal with the uncertainties inherent in any receivership is the clawback mechanism, not the reserve mechanism as recommended by the Hearing Examiner.²⁸

The Guaranty Associations also contend that the Hearing Examiner misconstrued the amount of authority that the Deputy Receiver has at his discretion to determine "available assets." They request that all references to "discretion" in the early access plan and agreement be deleted. The Guaranty Associations also requested the opportunity to respond to any revised plan and agreement proposed by the Deputy Receiver.²⁹ In contrast to Coastal and the Kentucky Hospitals, the Guaranty Associations agree with finding 23, which pertains to Coastal's third-party administrator expenses.

On January 5, 2007, the Tennessee RRGs filed the Special Deputy Receivers' Response and Objections to Report of Hearing Examiner Dated November 30, 2006 ("Tennessee RRGs' Comments"). The Tennessee RRGs support finding 7 that provides that costs incurred in defending an insured are not administrative expenses but are considered policyholder-level claims.³⁰

The Tennessee RRGs object to using either Attachment 3 or 4, because both attachments assume that approximately \$57 million withdrawn by ROA from a trust account should be included within available assets. The Tennessee RRGs contend that this money belongs to the Tennessee RRGs or their beneficiaries, and that "monies subject to equitable interests of another are not property of an estate available to creditors generally."³¹ The Tennessee RRGs note that their claim to the trust monies has yet to be resolved in the Joint Petition Proceeding.³² The Tennessee RRGs also request leave to file additional comments after the Deputy Receiver files his updated early access distribution computation. The Tennessee RRGs support finding 11, which provides that the Deputy Receiver is an active receiver. Finally, the Tennessee RRGs note that, since the Deputy Receiver has already initiated the termination of the tolling agreement, the Hearing Examiner's recommendation to terminate such agreement is moot.

On February 16, 2007, the Commission entered an Order Providing for Additional Comment, wherein parties were provided an opportunity to file a response to the Deputy Receiver's Comments, which contained an updated early access distribution computation.

On March 1, 2007, the Guaranty Associations and VPCIGA filed the Response of Guaranty Associations to the Comments and Submission of Deputy Receiver ("Guaranty Associations' Supplementary Response"). Among other objections, the Guaranty Associations request that the early access plan explicitly indicate that the Guaranty Associations' policy defense costs are entitled to an administrative priority.³³ The Guaranty Associations also restate their position that the amount of available assets should be based upon Attachment 4 to the Report, rather than Attachment 3.³⁴ The Guaranty Associations also contend that the Deputy Receiver is bound by their settlements of "covered claims" and the early access plan and agreement should be amended to so indicate.³⁵

²⁴ Guaranty Associations' Comments at 1.

²⁵ *Id.* at 4.

²⁶ *Id.* at 5-8.

²⁷ The key difference between Attachment 3, as recommended by the Hearing Examiner, is that the Tennessee RRGs are assumed to be policyholders, thus causing the total policyholder liabilities to increase by over \$346 million, and accordingly affecting the corresponding assumptions and calculations that follow therefrom. Attachment 4, preferred by the Guaranty Associations, assumes that the Tennessee RRGs are not policyholders.

²⁸ Guaranty Associations' Comments at 9.

²⁹ *Id.* at 10-11.

³⁰ Tennessee RRGs' Comments at 2.

³¹ *Id.* at 2-3.

³² *Id.* at 5-6.

³³ Guaranty Associations' Supplementary Response at 3.

³⁴ *Id.*

³⁵ *Id.* at 4-5.

On March 2, 2007, the Tennessee RRGs filed the Special Deputy Receivers' Response to Commission's Order Providing Leave to File Additional Comments. The Tennessee RRGs continue to object to the assumption made by the Hearing Examiner that, for purposes of the early access distribution, certain trust funds held by ROA are deemed available assets of ROA.

NOW THE COMMISSION, having considered the evidence and arguments of the parties, the pleadings, including the various and competing early access plans and agreements that have been submitted, the Report and the comments thereto, as well as the supplementary comments filed herein, finds that the Hearing Examiner's findings and recommendations, as well as the Deputy Receiver's early access plan, early access agreement, and updated early access distribution computation that was filed on January 5, 2007 (collectively, the "January 5, 2007 Early Access Submission") should be adopted, except as modified herein.

We note several things at the outset. The Application was filed in this case over three years ago. During that time, the various guaranty associations have been handling claims on behalf of ROA. However, we also note that the guaranty associations have not been handling a large number of claims,³⁶ and that such claims have been handled by the policyholders themselves, such as Coastal and the Kentucky Hospitals. As noted by the Hearing Examiner, ". . . there is a significant group of policyholder-level creditors. . . who are not covered by any guaranty association and who have a statutory right to the assets of ROA, equal to that of the guaranty associations."³⁷

Additionally, there is ongoing litigation between the Tennessee RRGs and the Deputy Receiver at the Commission regarding the Tennessee RRGs and their claimants' status as policyholders or general creditors, and the Tennessee RRGs further assert their right to certain trust funds seized by the Deputy Receiver near the beginning of this receivership as he was marshalling assets.

In determining the appropriate contours of an early access plan, early access agreement, and the amount of assets that should be distributed, we are mindful of the foregoing, but we are required to decide this case in accordance with the carefully crafted scheme for handling the disbursement of the assets of an insolvent insurer's estate set out in § 38.2-1509, as well as the applicable guaranty association statutes set forth in Chapter 16 of Title 38.2.

Discussion

Unless otherwise noted, we approve the January 5, 2007 Early Access Submission. We also approve the Hearing Examiner's findings and recommendations, except as otherwise noted herein.

Liquidating distributions and clawbacks

We adopt findings 1-4 and 6. Finding 5 provides that "Section 38.2-1509 B 3 permits a receiver to clawback a liquidating distribution made to a guaranty association to pay claims of an equal or higher priority, but the receiver must ensure that all policyholder-level claimants receive the same final percentage of the insolvent insurer's assets." As noted in our Final Order in Case No. INS-2004-00244, any approved liquidating distribution ". . . is not subject to any 'claw-back' arrangement pursuant to § 38.2-1509 B 3."³⁸ Accordingly, only funds distributed pursuant to early access are subject to clawback. We fully expect that the Deputy Receiver is cognizant of our prior rulings in filing any application for a liquidating distribution, such as the Increased Payout Proceeding. Subject to the foregoing clarification, we adopt finding 5.

Treatment of guaranty associations' defense costs

Finding 7 provides that "[t]he costs incurred in defending an insured under the terms of his ROA insurance policy are part of the total costs incurred in paying the claim, and not an administrative expense entitled to priority under § 38.2-1609 B."

The Hearing Examiner drew a distinction between ALAE, which he characterized as "an expense assigned to, and recorded with, a specific claim, including defense and investigation costs," and ULAE, which he characterized as "an expense that cannot be assigned to, and recorded with, a specific claim, and generally includes claim department overhead and operating expenses."³⁹ The Hearing Examiner concluded that only the guaranty associations' ULAE should be classified as administrative expenses and entitled to a higher priority.⁴⁰

VPCIGA and the Guaranty Associations object to this finding and claim that both ALAE and ULAE are entitled to administrative priority.⁴¹ VPCIGA and the Guaranty Associations claim that the phrase "expenses. . . incurred in handling claims" includes "all expenses of an association in receiving, recording, reviewing, evaluating, approving, settling, denying, paying or otherwise disposing of claims against the insolvent insurer."⁴² VPCIGA and the Guaranty Associations also cite § 38.2-1606 A 3 in support of their position.

³⁶ See, e.g., Report at 38 ("The GA Policyholders account for \$265 million in policyholder claim liabilities and the Other Policyholders account for \$223 million in policyholder claim liabilities. . .") (using Attachment 4).

³⁷ Report at 28-29.

³⁸ *Application of Reciprocal of America and The Reciprocal Group, For Approval of Agreement to Stay Proceedings and Tolling Agreement*, Case No. INS-2004-00244, 2005 SCC Ann. Rept. 81, 84 (Final Order, December 13, 2005).

³⁹ Report at 24, n. 21, and 36.

⁴⁰ *Id.* at 36.

⁴¹ Guaranty Associations' Comments at 5-8.

⁴² *Id.* at 5.

In contrast, the Deputy Receiver, the Tennessee RRGs, the Kentucky Hospitals, and Coastal agree with the Hearing Examiner that a distinction is properly drawn between ALAE and ULAE and that VPCIGA and the Guaranty Associations' ALAE should not be characterized as administrative expenses.

We first review the appropriate statutes. Section 38.2-1509 B provides that

The Commission shall disburse the assets of an insolvent insurer as they become available in the following manner:

1. Pay, after reserving for the payment of the costs and expenses of administration, according to the following priorities: . . . (ii) claims of the associations for "covered claims" . . . and claims of other policyholders arising out of insurance contracts apportioned without preference.

Section 38.2-1609 provides, in part, that

The expenses of the Association or a similar organization incurred in handling claims shall be accorded the same priority as the liquidator's expenses.

The terms "expenses incurred in handling claims" are not defined more specifically anywhere else in Chapter 15 or 16 of Title 38.2. We do not think VPCIGA and the Guaranty Associations' reference to the different treatment in § 38.2-1606 A 3 ii and iii accorded to "expenses of handling covered claims" and "other expenses authorized by this chapter" is helpful in this regard. We note that this section pertains to the powers and duties of VPCIGA generally and how it is to allocate claims paid and expenses incurred specifically.

The priority for the "expenses of the Association or a similar organization incurred in handling claims" in § 38.2-1609 B must be read in conjunction with § 38.2-1509 B, which accords different treatment for administrative expenses and policyholder claims. We find that, while the General Assembly has accorded a priority for certain guaranty association expenses "incurred in handling claims," the scope of such priority is not as broad as VPCIGA and the Guaranty Associations contend. First, we note that there is a fundamental distinction between ALAE and ULAE as the Hearing Examiner has found. Policy defense costs are typically part of the policyholder benefit, although the circumstances certainly vary as to whether such costs count toward a policy limit.

Thus, reading the phrase "expenses incurred in handling claims" as expansively as VPCIGA and the Guaranty Associations do leads to the result that policyholder-level distinctions are drawn in § 38.2-1509 B by virtue of a provision in another chapter of the Code. In other words, policyholders (such as Coastal and the Kentucky Hospitals) would have their policyholder defense costs paid at the currently authorized 17% level, while other policyholder-level claimants (including VPCIGA and the Guaranty Associations) would have their defense costs paid at the administrative priority level. Hence, we think the statutory "preference" for the claims-handling expenses of the guaranty associations should be construed narrowly. Thus, we find that "expenses incurred in handling claims" as referred to in § 38.2-1609 B only provides an administrative priority for ULAE expenses of VPCIGA and the Guaranty Associations, and not for their ALAE, which should be classified at the policyholder level.

We find further support for this decision in the case cited by VPCIGA and the Guaranty Associations, *Texas Property & Cas. Ins. Guar. Ass'n v. Webb*, 2000 Tex. App. LEXIS 905 (Tex. Ct. App. 2000). While we recognize that the court's decision there was unpublished and that Texas law differs from Virginia's, we find that court's reasoning persuasive. We have been unable to find any other court that has ruled on this precise question before us.

As noted by the Texas Court of Appeals, "[t]he receiver does not dispute that *all* claims-handling expenses are included within [the administrative priority class]. But that does not resolve the question before us, namely, what costs are included in the phrase *claims-handling expenses*." *Webb*, 2000 Tex. App. LEXIS 905 at 11. Similarly, it is undisputed here that VPCIGA's and the Guaranty Associations' "expenses incurred in handling claims" are entitled to administrative expense level priority. The issue is what constitutes such "expenses."

The guaranty associations are, for purposes of the priority statute, § 38.2-1509 B, equivalent to policyholders. Thus, the "claims of the association for covered claims" are paid at the same level as "claims of other policyholders." The super priority in § 38.2-1609 B for "expenses incurred in handling claims" must be read in this context. As the Texas court noted

[w]hen the legislature sought to give preference to the guaranty associations because of their unique role in insurance company insolvency, it did so in express language. We are not persuaded that the language of the statute supports appellant's argument that the legislature sought to advantage the associations with respect to defense costs. Rather, we determine that the legislature did not intend TPCIGA defense cost claims to be superior to those of policyholders. Thus, this analysis accomplishes the goal of equal priority enunciated in section 11(c).

Webb, 2000 Tex. App. Lexis 905 at 21-22. We conclude that a narrow construction of "expenses incurred in handling claims," an undefined phrase, is more consistent with the General Assembly's express priority preferences in § 38.2-1509 B. Accordingly, we adopt finding 7.

Availability of Trust Fund Assets for Early Access and the Distribution Amount

Findings 8-10 essentially recommend that the Deputy Receiver update the early access plan, agreement, and computation based on ROA's 2005 Annual Statement. The Hearing Examiner also recommends that the methodology used in Attachment 3 be employed. VPCIGA and the Guaranty Associations object to using Attachment 3, while the Tennessee RRGs object to using either Attachment 3 or 4. The January 5, 2007 Early Access Submission contains two key assumptions: (i) the former FVR Trust Assets⁴³ are included as assets available for distribution; and (ii) the Tennessee RRGs have policyholder status.

⁴³ "FVR" means First Virginia Reinsurance, Ltd. FVR was a Bermuda company set up to provide reinsurance to ROA. A trust agreement between FVR and ROA established a trust account. The funds in the trust, as well as the purpose thereof, have been the subject of much dispute and litigation in Bermuda, the United States Bankruptcy Court for the Eastern District of Virginia, and the Commission.

VPCIGA and the Guaranty Associations contend that Attachment 4 should be used.⁴⁴ They argue that "[n]othing in Section 38.2-1509 requires that the amount of early access distributions be reduced to hold back amounts for policyholder level claims, let alone for claims which the Deputy Receiver contends are general creditor claims."⁴⁵ They further assert that the clawback mechanism may be used if it is later determined that the Tennessee RRGs and their claimants are policyholders.

The Tennessee RRGs, on the other hand, claim that, in Case No. INS-2003-00092, they "have made claim to the [trust] fund under theories of express, constructive and equitable trust principles. . . . The trust account was comprised of premiums received from the RRG policyholders and their claims exceed the amount of the fund."⁴⁶ As such, the Tennessee RRGs contend that the trust funds are not unrestricted assets of the estate that should be subject to disbursement other than to the Tennessee RRGs. The Tennessee RRGs cite to bankruptcy law cases in support of this proposition. The Tennessee RRGs further argue that concluding that the trust funds are "available assets" unfairly prejudices the issues in the Joint Petition Proceeding and violates due process of law.⁴⁷

We agree with the Tennessee RRGs regarding the trust funds. In carefully reviewing § 38.2-1509 B of the Code, we note that subsection B 3 provides that the Commission shall "secure an agreement from each of the entitled associations requiring the return to the Commission of any assets previously disbursed to the association required to pay claims entitled to priority in subdivision 1 of this subsection." If the Tennessee RRGs prevail on their contention that the trust funds belong exclusively to them, then this money may not go into the general pool of "available assets."⁴⁸ As such, the trust funds would not be "entitled to priority in subdivision 1 of this subsection." While VPCIGA and the Guaranty Associations might be willing to sign a clawback agreement that would require the return of the trust funds if the Commission ultimately rules in favor of the Tennessee RRGs in Case No. INS-2003-00092, under § 38.2-1509 B 3, the authority of the Commission to secure such an agreement only extends to assets that are "required to pay claims entitled to priority in subdivision 1 of this subsection."

Stated another way, if the trust funds never become "available," because the Tennessee RRGs end up prevailing on their contention that the trust funds belong exclusively to them, the trust funds will never become available for disbursement under the priority scheme in § 38.2 1509 B 1. We do not decide that question today, but we agree with the Tennessee RRGs that such funds should be excluded from the calculation of "available assets."

On the other hand, we agree with VPCIGA and the Guaranty Associations that, subject to the foregoing analysis regarding the trust funds, Attachment 4 is the appropriate vehicle for calculating early access.⁴⁹ In contrast to the result if the Tennessee RRGs prevail on their trust funds argument, their arguments that they and their claimants are entitled to be treated as ROA policyholders, assuming that they prevail, will result in the Commission finding them to be policyholders at some future time.⁵⁰ Section 38.2-1509 B 3, which requires the Commission to secure an agreement "requiring the return to the Commission of any assets previously disbursed to the association required to pay claims entitled to priority in subdivision 1 of this subsection" will then permit the Commission to claw back assets from the guaranty associations in order to make a preference-free distribution to policyholder-level claimants.

Hence, we find that Attachment 4 should be utilized, but the "Former FVR Trust Assets" should not be included as assets available for distribution. Accordingly, we direct the Deputy Receiver to file an updated Attachment 4 that excludes the "Former FVR Trust Assets" from the available assets. The Deputy Receiver shall make such updated filing within fourteen (14) days hereof. We thus modify findings 8 through 10 in accordance with the foregoing.

Discretion of the Deputy Receiver

The Hearing Examiner, in finding 11, states that "[t]he Deputy Receiver is an active receiver and is vested with broad discretionary authority to establish the reserves to pay ROA's insurance claim liabilities." We agree with this statement, subject to the qualification that the Commission has the ultimate authority over these "discretionary" decisions, and the Commission's authority is constrained by the applicable provisions of the Code of Virginia.

We agree with findings 12 through 22 and 24 and do not think they require any further discussion herein.

⁴⁴ See note 27 *supra*.

⁴⁵ Guaranty Associations' Comments at 9.

⁴⁶ Tennessee RRGs' Comments at 3.

⁴⁷ *Id.* at 6.

⁴⁸ Another possible result of the Joint Petition Proceeding is that the Commission finds that the trust funds belong to the estate of ROA and would then become available for early access purposes. As we noted in our Final Order in Case No. INS-2003-00206, "[t]he specific trust funds are claimed by several different parties, including the Deputy Receiver, the Joint Liquidators of FVR, and the SDRs." We further stated that ". . . we also make no such findings of fact or conclusions of law with regard to the claims in Case No. INS-2003-00092." *Petition of First Virginia Reinsurance, Ltd., For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal*, Case No. INS-2003-00206 (Final Order, October 11, 2006), at 6 and note 17. We make no such finding here either. It is possible that the trust funds may ultimately become "available assets" for early access or a liquidating distribution, but that question has not yet been answered.

⁴⁹ Attachment 4 assumes that the RRG policyholders do not have policyholder status.

⁵⁰ While we understand that the Hearing Examiner will proceed expeditiously in the Joint Petition Proceeding, discovery has yet to be conducted, the litigation has been stagnant for over three years, and any resulting decision from the Commission could be appealed to the Supreme Court of Virginia, which would result in further delay in obtaining a final determination as to the Tennessee RRGs' status.

Third-Party Administrator Expenses

In finding 23, the Hearing Examiner stated "[a] third-party administrator is not a 'similar organization' as provided in § 38.2-1609 B; therefore, Coastal's third-party administrator expenses should not be afforded the same priority as the liquidator's expenses."

Both the Kentucky Hospitals and Coastal object to this finding. Coastal asserts that more than 40% of the policyholders in this case have no guaranty association coverage. As such, the policyholders have been forced to handle claims themselves "either by using their own staff personnel or by employing third party administrators."⁵¹ Coastal contends that its unallocated costs and expenses are "substantially identical" to those incurred by the guaranty associations and should be entitled to the same administrative priority. Coastal claims that ruling that certain guaranty association costs (ULAE) constitute administrative expenses while denying the same treatment for policyholders is inconsistent with the obvious intent of the General Assembly and constitutes an unlawful preference.⁵²

The Kentucky Hospitals agree with Coastal that finding 23 is erroneous and also assert that the Hearing Examiner made his finding without sufficient evidentiary background and without an appreciation of the critical effect such a ruling would have on other ROA proceedings.⁵³

We have noted with concern the impact that this receivership has had on policyholders, especially those who have been without the benefit of guaranty association coverage.⁵⁴ We also have reviewed the case attached to the Kentucky Hospitals' Comments, wherein a Kentucky court found that certain workers' compensation claims were "covered claims" under Kentucky law, thus obligating the Kentucky Insurance Guaranty Association to pay and administer such claims. Notwithstanding the foregoing, we are bound to apply Virginia law, and we do not believe that § 38.2-1609 B permits the interpretation urged by Coastal and the Kentucky Hospitals. We also believe that this issue is properly before us and should be decided now.⁵⁵

The applicable sentence of § 38.2-1609 B reads: "The expenses of the Association or a similar organization incurred in handling claims shall be accorded the same priority as the liquidator's expenses." The word "Association" is defined in § 38.2-1603 as "the Virginia Property and Casualty Insurance Guaranty Association created under § 38.2-1604." The use of the capitalized "Association" must be viewed as significant, since it is a defined term. The definition in § 38.2-1603 limits the capitalized version of "Association" to mean VPCIGA. Thus, the words "or a similar organization" must refer to guaranty associations in other states.

Our support for this conclusion is bolstered by the sentence in § 38.2-1609 B that provides that "[t]he receiver, liquidator, or statutory successor of an insolvent insurer shall be bound by settlements of covered claims by the Association or a similar organization in another state." "Covered claims" is a defined term in the various state guaranty association laws. Taking Coastal's and the Kentucky Hospitals' argument to its logical conclusion, the Commission would also be bound by settlements of covered claims by Coastal or the Kentucky Hospitals or other ROA policyholders. This makes no sense, however, since determining what is a "covered claim" is the province, at least initially, of the guaranty associations. Finally, we do not believe that it has been demonstrated that the General Assembly intended to elevate what would otherwise be policyholder-level claims to administrative expenses through the use of the words "or a similar organization." We conclude that the Hearing Examiner's construction of the phrase "a similar organization" in § 38.2-1609 B is more consistent with the General Assembly's express priority preferences in § 38.2-1509 B. Accordingly, we adopt finding 23.

Accounting for Interest on Early Access Funds

Section 38.2-1509 B 4 requires a guaranty association to make a full report to the Commission "accounting for all assets disbursed to the association, all disbursements made from these assets, any interest earned on these assets and any other matter as the Commission may require." The Kentucky Hospitals, Coastal, VPCIGA and the Guaranty Associations have advanced various interpretations of this provision of the Code.⁵⁶ We do not think, on this record, that we need to resolve the conflicting claims to any interest that might be available on an early access distribution, which has not yet been made. We do find that § 38.2-1509 B 4 requires a guaranty association to account for any interest earned on assets disbursed to it. We think such requirement is appropriately included in § 7 a. of the early access agreement included in the January 5, 2007 Early Access Submission.⁵⁷

⁵¹ Coastal Comments at 4.

⁵² *Id.* at 6-7.

⁵³ Kentucky Hospitals' Comments at 6.

⁵⁴ See *Application of Reciprocal of America and The Reciprocal Group, For a Determination Whether Certain Workers' Compensation Insurance Policy Payments May be Made to Claimants Formerly Covered by SITs and GSAs*, Case No. INS-2003-00239, 2005 SCC Ann. Rpt. 69, 74 n. 30 (Final Order, August 24, 2005).

⁵⁵ We do not decide any related issues that may be pending in other ROA proceedings.

⁵⁶ Coastal Comments at 8, Kentucky Hospitals' Comments at 8, Guaranty Associations' Supplementary Response at 6-8.

⁵⁷ "The Association shall account to the Deputy Receiver for all ROA distributions to the Association, all payment made by the Association from such distributions, and interest earned on such distributions." We also agree that the inclusion of the last sentence in that section is appropriate, which states "[t]he Association shall also account for interest earned on any distribution from ROA between the time of such distribution and the time it is used by the Association to pay Covered Claims or expenses incurred in handling Covered Claims."

"Covered Claims" Issue

VPCIGA and the Guaranty Associations have advanced arguments regarding the "covered claims" issue.⁵⁸ We have carefully reviewed the provisions of the early access plan and agreement and believe they are consistent with the Commission's decision in Case No. INS-2005-00160.⁵⁹ As we noted there, ". . . in the rare case where it is disputed, this Commission has the authority to determine whether a claim settled by a guaranty association is in fact 'covered.'"⁶⁰ We based our decision on the use of the defined term "covered claims" employed in § 38.2-1609 B. Just as we have held that the use of the capitalized "Association" is significant in the context of § 38.2-1609 B, we also found the use of the defined term "covered claim" to be significant in § 38.2-1609 B. We decline to revisit or revise our reasoning or conclusion reached in Case No. INS-2005-00160.

Conclusion

We adopt the Hearing Examiner's findings and recommendations except as modified herein. The Deputy Receiver is directed to file an updated Attachment 4 that excludes the "Former FVR Trust Assets" from the available assets. The Deputy Receiver shall make such updated filing within fourteen (14) days hereof.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of VPCIGA is APPROVED, except as modified herein.
- (2) The January 5, 2007 Early Access Submission, including the early access plan, early access agreement and early access distribution computation is APPROVED, except as modified herein.
- (3) The Deputy Receiver shall file an updated early access distribution computation in accordance with Attachment 4 to the Report that excludes the "Former FVR Trust Assets" from the available assets included therein within fourteen (14) days from the date of this Order.
- (4) The Deputy Receiver is authorized to make an early access distribution in accordance with the terms hereof, subject to the appropriate guaranty association executing an early access agreement as approved herein.
- (5) This case is dismissed and the papers herein passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter.

⁵⁸ Guaranty Associations' Supplementary Response at 4-5, 8.

⁵⁹ *Petition of Mississippi Insurance Guaranty Association, For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal*, Case No. INS-2005-00160 (Final Order, August 21, 2006).

⁶⁰ *Id.* at 8.

**CASE NO. INS-2004-00244
AUGUST 9, 2007**

APPLICATION OF
RECIPROCAL OF AMERICA and THE RECIPROCAL GROUP

For Approval of Agreement to Stay Proceedings and Tolling Agreement

ORDER GRANTING APPLICATION

On December 13, 2005, the State Corporation Commission ("Commission") entered a Final Order in this matter, in which, *inter alia*, the Commission required the Deputy Receiver of Reciprocal of America and The Reciprocal Group (collectively, "ROA") to file with the Commission semi-annual reports in this case and in Case No. INS-2003-00092.¹ The reports were to provide: (i) the status of the MDL proceeding in the United States District Court for the Western District of Tennessee;² (ii) any projection by the Deputy Receiver of ROA as to when the MDL Proceeding shall conclude; and (iii) the status of the bankruptcy proceeding pending before the Eastern District of Virginia.³ The Commission stated that "[o]ur required reporting from the Deputy Receiver of ROA will enable us to consider twice yearly whether it continues to be in the best interests of policyholders, creditors, and the public for the litigation to be stayed in the Joint Petition Proceeding."⁴

¹ *In re: Joint Petition of Special Deputy Receivers of Doctors Insurance Reciprocal, Risk Retention Group, In Receivership, American National Lawyers Insurance Reciprocal, Risk Retention Group, In Receivership, and The Reciprocal Alliance, Risk Retention Group, In Receivership*, Case No. INS-2003-00092 (the "Joint Petition Proceeding").

² *In re: Reciprocal of America (ROA) Sales Practices Litigation*, Master File No. 04-MD-1551 (W.D. Tenn.) ("MDL Proceeding").

³ *In re: Petition of Malcolm L. Butterfield and Michael W. Morrison as Joint Provisional Liquidators of First Virginia Reinsurance, Ltd.*, Case No. 03-40202 (DOT) (E.D. Va. Bankr.).

⁴ Final Order at 8-9, 12.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 26, 2007, the Deputy Receiver filed his Application for Relief from Filing Semi-Annual Reports ("Application"). The Deputy Receiver submits that the semi-annual reporting is no longer needed for the reasons stated therein and requests that the Commission approve his Application and dispense with the reporting requirement from the Final Order.

On June 29, 2007, the Commission entered an Order Requesting Responses to Application, in which interested persons were permitted the opportunity to file a response to the Application on or before July 20, 2007. No responses were filed.

NOW THE COMMISSION, having considered the foregoing, finds that it is appropriate to grant the Application and relax the reporting requirements imposed in the Final Order in this case.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver of ROA's Application is GRANTED.
- (2) The Deputy Receiver is relieved of the semi-annual reporting requirements imposed in the Final Order.
- (3) This matter is dismissed and the papers herein be passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter

**CASE NO. INS-2005-00074
JUNE 29, 2007**

PETITION OF
ARDC CORPORATION

For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, "HOW Companies" or "HOW"). The receivership order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a Receivership Appeal Procedure to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On March 29, 2005, ARDC Corporation, formerly known as Arvida Corporation ("Petitioner" or "ARDC") filed a Petition for Review ("Petition") with the Clerk of the Commission for review of the Deputy Receiver's Determination and Appeal related to the Petitioner's claim for \$11,531,970.62 in liquidated damages relating to "Pre-Hurricane MSD Claims" and "Hurricane-Related MSD Claims" and \$37,782.14 in administrative expenses plus costs and attorneys' fees, with interest thereon from May 7, 1997.

By Order dated April 5, 2005, the Commission docketed the Petition, assigned the matter to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before May 23, 2005.

On May 23, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and a Memorandum in Support of Demurrer and Answer to Petition for Review. In his Answer, the Deputy Receiver denied any liability or responsibility to the Petitioner, and denied the allegations related to the administrative claim. In his Memorandum in Support of Demurrer and Answer to Petition for Review, the Deputy Receiver argued that the Hurricane Claims made by the Petitioner failed to assert a claim on which relief may be granted under the HOW Program.

On June 13, 2005, the Petitioner filed a Memorandum in Response to the Deputy Receiver's Demurrer to Petition for Review. The Petitioner sought enforcement of the contractual obligations under the Builder Agreements. In addition, the Petitioner argued the Deputy Receiver's demurrer was improper because it did not address a pleading deficiency, and because it asked the Commission to decide the merits of the case on something extraneous to its petition.

On June 28, 2005, the Deputy Receiver filed his Reply in Support of Demurrer to Petition for Review. The Deputy Receiver asserted his demurrer was proper as it demonstrated that the Petitioner failed to assert a claim on which relief may be granted. Additionally, because the HOW Insurance/Warranty Documents excluded hurricane damage, the Deputy Receiver respectfully requested that the Commission find the Petitioner's claims were without merit and be dismissed.

By Hearing Examiner's Ruling entered on March 2, 2006, the Deputy Receiver's Demurrer was denied. The Hearing Examiner found that the Petition for Review of Deputy Receiver's Determination of Appeal stated a cause of action for which relief may be granted. The parties were directed to file a proposed procedural schedule with the Clerk of the Commission on or before March 17, 2006.

After one extension, the parties filed a Joint Agreed Motion to Adopt Proposed Procedural Schedule on April 7, 2006. By Hearing Examiner's Ruling entered on April 10, 2006, the procedural schedule proposed by the parties was adopted.

On June 1, 2007, the parties filed a Joint Motion to Dismiss. In that motion, the Petitioner and the Deputy Receiver represented that they had entered into a Confidential Settlement Agreement resolving all disputes existing between them. As part of the Confidential Settlement Agreement, the Petitioner agreed to dismiss with prejudice all claims and causes of action asserted in its Petition for Review.

On June 5, 2007, the Hearing Examiner issued his Report in which he recommended that the Joint Motion to Dismiss should be granted and the Petition of ARDC Corporation should be dismissed.

Upon consideration of the record herein and the Report of the Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion for Dismissal of the Petition is hereby GRANTED;
- (2) The Petition of ARDC Corporation for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and
- (3) The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2006-00075
DECEMBER 10, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
VESTA FIRE INSURANCE CORPORATION,
Defendant

ORDER SUSPENDING LICENSE

In an order entered herein March 17, 2006, Vesta Fire Insurance Corporation, a Texas corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to March 29, 2006, suspending the license of the Defendant unless on or before March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The order to take notice was entered due to the Defendant's failure to file its 2004 annual Audited Financial Report, which, pursuant to § 38.2-1301 of the Code of Virginia and 14 VAC 5-270-50 of the Virginia Administrative Code, was required to be filed on or before June 30, 2005.

On March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing on the proposed suspension of its license.

On June 28, 2006, the Defendant, as well as Shelby Casualty Insurance Company and The Shelby Insurance Company, and several other companies that were part of the Vesta Insurance Group and not licensed in Virginia (hereinafter sometimes referred to collectively as the "companies"), were placed into rehabilitation by order of the District Court of Travis County, Texas, which also appointed the Commissioner of the Texas Department of Insurance as Rehabilitator for the companies. The Court also appointed Tom Collins as Master for the delinquency proceeding as to certain receivership matters. The Commissioner designated Prime Tempus, Inc. as its Special Deputy Receiver in a Notice filed with the Court on July 11, 2006. On July 18, 2006, the Rehabilitator filed an Application for Order of Liquidation, noting that the companies lacked sufficient liquid assets and that further attempts to rehabilitate the companies would be futile. On July 24, 2006, a hearing was held before the Master, and on August 1, 2006, the Court entered an Order Appointing Liquidator and Permanent Injunction, which placed the companies into liquidation and appointed the Commissioner as Liquidator of the companies.

The Special Deputy Receiver, by letter dated October 19, 2007, and filed in the Office of the Clerk of the Commission on December 4, 2007, withdrew the request for a hearing regarding the proposed suspension of the Defendant's license and voluntarily consented to the suspension of the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

IT IS THEREFORE ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;
- (2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;
- (5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

(6) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

**CASE NO. INS-2006-00076
DECEMBER 10, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

SHELBY CASUALTY INSURANCE COMPANY,

Defendant

ORDER SUSPENDING LICENSE

In an order entered herein March 17, 2006, Shelby Casualty Insurance Company, a Texas corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to March 29, 2006, suspending the license of the Defendant unless on or before March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The order to take notice was entered due to the Defendant's failure to file its 2004 annual Audited Financial Report, which, pursuant to § 38.2-1301 of the Code of Virginia and 14 VAC 5-270-50 of the Virginia Administrative Code, was required to be filed on or before June 30, 2005.

On March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing on the proposed suspension of its license.

On June 28, 2006, the Defendant, as well as Vesta Fire Insurance Corporation and The Shelby Insurance Company, and several other companies that were part of the Vesta Insurance Group and not licensed in Virginia (hereinafter sometimes referred to collectively as the "companies"), were placed into rehabilitation by order of the District Court of Travis County, Texas, which also appointed the Commissioner of the Texas Department of Insurance as Rehabilitator for the companies. The Court also appointed Tom Collins as Master for the delinquency proceeding as to certain receivership matters. The Commissioner designated Prime Tempus, Inc. as its Special Deputy Receiver in a Notice filed with the Court on July 11, 2006. On July 18, 2006, the Rehabilitator filed an Application for Order of Liquidation, noting that the companies lacked sufficient liquid assets and that further attempts to rehabilitate the companies would be futile. On July 24, 2006, a hearing was held before the Master, and on August 1, 2006, the Court entered an Order Appointing Liquidator and Permanent Injunction, which placed the companies into liquidation and appointed the Commissioner as Liquidator of the companies.

The Special Deputy Receiver, by letter dated October 19, 2007, and filed in the Office of the Clerk of the Commission on December 4, 2007, withdrew the request for a hearing regarding the proposed suspension of the Defendant's license and voluntarily consented to the suspension of the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

(6) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

**CASE NO. INS-2006-00077
DECEMBER 10, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE SHELBY INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an order entered herein March 17, 2006, The Shelby Insurance Company, a Texas corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to March 29, 2006, suspending the license of the Defendant unless on or before March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

The order to take notice was entered due to the Defendant's failure to file its 2004 annual Audited Financial Report, which, pursuant to § 38.2-1301 of the Code of Virginia and 14 VAC 5-270-50 of the Virginia Administrative Code, was required to be filed on or before June 30, 2005.

On March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing on the proposed suspension of its license.

On June 28, 2006, the Defendant, as well as Vesta Fire Insurance Corporation and Shelby Casualty Insurance Company, and several other companies that were part of the Vesta Insurance Group and not licensed in Virginia (hereinafter sometimes referred to collectively as the "companies"), were placed into rehabilitation by order of the District Court of Travis County, Texas, which also appointed the Commissioner of the Texas Department of Insurance as Rehabilitator for the companies. The Court also appointed Tom Collins as Master for the delinquency proceeding as to certain receivership matters. The Commissioner designated Prime Tempus, Inc. as its Special Deputy Receiver in a Notice filed with the Court on July 11, 2006. On July 18, 2006, the Rehabilitator filed an Application for Order of Liquidation, noting that the companies lacked sufficient liquid assets and that further attempts to rehabilitate the companies would be futile. On July 24, 2006, a hearing was held before the Master, and on August 1, 2006, the Court entered an Order Appointing Liquidator and Permanent Injunction, which placed the companies into liquidation and appointed the Commissioner as Liquidator of the companies.

The Special Deputy Receiver, by letter dated October 19, 2007, and filed in the Office of the Clerk of the Commission on December 4, 2007, withdrew the request for a hearing regarding the proposed suspension of the Defendant's license and voluntarily consented to the suspension of the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in the Commonwealth of Virginia.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby **SUSPENDED**;

(2) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia are hereby **SUSPENDED**;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

(6) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

**CASE NO. INS-2006-00078
JANUARY 16, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

FLORIDA SELECT INSURANCE COMPANY,
Defendant

FINAL ORDER

Florida Select Insurance Company, a foreign corporation domiciled in the State of Florida ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on October 2, 2001.

In an order entered herein March 17, 2006, the Defendant was ordered to take notice that the Commission would enter an order subsequent to March 29, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to file its 2004 annual Audited Financial Report, which was due on or before June 30, 2005, unless on or before March 29, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

By letter of Peter E. Broadbent, Jr., attorney for the Defendant, and the Request for Hearing attached thereto, dated March 29, 2006, and filed with the Clerk of the Commission on March 29, 2006, the Defendant requested a hearing in connection with the proposed suspension of its license.

On June 30, 2006, the Defendant was ordered into receivership for rehabilitation by the Second Judicial Circuit Court of Leon County, Florida, and the Florida Department of Financial Services was appointed as Receiver for the Defendant.

By letter of Maria Diaz, Asset Recovery Manager for the Receiver, dated October 9, 2006, and filed with the Commission's Bureau of Insurance on October 13, 2006, the Commission was advised that the Receiver wished to withdraw the Defendant's license to transact the business of insurance in the Commonwealth of Virginia and requested that the Defendant's statutory deposit be released. In addition, by Affidavits of Wayne Johnson dated October 5, 2006, and Michael Svaldi dated September 27, 2006, both Special Deputy Receivers of the Defendant, attached to Ms. Diaz's letter (and therefore also filed with the Commission's Bureau of Insurance), the Commission was advised that the Defendant has never transacted the business of insurance in the Commonwealth of Virginia.

By letter of Mark S. Hamilton, Senior Attorney for the Receiver and attached Notice of Withdrawal of Request for Hearing Regarding Florida Select Insurance Company, both dated December 20, 2006, and filed with the Clerk of the Commission on December 29, 2006, the Receiver withdrew the hearing request filed with the Clerk of the Commission on March 29, 2006, and restated its request that the Defendant's statutory deposit be released to the Receiver.

The withdrawal of the Defendant's license has been processed by the Bureau of Insurance, effective December 21, 2006.

The Bureau of Insurance has recommended that, given the foregoing, the Order to Take Notice entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order to Take Notice entered by the Commission should be vacated and the case dismissed.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order to Take Notice entered by the Commission should be, and it is hereby, VACATED;
- (2) This case is hereby DISMISSED; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00127
OCTOBER 3, 2007**

PETITION OF
VALLEY STAFFING, INC.

For review of a decision by the National Council on Compensation Insurance Pursuant to § 38.2-2018 of the Code of Virginia

ORDER

On May 12, 2006, Valley Staffing, Inc. ("Valley Staffing" or "Petitioner"), by counsel, filed with the Clerk of the State Corporation Commission ("Commission") a Petition for review of a decision by the National Council on Compensation Insurance ("NCCI") pursuant to § 38.2-2018 of the Code of Virginia. Section 38.2-2018 allows any person adversely affected by the application of a rate service organization's or insurer's rating system to appeal such action to the Commission. Valley Staffing is appealing the decision by NCCI to transfer to it the experience modification factor (or "experience

modification rating") of a defunct entity called Southern Employment.¹ Given Southern Employment's poor loss experience, NCCI's decision to transfer its experience modification factor to Valley Staffing would significantly increase the amount of premiums Valley Staffing would pay for its workers' compensation insurance.

The issue in this case centers on NCCI's Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance ("Manual") and specifically, how it handles treatment of an entity's experience when an ownership change occurs. Rule 3 E of the Manual states that "the experience of an entity undergoing a change in ownership will be retained or transferred to the experience ratings of the acquiring, surviving or new entity unless specifically excluded by the Plan." According to Rule 3 C 1, "a change in ownership includes . . . [f]ormation of a new entity that acts as, or in effect is, a successor to another entity" Rule 3 E 2 provides an exception for transferring the experience rating to the acquiring, surviving or new entity in cases where there has been a "material change" in ownership accompanied by both a change in operations sufficient to result in reclassification of the governing classification and a change in the process and hazard operations.²

By Order dated May 31, 2006, the Commission docketed the Petition, assigned the matter to a Hearing Examiner for further proceedings, and established a procedural schedule which called for the filing of a responsive pleading by NCCI on or before June 20, 2006, and the convening of an evidentiary hearing on July 24, 2006.

On May 31, 2006, NCCI filed a timely answer. Therein, NCCI argued that its decision to transfer Southern Employment's experience modification rating to Valley Staffing was proper because the facts clearly demonstrated that Valley Staffing was a successor entity to Southern Employment. NCCI also argued that because both Southern Employment and Valley Staffing were staffing companies, the exception in Rule 3 E 2 was not met because there had not been a change in the process and hazard of the operations of Valley Staffing when the change in ownership occurred.

By Ruling dated August 24, 2006, a hearing was scheduled for September 19, 2006. On the morning of the hearing, counsel to Valley Staffing notified the Hearing Examiner that it had discovered a conflict of interest, which resulted in a general continuance in the case. Valley Staffing eventually obtained new counsel and the hearing was rescheduled for March 28, 2007.

On March 28, 2007, the hearing commenced as scheduled. Ruth E. Nathanson, Esquire, appeared on behalf of the Petitioner. Charles H. Tenser appeared on behalf of NCCI, and Scott A. White, Esquire, appeared on behalf of the Bureau of Insurance. At the beginning of the hearing, the Petitioner and NCCI presented a document entitled "Proposed Stipulated Facts," which was marked as Exhibit 1 and entered into the record. The following stipulated facts were relevant in determining whether a change in ownership occurred:

- (1) Southern Employment, owned and operated by Eva T. Miller, was a staffing agency providing temporary and permanent placement for its employees in various businesses in the Dublin, Virginia, area. It ceased doing business on Friday, September 30, 2005.
- (2) Valley Staffing is a staffing agency providing temporary and permanent placement for its employees in various businesses in the Dublin, Virginia area. It is a Virginia corporation formed on September 19, 2005. Valley Staffing opened its doors for business on Monday, October 3, 2005, in the office location vacated by Southern Employment. Valley Staffing uses the same telephone number previously used by Southern Employment.
- (3) Vernon Delph owns 100% of Valley Staffing and has owned 100% of the corporation since its inception.
- (4) Valley Staffing has no common ownership interest with Southern Employment.
- (5) Valley Staffing purchased nothing from Southern Employment.
- (6) Valley Staffing assumed no contractual obligations of Southern Employment.
- (7) Valley Staffing did not assume the lease for the office space.
- (8) Valley Staffing did not assume any agreements for the telephone service provided to Southern Employment. Southern Employment received no consideration.
- (9) Some (roughly 22.5%) of the Valley Staffing's current employees were previously employed by Southern Employment. All of these employees were hired by Valley Staffing directly.
- (10) Pamela Regina Delph was employed by Southern Employment for about four years. She began work there as a sales person. She served about eight to nine months as President of Southern Employment, and was removed July 2005, but continued to work for Southern Employment until it closed for business on September 30, 2005. She was President of Valley Staffing when it opened for business on October 3, 2005. She knew that Southern Employment would be closing its business on September 30, 2005.³

At the hearing, Valley Staffing offered the testimony of Kimberly Dawn Lane ("Lane"), who was President of the staffing company. She testified that the reason Southern Employment closed was because the owner, Eva Miller, and her husband were in declining health. She also testified that Valley

¹ Experience modification refers to an adjustment of premiums resulting from the use of experience rating, which is a statistical procedure used to calculate a premium rate based on the loss experience of an insured group. *Barron's Dictionary of Insurance Terms* 166 (4th ed. 2000).

² A material change in ownership occurs if the following conditions are met: (i) the entire ownership interest after the change had no ownership interest before the change; or (ii) the collective ownership of all those having interest in an entity results in either less than one-third ownership before the change or one-half ownership after the change. *See*, Rule 3 E 2.

³ The remaining stipulations addressed statements made by NCCI representatives to Valley Staffing's broker that they considered the company to be a successor entity to Southern Employment, and facts the Petitioner relied upon to support its arguments that even if Valley Staffing was a successor in interest, it met the Rule 3 E exception due to the differences between the two companies in their operations and hazards.

Staffing kept the same office space as Southern Employment because there is very little office space in the Dublin area available for rent. She also provided an explanation for why the company's insurance broker erroneously stated on its application that there had been a transfer or sale between Southern Employment and Valley Staffing.

Testifying on behalf of NCCI was Maureen Longacre ("Longacre"), who is employed by NCCI as a regulatory services manager. She testified that NCCI viewed Valley Staffing as a successor entity to Southern Employment and pointed out that Southern Employment closed its doors on Friday, September 30, 2005, and Valley Staffing opened its business on Monday, October 3, 2005, at the same location with the same telephone number, conducted the same type of business, supplied the same type of employees to a very limited clientele, and Pamela Regina Delph was the President of both Southern Employment and Valley Staffing.

Post hearing briefs were filed by both parties on May 2, 2007.

On August 23, 2007, Howard P. Anderson, Jr., Hearing Examiner, issued his Report. He noted that the threshold issue is whether Valley Staffing is a successor entity to Southern Employment. In his opinion, Valley Staffing is not a successor entity to Southern Employment based on the following facts: (i) there was no sale of ownership or assets of Southern Employment to Valley Staffing, nor was there a consolidation or merger of the two companies; (ii) there was no common ownership between the two entities; (iii) Valley Staffing did not assume any contract or buy any client lists; (iv) Valley Staffing formed entirely different business policies and sought a different client base; and (v) Valley Staffing advertised as a new entity and did not claim any ties to Southern Employment. The Examiner was not persuaded that Valley Staffing's location at the same office and with the same telephone number as Southern Employment meant that Valley Staffing was a successor entity to Southern Employment. He noted that Dublin is a small community of 1.4 square miles in Southwest Virginia, and there is little business property available for lease in the area. The Examiner found that because the evidence in the record was sufficient to support a finding that Valley Staffing was a separate entity and not a successor in interest to Southern Employment, it should not have Southern Employment's experience modification rating applied to it. He therefore recommended that the Commission enter an Order reversing the ruling of NCCI.

On September 11, 2007, Valley Staffing filed Comments to the Hearing Examiner's Report, in which it stated that it has no objections to the Hearing Examiner's recommendations and requests that the Commission adopt them. On September 12, 2007, NCCI filed a letter with the Clerk's Office stating that it accepts the Report and would not be filing Comments.

NOW THE COMMISSION, upon consideration of the record herein and the applicable law, is of the opinion that the findings and recommendations of the Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petition of Valley Staffing, Inc., for review of a decision by the National Council on Compensation Insurance pursuant to § 38.2-2018 of the Code of Virginia be, and the same is hereby, GRANTED;
2. The ruling of the National Council on Compensation Insurance against Valley Staffing, Inc., be, and the same is hereby, REVERSED.
3. The case is dismissed from the Commission's docket of active cases, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2006-00181
AUGUST 29, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

METROPOLITAN LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated § 38.2-3115 B of the Code of Virginia by failing to pay interest on life insurance proceeds.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has paid interest as required by § 38.2-3115 B of the Code of Virginia on any and all claims under Virginia-issued group policies during the period of January 1, 2001 to February 28, 2006, and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00195
FEBRUARY 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RELIASTAR LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and § 38.2-503 of the Code of Virginia, as well as 14 VAC 5-40-40 A 3, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 A 7, 14 VAC 5-40-40 C 2, 14 VAC 5-40-40 D 7, 14 VAC 5-40-40 E 2, 14 VAC 5-40-60 A, and 14 VAC 5-80-60.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of eight thousand dollars (\$8,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00229
FEBRUARY 22, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MAMSI LIFE AND HEALTH INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502, §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 2, 38.2-510 A 4, 38.2-510 A 5, 38.2-510 A 6, 38.2-1318 C, and 38.2-3407.12 G of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 A, 14 VAC 5-90-100 A, 14 VAC 5-90-100 B, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 B.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of one hundred thirty-

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

three thousand dollars (\$133,000), waived its right to a hearing, and has entered into a Settlement Agreement with the Bureau which outlines a process that involves restitution and refunds, and which is attached hereto and made a part of this Order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein, including the Settlement Agreement, be, and it is hereby, accepted;
- (2) The Defendant shall comply with the terms of the Settlement Agreement on or before September 1, 2007, as set forth in the Settlement Agreement; and
- (3) This case is continued pending further order from the Commission.

NOTE: A copy of Attachment A entitled "Settlement Agreement" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2006-00248
JANUARY 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA,
Defendant

SETTLEMENT ORDER

Based on market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-512 A, subsection 5 of § 38.2-606, subsection 8 of § 38.2-606, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-3115 B, subsection 1 of § 38.2-3717, subsection 2 of § 38.2-3717, 38.2-3721 C 2, 38.2-3724 C 1, 38.2-3725 A, 38.2-3728, 38.2-3729 A, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3729 I, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, 38.2-3737 A, and 38.2-3737 B 3 of the Code of Virginia, as well as 14 VAC 5-40-60 B, 14 VAC 5-90-170 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of ninety-seven thousand dollars (\$97,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant cease and desist from any future conduct stemming from the findings of the market conduct report which constitutes a violation of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-512 A, subsection 5 of § 38.2-606, subsection 8 of § 38.2-606, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-3115 B, subsection 1 of § 38.2-3717, subsection 2 of § 38.2-3717, 38.2-3721 C 2, 38.2-3724 C 1, 38.2-3725 A, 38.2-3728, 38.2-3729 A, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3729 I, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, 38.2-3737 A, or 38.2-3737 B 3 of the Code of Virginia, or 14 VAC 5-40-60 B, 14 VAC 5-90-170 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A or 14 VAC 5-400-70 D; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00270
JUNE 22, 2007**

APPLICATION OF
RAPPAHANNOCK HOME MUTUAL FIRE INSURANCE COMPANY

For approval to distribute the assets of the company pursuant to § 38.2-216 of the Code of Virginia

ORDER APPROVING APPLICATION

Rappahannock Home Mutual Fire Insurance Company ("Rappahannock") is a Virginia-domiciled mutual assessment property and casualty insurer licensed by the State Corporation Commission ("Commission") pursuant to Chapter 25 (§ 38.2-2500 *et seq.*) of Title 38.2 of the Code of Virginia.

By order entered herein March 15, 2006, in Case No. INS-2006-00080, Rappahannock's license to transact the business of insurance in the Commonwealth of Virginia was suspended based on the voluntary consent of Rappahannock's President due to Rappahannock's failure to maintain a membership of at least 100 persons at all times as required pursuant to § 38.2-2515 of the Code of Virginia.

On May 8, 2006, Rappahannock filed its Articles of Dissolution with the Clerk of the Commission, reflecting that a Plan of Dissolution was approved by the membership of Rappahannock on April 29, 2006.

The Plan of Dissolution provided that after all liabilities and obligations of Rappahannock were paid, satisfied, and discharged, or adequate provisions made therefor, the remaining assets of Rappahannock would be distributed pursuant to an established and agreed upon formula to those members of Rappahannock who owned Rappahannock policies during the years 2004, 2005, and 2006. The Plan of Distribution also provided that all insurance coverage would end on July 1, 2006, and any claims under such coverage must be submitted to Rappahannock on or before August 15, 2006.

Rappahannock filed with the Commission's Bureau of Insurance ("Bureau") on August 29, 2006, and with the Clerk of the Commission on October 4, 2006, an application requesting the Commission's approval to distribute immediately \$492,327, which represented approximately fifty percent (50%) of the then current assets of Rappahannock, to its members on a pro-rata basis based on each member's premium payments during the above-stated years and to wind down operations as a mutual assessment property and casualty insurer. Rappahannock represented in its application that no claims had been submitted pursuant to the Plan of Dissolution.

The original application provided that approximately six months following the initial distribution Rappahannock would seek the Commission's approval: (1) to distribute the remaining fifty percent (50%) of Rappahannock's assets, requesting that at such time Rappahannock be allowed to retain a reasonable reserve of assets with which to defend any claims that may be brought against its directors for a two-year period; and (2) at the end of such two-year period, to make a final distribution to its members of all remaining funds.

By order entered herein October 4, 2006, the Commission approved Rappahannock's application to distribute immediately \$492,327 to its members according to the plan set forth in the application and required Rappahannock to file an affidavit of compliance with the Bureau upon the completion thereof. The order prohibited Rappahannock from taking any action with regard to its remaining assets until further order of the Commission.

Rappahannock filed with the Bureau on May 23, 2007, and with the Clerk of the Commission on June 20, 2007, its application to make the second distribution of Rappahannock's assets (which represents approximately the remaining fifty percent (50%) of Rappahannock's assets) in accordance with the plan previously approved by the Commission. Rappahannock also requested that it be allowed to retain a reasonable reserve of assets, not to exceed \$100,000, with which to defend any claims that may be brought against its directors during the next two years, and at the end of such two-year period, to make a final distribution to its members of all remaining funds. As part of its application and pursuant to the October 2006 order, Rappahannock also filed the affidavit of compliance executed by its President.

The Bureau has reviewed Rappahannock's application and has recommended to the Commission that an order be entered approving the application.

THE COMMISSION, having considered the application, the recommendation of the Bureau, and the law applicable hereto, is of the opinion that the application should be approved.

THEREFORE, IT IS ORDERED THAT:

- (1) The application of Rappahannock is hereby APPROVED;
- (2) Rappahannock immediately shall set aside a reserve of assets, the amount of which shall not exceed \$100,000, to be used, if necessary, to defend any claims that may be brought against its directors for a period of two years from the date hereof;
- (3) Rappahannock promptly thereafter shall distribute its remaining assets to its members and shall file an affidavit of compliance with the Bureau upon the completion thereof;
- (4) Rappahannock shall take no further action with regard to its assets other than the actions set forth in ordering paragraphs (2) and (3) until further order of the Commission;
- (5) At the end of the two-year period, Rappahannock shall file with the Commission an application for approval of its plan to distribute any remaining assets in existence at such time; and
- (6) Upon completion of the distribution of all of its assets pursuant to such subsequent order or orders of the Commission, Rappahannock shall surrender its license to transact the business of insurance as a mutual assessment property and casualty insurer to the Bureau.

**CASE NO. INS-2006-00281
FEBRUARY 7, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

NATIONWIDE LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316, 38.2-5801 B, 38.2-5802 B, 38.2-5803 A, and 38.2-5804 A of the Code of Virginia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of forty thousand dollars (\$40,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00303
APRIL 5, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Long-Term Care Insurance

ORDER ADOPTING REVISIONS TO RULES

By order entered herein December 1, 2006, all interested persons were ordered to take notice that subsequent to February 1, 2007, the Commission would consider the entry of an order adopting revisions proposed by the Bureau of Insurance ("Bureau") to the Commission's Rules Governing Long-Term Care Insurance ("Rules"), set forth in Chapter 200 of Title 14 of the Virginia Administrative Code, unless on or before February 1, 2007, any person objecting to the adoption of the proposed revisions filed a request for hearing with the Clerk of the Commission ("Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed revisions on or before February 1, 2007. No comments were filed with the Clerk.

In accordance with the Order to Take Notice, the Bureau held a meeting on January 10, 2007 for all interested parties to address questions about the Rules to the Bureau. Several interested parties participated in that meeting, and many of the comments received have been incorporated in the modifications to the proposed Rules.

The proposed revisions and modifications to the Rules are necessary as a result of the passage of the Deficit Reduction Act of 2005 (Pub.L. 109-171), which allows states to implement "Long-term Care Partnerships" in order to make the purchase of long-term care insurance more attractive to consumers, and the requirements of Code of Virginia § 32.1-325, as amended in 2006, providing for the establishment of a public-private long-term care partnership program between the Commonwealth of Virginia and private insurance companies. In accordance with these federal and State requirements, these Rules must also be in conformity to the National Association of Insurance Commissioners model act and model regulation on the same subject. These Rules are amended to achieve those goals.

The Bureau recommends that the proposed rules be modified at 14 VAC 5-200-30, to change the effective date of the Rules from May 1, 2007 to September 1, 2007 to allow insurers and agents more time to comply with partnership training requirements. In addition, 14 VAC 5-200-205 is recommended to be modified to change the reference to the Department of Medical Assistance Services (DMAS) State Plan Amendment to the corresponding DMAS regulation; clarify language regarding inflation protection requirements; change the requirement to include the term "partnership

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

policy" on the face of the policy to a requirement that a prospective applicant for a partnership policy be provided a Partnership Program Notice, and a purchaser of a partnership policy be provided a Partnership Disclosure Notice to be made a part of the policy; add a requirement for insurers to complete a Partnership Certification for each policy form requested for qualification as a partnership policy; clarify the requirements for agent training; and eliminate the requirement that an agent must sign a statement on each partnership application that the agent has received the necessary training. Further, new forms to coincide with these modifications have been developed. There are a few minor editorial revisions recommended by the Registrar as well.

THE COMMISSION, having considered the proposed amendments and the medications presented and recommended by the Bureau, is of the opinion that the attached revisions, amendments and modifications to the Rules should be adopted as final.

THEREFORE IT IS ORDERED THAT:

(1) The proposed revisions to the "Rules Governing Long-Term Care Insurance," which amend the Rules at 14 VAC 5-200-30 through 14 VAC 5-200-60, 14 VAC 5-200-70 through 14 VAC 5-200-90, 14 VAC 5-200-110, 14 VAC 5-200-120, 14 VAC 5-200-153, 14 VAC 5-200-170, 14 VAC 5-200-175, 14 VAC 5-200-185, 14 VAC 5-200-187, and 14 VAC 5-200-200; repeal 14 VAC 5-200-20; add new proposed Rules at 14 VAC 5-200-181, 14 VAC 5-200-183, 14 VAC 5-200-201 and 14 VAC 5-200-205; amend Forms C and F; add new proposed forms E and G; and add new forms 200-A, 200-B and 200-C, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective September 1, 2007.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Jacqueline K. Cunningham, Deputy Commissioner, Bureau of Insurance, State Corporation Commission who forthwith shall give further notice of the adoption of the revisions to the rules by mailing a copy of this Order, including a clean copy of the attached final revised rules, to all insurers licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, including all fraternal benefit societies, health maintenance organizations, and health services plans licensed in Virginia, as well as all interested parties.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the attached revised rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make this Order and the attached revisions to the Rules available on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Chapter 200. Rules Governing Long-Term Care Insurance" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2006-00308
JANUARY 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
CENTRAL STATES HEALTH & LIFE COMPANY OF OMAHA,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502, §§ 38.2-503, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3115 B, 38.2-3728 B, 38.2-3729 C, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3731 A, 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, and 38.2-3737 B 1 of the Code of Virginia, as well as 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 D 2, 14 VAC 5-40-40 E 2, 14 VAC 5-40-40 F 1, 14 VAC 5-40-60 B, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-400-30, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 B.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twenty thousand dollars (\$20,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00310
FEBRUARY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JEFFREY SCOTT PHILLIPS,
Defendant

ORDER TO TAKE NOTICE

On February 8, 2007, the Bureau of Insurance, by counsel, filed a Motion for Permanent Injunction with the State Corporation Commission ("Commission") asking that the Defendant be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia based on the Defendant's alleged violations of §§ 38.2-1812, 38.2-1813, and 38.2-1822 of the Code of Virginia.

IT IS THEREFORE ORDERED that the Defendant TAKE NOTICE that the Commission shall enter a Judgment Order permanently enjoining the Defendant from transacting the business of insurance in the Commonwealth of Virginia unless on or before March 1, 2007, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a responsive pleading and a request for hearing.

**CASE NO. INS-2006-00310
MARCH 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JEFFREY SCOTT PHILLIPS,
Defendant

JUDGMENT ORDER

By Order entered herein on February 15, 2007, the Defendant was ordered to take notice that the State Corporation Commission ("Commission") would enter a Judgment Order permanently enjoining the Defendant from transacting the business of insurance in the Commonwealth of Virginia unless on or before March 1, 2007, the Defendant filed with the Clerk of the Commission a responsive pleading and a request for a hearing.

The Order to Take Notice was entered in response to a Motion for Permanent Injunction filed by the Bureau of Insurance on February 8, 2007, wherein the Bureau of Insurance alleged that the Defendant violated §§ 38.2-1812, 38.2-1813, and 38.2-1822 of the Code of Virginia.

As of the date of this Order, the Defendant has neither filed a responsive pleading to object to the entry of a Judgment Order nor requested a hearing.

THEREFORE, IT IS ORDERED THAT:

- (1) The Defendant Jeffrey Scott Phillips be, and he is hereby, permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00323
JANUARY 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT,
CHARTER OAK FIRE INSURANCE COMPANY,
PHOENIX INSURANCE COMPANY,
STANDARD FIRE INSURANCE COMPANY,
TRAVELER INDEMNITY COMPANY,
TRAVELERS INDEMNITY COMPANY OF AMERICA,
TRAVELERS PROPERTY AND CASUALTY INSURANCE COMPANY,
TRAVELERS PROPERTY AND CASUALTY INSURANCE COMPANY OF AMERICA,
and
TRAVCO INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2220 of the Code of Virginia by using forms which did not contain the precise language of the standard forms filed and adopted by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) per company for an amount totaling forty-five thousand dollars (\$45,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated October 3, 2006.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00340
JANUARY 22, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

FARMERS INSURANCE GROUP,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-2114 and 38.2-2212 of the Code of Virginia by failing to send proper notice of cancellation to the named insured.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau dated June 12, 2006.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00344
JANUARY 22, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

LIBERTY INSURANCE CORPORATION,
LIBERTY MUTUAL FIRE INSURANCE COMPANY,
and
THE FIRST LIBERTY INSURANCE CORPORATION,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2220 of the Code of Virginia by using forms which did not contain the precise language of the standard forms filed and adopted by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) per company for an amount totaling fifteen thousand dollars (\$15,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated September 15, 2006.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00060
FEBRUARY 6, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

OPTIMA HEALTH GROUP, INC.,
Defendant

CONSENT ORDER

By letter filed with the Bureau of Insurance of the State Corporation Commission ("Commission"), Optima Health Group, Inc. ("Defendant"), a health maintenance organization domiciled in the Commonwealth of Virginia and licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, consented to the issuance of an order in which the Defendant agrees, effective as of the date hereof, and continuing until further order of the Commission, not to issue any new business in the Commonwealth of Virginia;

THEREFORE, IT IS ORDERED THAT:

- (1) The Defendant shall not issue any new business in the Commonwealth of Virginia until further order of the Commission; and
- (2) The Defendant shall continue to maintain all the financial requirements of a licensed health maintenance organization and to make all required reporting filings with the Commission's Bureau of Insurance until further order of the Commission.

**CASE NO. INS-2007-00061
FEBRUARY 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CONSECO SENIOR HEALTH INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 14, 38.2-3407.1 B, 38.2-3407.4 A, and 38.2-5202.1 A of the Code of Virginia, as well as 14 VAC 5-200-65 A 3, 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 B.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fourteen thousand dollars (\$14,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00064
JANUARY 23, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MATTHEW CLARK CASSELMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of California.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 19, 2006, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of California.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00065
MARCH 28, 2007**

APPLICATION OF
RECIPROCAL OF AMERICA
and
THE RECIPROCAL GROUP

For Approval to Increase Payment Percentage from 17% to 25%

FINAL ORDER

On January 11, 2007, the Deputy Receiver of Reciprocal of America and The Reciprocal Group (collectively, "ROA"), filed with the State Corporation Commission ("Commission") the Deputy Receiver's Application to Increase the Payment Percentage from 17% to 25% ("Application"). Therein, the Deputy Receiver provides a summary of the procedural history of certain aspects of the receivership and seeks a Commission Order that: (i) authorizes payment by the Deputy Receiver of certain approved claims at the increased payment percentage of 25%; (ii) authorizes the payment of an additional 8% to all claimants who have received a 17% distribution on their claims; (iii) authorizes the continued payment of administrative expenses and secured creditor claims of ROA at 100%; and (iv) approves modification or cancellation of the Eighth Directive¹ so as to allow the Deputy Receiver to proceed with an increased partial payment of approved claims.

In support of the Application, the Deputy Receiver asserts, *inter alia*, that his advisors have determined that based upon the information in the 2005 ROA Annual Statement, the Deputy Receiver may pay 25% of the approved claims without an unreasonable risk of preference among similarly situated creditors.² The Deputy Receiver provided a summary of developments in the ROA receivership that permits the increase proposed by the Deputy Receiver. The Deputy Receiver asserts that ROA has a total of \$214,283,000 in assets available to pay losses and a total of \$757,805,000 in losses to pay with the available assets.³

On January 23, 2007, the Commission entered an Order Establishing a Proceeding, in which the Commission docketed this case, referred it to a Hearing Examiner, and directed the Deputy Receiver to serve a copy of the Application on a number of other potentially interested persons.

¹ The Deputy Receiver issued his Eighth Directive Regarding Claim Payments ("Eighth Directive") on December 14, 2005. Therein, he directed ROA to make certain payments to policyholder-level claimants in amounts that do not exceed 17% of the amount approved upon the underlying claims and which do not, in the aggregate exceed \$77,511,000. The Eighth Directive further provided that "[t]he percentage and aggregate amount of [the approved] payment may be increased when, and to the extent that, additional payments are authorized in further orders of the Commission." The Eighth Directive was issued following the Commission's Final Order in Case No. INS-2004-00244, *Application of Reciprocal of America and The Reciprocal Group, For Approval of Agreement to Stay Proceedings and Tolling Agreement*, entered on December 13, 2005, which, among other things, permitted a 17% policyholder-level distribution, capped at \$77,511,000, by the Deputy Receiver.

² Application at 7 and Exhibit 1.

³ *Id.* at 8 and Exhibit 2.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Coastal Region Board of Directors, the Virginia Property and Casualty Insurance Guaranty Association, the Other Guaranty Associations,⁴ the Special Deputy Receivers for Doctors Insurance Reciprocal, Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal, RRG, and The Reciprocal Alliance, RRG, and the Kentucky Hospitals⁵ filed notices of participation.

A pre-hearing conference was held on this matter on March 6, 2007, at which the foregoing parties participated. On March 8, 2007, the Hearing Examiner entered a ruling in which he directed that any party that wished to oppose the Application file an objection no later than March 20, 2007. No party filed an objection.

On March 21, 2007, the Hearing Examiner filed his report ("Report"). In his Report, the Hearing Examiner recommended that the Commission: (i) adopt the findings in the Report; (ii) approve the payment by the Deputy Receiver of approved claims at the increased payment percentage of 25%; (iii) approve the payment to all claimants who have received a 17% distribution on their claim(s), of an additional 8% distribution or credit to account for the difference in payment percentage distributions; (iv) approve the continued payment of all administrative expenses and secured creditor claims of ROA at 100%; and (v) approve modification or cancellation of the Eighth Directive to allow the Deputy Receiver to proceed with the increased partial payment of approved claims.⁶

NOW THE COMMISSION, having considered the Application, the Report, and the entire record in this matter, finds that the Application should be approved and the increased payment percentage of 25% should be authorized.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of the Deputy Receiver is APPROVED.
- (2) The payment by the Deputy Receiver of approved claims at the increased payment percentage of 25% is APPROVED.
- (3) The payment to all claimants who have received a 17% distribution on their claims of an additional 8% distribution or credit to account for the difference in payment percentage distributions is APPROVED.
- (4) The Deputy Receiver is permitted to continue payment of all administrative expenses and secured creditor claims of ROA at 100%.
- (5) The Deputy Receiver is authorized to modify or cancel the Eighth Directive to allow the Deputy Receiver to proceed with the increased partial payment of approved claims.
- (6) This matter is closed and the papers herein be passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter.

⁴ The "Other Guaranty Associations" include the Alabama Insurance Guaranty Association, the District of Columbia Insurance Guaranty Association, the Georgia Insurers Insolvency Pool, the Indiana Insurance Guaranty Association, the Kansas Insurance Guaranty Association, the Louisiana Insurance Guaranty Association, the Maryland Property & Casualty Insurance Guaranty Corporation, the Mississippi Insurance Guaranty Association, the Missouri Property & Casualty Insurance Guaranty Association, and the North Carolina Insurance Guaranty Association.

⁵ The "Kentucky Hospitals" include Appalachian Regional Healthcare, Hardin Memorial Hospital, Highlands Regional Medical Center, Murray-Calloway County Hospital, Owensboro Mercy Health System, Regional Medical Center/Trover Clinic Foundation, Rockcastle Hospital and Respiratory Care Center, St. Claire Regional Medical Center, and T.J. Samson Community Hospital.

⁶ Report at 2-3.

**CASE NO. INS-2007-00071
MARCH 8, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

UNION SECURITY LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 10, 38.2-510 A 14, 38.2-511, subsection 8 of § 38.2-606, 38.2-1318 C, 38.2-3115 B, subsection 1 of § 38.2-3717, subsection 2 of § 38.2-3717, 38.2-3724 C 1, 38.2-3725 A, 38.2-3728, 38.2-3729 H 2, 38.2-3729 I, 38.2-3731 A, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, 38.2-3737 A, and 38.2-3737 B 1 of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twenty-seven thousand dollars (\$27,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00076
FEBRUARY 1, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

GRAPHIC ARTS BENEFIT CORPORATION,
Defendant

ORDER TO TAKE NOTICE

Section 38.2-1040 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and the public in this Commonwealth.

Pursuant to § 38.2-4214 of the Code, health services plans are subject to the provisions of § 38.2-1040 of the Code.

Graphic Arts Benefits Corporation, a foreign corporation domiciled in the State of Maryland ("Defendant"), initially was licensed by the Commission to transact the business of a health services plan in the Commonwealth of Virginia on October 4, 1994.

Section 38.2-4208 D of the Code provides, inter alia, that the minimum level for the contingency reserves of a health services plan shall not exceed forty-five (45) days of the anticipated operating expenses and incurred claims expense.

The Quarterly Statement of the Defendant dated September 30, 2006, and filed with the Commission's Bureau of Insurance, indicates that the Defendant's capital and surplus are \$2,087,600, which amount is \$114,243 less than the Defendant's required contingency reserve of \$2,201,843.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia be suspended.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 9, 2007, suspending the license of the Defendant to transact the business of a health services plan in the Commonwealth of Virginia unless on or before February 9, 2007, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2007-00076
FEBRUARY 15, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

GRAPHIC ARTS BENEFIT CORPORATION,
Defendant

ORDER SUSPENDING LICENSE

In an order entered herein February 1, 2007, the Defendant was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to February 9, 2007, suspending the license of the Defendant to transact the business of a health services plan in the

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Commonwealth of Virginia unless on or before February 9, 2007, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

As of the date of this Order, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of the Defendant's license.

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to §§ 38.2-1040 and 38.2-4214 of the Code of Virginia, the license of the Defendant to transact the business of a health services plan in the Commonwealth of Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

(6) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

**CASE NO. INS-2007-00077
FEBRUARY 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CINDY CORNWALL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Florida.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated January 9, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Florida.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00078
APRIL 4, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 C, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 10, 38.2-510 A 15, 38.2-3407.1 B, 38.2-3407.3 A, 38.2-3407.3 B, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3412.1 C 3, 38.2-3412.1:01 C, 38.2-5802 C, and 38.2-5804 A of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fifty-eight thousand dollars (\$58,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-316 A, 38.2-316 C, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 10, 38.2-510 A 15, 38.2-3407.1 B, 38.2-3407.3 A, 38.2-3407.3 B, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3412.1 C 3, 38.2-3412.1:01 C, 38.2-5802 C, or 38.2-5804 A of the Code of Virginia, or 14 VAC 5-400-30, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B or 14 VAC 5-400-70 D; and

(3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00080
APRIL 3, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CLARENDON NATIONAL INSURANCE COMPANY,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, has violated § 38.2-5801 of the Code of Virginia by operating an MCHIP in the Commonwealth of Virginia without the proper authorization from the Commission to do so.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of ten thousand dollars (\$10,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00081
MARCH 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SHENANDOAH LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated § 38.2-610 of the Code of Virginia by failing to give to applicants for insurance written notice of an adverse underwriting decision in the form approved by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00086
FEBRUARY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

NICOLE MARIE PETKOVIC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated January 22, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00107
MARCH 5, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

FELIX C. WALKER, III,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 19, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00111
MARCH 9, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JAMARR A. SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Hawaii.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 7, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Hawaii.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00123
APRIL 25, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

MEDICAL SAVINGS INSURANCE COMPANY,
Defendant

CONSENT CEASE AND DESIST ORDER

By letter dated April 20, 2007, filed with the Bureau of Insurance ("Bureau"), Medical Savings Insurance Company ("Defendant"), a life and health insurance company domiciled in the State of Indiana and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in accordance with the terms of such letter, Defendant agrees to immediately cease and desist from enrolling or issuing new certificates issued in the Commonwealth of Virginia from a group policy or policies issued to FreedomWorks, Inc. Defendant also agrees to return any applications received to the agent/producer who submitted the application with notice that coverage cannot be issued, pending resolution of the FreedomWorks, Inc. Multiple Employer Welfare Arrangement filing. Defendant also agrees to send notice to the applicant, or provide instructions to the agent/producer to send to the applicant. Defendant acknowledges that this action is necessary and appropriate to resolve the matter of Defendant having issued certificates from the FreedomWorks, Inc. group policy or policies, subsequent to the issuance of a Judgment Order against FreedomWorks, Inc., permanently enjoining it from enrolling any new members in its health care plan, or renewing any such business.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, and has waived such right.

The Bureau of Insurance has recommended that the Commission accept the cease and desist consent letter from the Defendant pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the consent letter from the Defendant, and the recommendation from the Bureau of Insurance, is of the opinion that the Defendant's consent letter should be accepted.

THEREFORE, IT IS ORDERED THAT:

(1) The consent letter dated April 20, 2007 from the Defendant, which is attached and made a part of this Order, is hereby accepted;

(2) Defendant shall immediately cease and desist from enrolling or issuing new certificates in the Commonwealth of Virginia issued from a group policy or policies issued to FreedomWorks, Inc.;

(3) Defendant agrees to return any applications received to the agent/producer who submitted the application with notice that coverage cannot be issued pending resolution of the FreedomWorks, Inc. Multiple Employer Welfare Arrangement filing, with a copy also sent to the applicant or instructions to the agent/producer to send to the applicant; and

(4) This case shall remain open for further action, or other orders as the Commission may deem necessary.

**CASE NO. INS-2007-00123
JUNE 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
MEDICAL SAVINGS INSURANCE COMPANY,
Defendant

TERMINATION OF CEASE AND DESIST ORDER

By Order issued by the State Corporation Commission (the "Commission") on April 25, 2007, Medical Savings Insurance Company (the "Defendant"), a life and health insurance company domiciled in the State of Indiana and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, consented and was directed to immediately cease and desist from enrolling or issuing new certificates issued in the Commonwealth of Virginia from a group policy or policies issued to FreedomWorks, Inc. The Defendant also was ordered to return any applications received to the agent/producer who submitted the application with notice that coverage could not be issued, pending resolution of the FreedomWorks, Inc. Multiple Employer Welfare Arrangement ("MEWA") registration. The Defendant also agreed to send notice to the applicant, or provide instructions to the agent/producer to send to the applicant.

Beginning May 18, 2007, FreedomWorks, Inc. was registered by the Commission as a fully-insured MEWA. The Bureau of Insurance (the "Bureau") therefore is not aware of a reason why the Cease and Desist Order, issued on April 25, 2007, should not be terminated to allow the Defendant to enroll or issue new certificates in the Commonwealth of Virginia from a group policy or policies issued to FreedomWorks, Inc.

The Bureau recommends to the Commission that the Cease and Desist Order be terminated.

THE COMMISSION, having considered the record herein and the recommendation from the Bureau of Insurance, is of the opinion that the Consent Cease and Desist Order issued on April 25, 2007, against the Defendant should be terminated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Consent Cease and Desist Order issued on April 25, 2007, against the Defendant should be TERMINATED; and
- (2) Beginning May 18, 2007, the Defendant may enroll or issue new certificates in the Commonwealth of Virginia from a group policy or policies issued to FreedomWorks, Inc., subject to all the statutory and regulatory provisions applying to such transactions; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00123
OCTOBER 5, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
MEDICAL SAVINGS INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 6, 38.2-510 A 8, and 38.2-3407.1 B of the Code of Virginia, as well as 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 C 3, 14 VAC 5-90-90 A, 14 VAC 5-90-90 B, 14 VAC 5-90-100 A, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-400-40 A, 14 VAC 5-400-40 E, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission in an effort to resolve this matter without adjudication by the Commission of the alleged violations in the market conduct examination report. The Defendant has tendered to the Commonwealth of Virginia the sum of eleven thousand dollars (\$11,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00124
APRIL 10, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

and

STATE FARM FIRE AND CASUALTY COMPANY,

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1904 D and 38.2-1905 A of the Code of Virginia by using information pertaining to motor vehicle accidents to produce increased rates above the companies' filed manual rates for individual risks for a period longer than thirty-six (36) months, and by increasing premiums as the result of motor vehicle accidents that were not caused either wholly or partially by a named insured, a resident of the same household, or other customary operator.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of three thousand dollars (\$3,000) per company for an amount totaling six thousand dollars (\$6,000) and waived their right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00129
APRIL 12, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

DOWNTOWN TITLE AND ESCROW COMPANY, INC.,

Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated November 2, 2006, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00134
APRIL 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KIEU MY WONG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of South Dakota.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 19, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of South Dakota.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00135
MAY 16, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CHERYL DENISE WILLIAMS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Georgia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated March 19, 2007 and April 20, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Georgia.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00138
APRIL 20, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting revisions to the Rules Governing Independent External Review of Final Adverse Utilization Review Decisions

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, § 38.2-223 of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code of Virginia, and § 38.2-5905 of the Code of Virginia provides for the Commission to promulgate regulations to include provisions for expedited consideration of appeals.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed revisions to Chapter 215 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Independent External Review of Final Adverse Utilization Review Decisions," which amend the Rules at 14 VAC 5-215-20, 14 VAC 5-215-30, 14 VAC 5-215-50, 14 VAC 5-215-60, and 14 VAC 5-215-80.

The proposed revisions to the Rules are necessary as a result of the passage of an amendment to Code of Virginia §§ 38.2-5902 and 38.2-5905 relating to expedited appeals of final adverse decisions regarding health care coverage. The revisions include provisions for expedited consideration of appeals involving a terminal condition. The provisions include a requirement that the Commissioner or his designee shall issue his written ruling affirming, modifying, or reversing the final adverse decision no later than one business day following the receipt of such recommendation.

The Commission is of the opinion that the proposed revisions to Ch. 215 of Title 14 of the Virginia Administrative Code should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed revisions to the "Rules Governing Independent External Review of Final Adverse Utilization Review Decisions," which amend the Rules at 14 VAC 5-215-20, 14 VAC 5-215-30, 14 VAC 5-215-50, 14 VAC 5-215-60, and 14 VAC 5-215-80 be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the adoption of the proposed revisions shall file such comments or hearing request on or before May 25, 2007, in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2007-00138.

(3) If no written request for a hearing on the proposed revisions is filed on or before May 25, 2007, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed revisions, may adopt the revisions proposed by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed revisions, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the proposed adoption of the revisions by mailing a copy of this Order, together with the proposed revisions, to all health carriers with managed care health insurance plan (MCHIP) authority and licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, including health maintenance organizations and health services plans, as well as all interested parties.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed revisions, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed rules on the Commission's website, <http://www.state.va.us/scc/caseinfo.htm>.

(7) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (4) above.

NOTE: A copy of Attachment A entitled "Rules Governing Independent External Review of Final Adverse Utilization Review Decisions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2007-00138
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Independent External Review of Final Adverse Utilization Review Decisions

ORDER ADOPTING REVISIONS TO RULES

By Order entered herein by the State Corporation Commission ("Commission") on April 20, 2007, all interested persons were ordered to take notice that subsequent to May 25, 2007, the Commission would consider the entry of an Order adopting revisions proposed by the Bureau of Insurance (the "Bureau") to the Commission's Rules Governing Independent External Review of Final Adverse Utilization Review Decisions, which are set forth in Chapter 215 of Title 14 of the Virginia Administrative Code, unless on or before May 25, 2007, any person objecting to the adoption of the proposed revisions filed a request for hearing with the Clerk of the Commission (the "Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed revisions on or before May 25, 2007.

There were no comments and no requests for hearing filed with the Clerk on or before May 25, 2007.

The revisions to the Rules are necessary as a result of the passage of an amendment to Code of Virginia §§ 38.2-5902 and 38.2-5905 relating to expedited appeals of final adverse decisions regarding health care coverage. The revisions include provisions for expedited consideration of appeals involving a terminal condition. The provisions include a requirement that the Commissioner of Insurance or his designee shall issue his written ruling affirming, modifying, or reversing the final adverse decision no later than one business day following the receipt of such recommendation.

The Bureau recommends that no changes be made to the recommended proposed revisions, and further recommends that the Commission adopt the proposed revisions.

THE COMMISSION, having considered the proposed revisions and the Bureau's recommendation, is of the opinion that the attached revisions to the Rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The revisions to the "Rules Governing Independent External Review of Final Adverse Utilization Review Decisions," which amend the Rules at 14 VAC 5-215-20, 14 VAC 5-215-30, 14 VAC 5-215-50, 14 VAC 5-215-60, and 14 VAC 5-215-80 and which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective July 1, 2007.

(2) AN ATTESTED COPY hereof, together with a copy of the revisions, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the adoption of the revisions by mailing a copy of this Order, together with clean copy of the Rules, to all health carriers with managed care health insurance plan (MCHIP) authority and who are licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, including health maintenance organizations and health services plans, as well as all interested parties.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the revisions to the Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(4) The Commission's Division of Information Resources shall make available this Order and the attached Rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(5) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in Ordering Paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Rules Governing Independent External Review of Final Adverse Utilization Review Decisions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2007-00139
MAY 16, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CARMEN CHYRISSE WHITTENBERG-FARRAR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 19, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00140
APRIL 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GUARANTY LAND TITLE, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, and by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 3, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, and by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00141
AUGUST 9, 2007**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
HEALTHKEEPERS, INC.
PRIORITY HEALTH CARE, INC.
PENINSULA HEALTH CARE, INC.
WELLPOINT, INC.
ANTHEM SOUTHEAST, INC.,

For Amendment of Final Order in Case No. INS-2002-00131

FINAL ORDER

On April 20, 2007, Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., WellPoint, Inc., and Anthem Southeast, Inc. (collectively the "Petitioners" or "Anthem"), filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure. The Petitioners request that the Commission relax certain conditions imposed when the Commission approved the acquisition and control of the insurers and health maintenance organization subsidiaries of Trigon Healthcare, Inc. by Anthem, Inc. in Case No. INS-2002-00131 ("Final Order").¹ In the Final Order, the Commission required that Anthem cause the following services to be provided from offices located in Virginia unless the Bureau of Insurance ("Bureau") gives its prior written approval that these services may be provided outside the Commonwealth: claims processing and case management, customer service, actuarial, underwriting, marketing, quality management, community relations, distribution management, sales, provider services, medical management, and network development.²

The Petitioners assert that the health care industry has changed dramatically since the Final Order was entered nearly five years ago. They also contend that the highly localized model of four years ago cannot be expected to remain stagnant in the changing industry. The Petitioners also note that five new Blue Cross and Blue Shield licensed companies have joined the WellPoint, Inc. holding company system,³ and there is a strong desire to achieve further cost reductions and efficiencies. The Petitioners argue that maintaining duplication simply to satisfy the desire for local function is a cost the health care system cannot afford.⁴ Finally, the Petitioners contend that no other insurance company or health maintenance organization is similarly restricted as to how

¹ See *Application of Anthem, Inc. and Trigon Healthcare, Inc.*, Case No. INS-2002-00131, 2002 SCC Ann. Rept. 118 (Final Order, July 19, 2002).

² *Id.* at 119.

³ On April 2, 2004, the Commission approved Anthem, Inc.'s and WellPoint Health Networks, Inc.'s Application for Approval of Acquisition of Control of or Merger with a Domestic Insurer or Health Maintenance Organization on Form A. See, *Application of Anthem, Inc. and WellPoint Health Networks Inc., For Approval of acquisition of control of or merger with a domestic insurer or health maintenance organization*, Case No. INS-2003-00263, 2004 SCC Ann. Rept. 72 (Final Order, April 2, 2004).

⁴ Petition at 4.

to conduct their operations, and they believe that it is not in the customers' or the public's interest to continue the restrictions created by the condition in the Final Order. Accordingly, the Petitioners request an Order directing that the Final Order be amended as set forth in the Petition.

On April 26, 2007, the Commission entered a Scheduling Order, wherein it docketed this matter, directed the Petitioners to publish notice of the Petition in newspapers around the Commonwealth, provided for public comments in response to the Petition, and directed the Bureau to file a response to the Petition on or before June 15, 2007.

Hundreds of comments were filed in response to the Petition, the vast majority of which opposed the relief requested by Anthem. These comments were submitted both before and after the June 8, 2007 deadline set forth in the aforementioned Scheduling Order.

On May 22, 2007, the Medical Society of Virginia ("MSV"), which represents approximately 8700 physicians across the Commonwealth, filed its Objection to Petition and a Notice of Participation ("MSV Objections"). Therein, the MSV objects to the Petition, and it claims that Anthem has prospered since the Final Order was entered in 2002. The MSV asserts that Anthem has sought and received approval for "exception transactions" from the Bureau on four separate occasions since 2002 and has received approval of each of its requests. The MSV also contends that there is no compelling argument in the Petition to warrant amendment of the Final Order. The MSV notes that Anthem is the provider of the majority of health insurance coverage in Virginia, and removal of the conditions would allow Anthem to have monopoly-like powers.⁵ The MSV also argues that granting the Petition will lead to "confusion, frustration, poor customer service and a decrease in the effectiveness of the delivery of health care in Virginia."⁶ The MSV concludes by requesting that the Commission deny the Petition.

On June 6, 2007, the Virginia Dental Association ("VDA") filed the objections of the VDA, which were contained in a letter from Terry Dickinson, D.D.S, the Executive Director of the VDA. The VDA, on behalf of its 3200 members, objects to the Petition and indicates that the VDA wishes to preserve the protections included in the Final Order, so as "not to jeopardize the delivery of quality dental services to our patients and the citizens of this state." The VDA joins in the concerns expressed by the MSV and requests that the Commission deny the Petition. The VDA and the MSV also requested a public hearing on the Petition.

On June 8, 2007, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), filed comments ("Consumer Counsel Comments"). Consumer Counsel asserts that ample authority existed for the Commission to impose the conditions in the Final Order, and that evidence from that proceeding should be reviewed in determining whether to relax the conditions now. Consumer Counsel contends that Anthem previously expressed its commitment to and support for "running the business very much on a local basis."⁷ Consumer Counsel also argues that "[a] change in company philosophy alone does not justify the removal of the condition that was put in place to protect the interests of Virginia consumers."⁸ Consumer Counsel also contends that Anthem must prove that consolidating services outside of Virginia is in the best interests of the policyholders, enrollees, and the public, including health care providers located in Virginia. Consumer Counsel asserts that Anthem has failed to provide sufficient evidence to support its Petition. Consumer Counsel concludes by stating that, absent compelling evidence, the Commission should deny the Petition, or, in the alternative, maintain the condition as it relates to customer service and provider services.⁹

On June 14, 2007, the Bureau filed its response to the Petition ("Bureau Response"). Therein, the Bureau does not oppose the relief sought by Anthem. The Bureau contends that the four exception transactions that it has approved did not raise any issues with respect to Title 38.2 of the Code of Virginia and it appeared that the impact on policyholders, enrollees and the public would be minimal or temporary. The Bureau requests that if the Commission denies the Petition in whole or in part, the Commission should amend the Final Order to remove the provisions authorizing the Bureau to grant exceptions to its terms. The Bureau asserts that it has no effective system for ascertaining the full impact of more significant transactions on policyholders, enrollees and the public, and that removal of the condition will require the Petitioners to seek modification directly from the Commission.¹⁰

On June 21, 2007, the Commission entered an Order Scheduling Hearing, in which it scheduled a hearing on July 10, 2007. On that date, the Commission convened a hearing to take public witness and other testimony on the Petition. Anthem, the MSV and the VDA, Consumer Counsel, and the Bureau all appeared at the hearing represented by counsel. Seventeen public witnesses testified at the hearing: The Honorable John O'Bannon, III, M.D.; The Honorable David A. Nutter; Anne Adams, D.D.S.; Craig Hensle, M.D.; Bill Lueck, M.D.; Charles Thomas; Tom Miller; Yevonne Childress; Bert Wilson; John E. Brush, M.D.; Patricia Reams, M.D.; Jeremiah O'Shea; Kimberly Anderson, M.D.; James Krag, M.D.; Robert S. Call, M.D.; The Honorable Shannon R. Valentine; and Mark Bergman, presenting remarks on behalf of the Honorable Ward L. Armstrong. All of the public witnesses opposed Anthem's Petition.

The following witnesses testified for Anthem: Angela Braly, President and CEO of WellPoint; Thomas Byrd, President and General Manager of Virginia local group business; and Colin Scott Drozdowski, Vice President Health Services.

NOW THE COMMISSION, having considered the record, including the comments, exhibits and documents filed herein, the testimony of the witnesses, and the argument of counsel, finds that Anthem's Petition should be granted in part and denied in part. We find that, pursuant to § 38.2-1327 of the Code of Virginia, Anthem's continued provision of certain services from offices located in the Commonwealth of Virginia is "necessary to protect the interests of the policyholders of the insurer and the public." We conclude that Anthem may provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. We conclude that Anthem should be required to continue to provide the following services from offices located in the Commonwealth of Virginia: claims processing and case

⁵ MSV Objections at 4.

⁶ *Id.* at 5.

⁷ Consumer Counsel Comments at 3.

⁸ *Id.* at 4.

⁹ *Id.* at 6.

¹⁰ Bureau Response at 2.

management, customer service, quality management, provider services, medical management, and network development.¹¹ Accordingly, the Petition is denied as to such services.

The foregoing denial is without prejudice. The Commission recognizes the changing nature of the health-care industry, particularly in regards to the use of technology to allow for consolidation of services, and the cost savings that can result from consolidation. Anthem is free in the future to file another petition with the Commission to remove these conditions if Anthem believes circumstances support such a petition. At that time, however, Anthem should submit with its petition a specific and detailed proposal for providing these services out of state, including specific and detailed information on *how* and *where* Anthem will provide these services, as well as safeguards for ensuring adequate levels of service.

The services that we are not allowing to be provided from outside the Commonwealth are those that involve daily and direct communication between Anthem and its enrolled customers or health-care providers in Virginia. Anthem has not met its burden of proof of persuading us that its plans - whatever they may be¹² - for providing such critically important services from outside the Commonwealth will not degrade the quality of communications and service to Virginians.

We are not ruling in this Order that these important services can never be provided from an out-of-state location under any circumstances. Indeed, we recognize that consolidation of services in the health-care industry can make health care delivery more efficient and cost-effective and that Anthem potentially could provide services from locations out-of-state that would be geographically closer to many Virginia providers and patients than its current service centers in Virginia. This issue is not about geography alone; it is about credible safeguards to ensure that the quality of communication and service to Virginians is not degraded. We cannot evaluate such safeguards without knowing exactly what Anthem's specific plans are to move such important services outside the Commonwealth.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is GRANTED IN PART, AND DENIED IN PART.

(2) Anthem shall provide the following services from offices located in the Commonwealth of Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development.

(3) Anthem may provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales.

(4) The other provisions of the Final Order in Case No. INS-2002-00131 are not affected hereby and remain in full force and effect, except that if Anthem seeks to provide any of the services in Ordering Paragraph (2) from offices located outside of the Commonwealth of Virginia, it shall seek permission from the Commission by filing a petition with the Commission setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service.

(5) This matter is dismissed and the papers herein be placed in the file for ended causes.

¹¹ The evidence at the hearing demonstrated that certain services involve daily and direct communication and interaction with providers and customers. We are requiring that the six services ranked as having the most provider and customer interactions continue to be provided from offices located in the Commonwealth of Virginia. *See*, Transcript ("Tr.") at 332-341.

¹² We note that, in this case, Anthem stated it had no plans at this time to move any of the twelve listed services in their entirety outside of the Commonwealth of Virginia. Tr. at 160-161, 181-183, 212-213, 231-232 (testimony of Angela Braly). However, we also note that Anthem witness Thomas Byrd indicated that Anthem did contemplate moving certain services outside of the Commonwealth of Virginia if the Petition was granted. *See*, Tr. at 258-263, 287-292 and Exhibit 5. By denying in part the Petition, we are requiring that Anthem provide advance notice to, and obtain permission from, the Commission, when it actually does plan to relocate any of the six services that are not permitted to be moved outside of the Commonwealth of Virginia at this time.

**CASE NO. INS-2007-00143
MAY 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

FREEDOMWORKS, INC., f/k/a CITIZENS FOR A SOUND ECONOMY,
Defendant

SETTLEMENT ORDER

By Judgment Order entered by the State Corporation Commission ("Commission") on April 14, 2006, in Case No. INS-2005-00216, FreedomWorks, Inc., (formerly Citizens for a Sound Economy), a multiple employer welfare arrangement ("MEWA"), which had not made the filings required of a fully insured MEWA to operate in the Commonwealth of Virginia ("Defendant"), was permanently enjoined from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a MEWA in the Commonwealth of Virginia, and was ordered to immediately wind down its operations in Virginia and to cease and desist from violations of 14 VAC 5-410.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Judgment Order was entered as a result of the Defendant's failure to file with the Commission its 2005 annual proof of coverage and notice of changes in information pursuant to 14 VAC 5-410-40 D, its failure to respond to attempts by the Bureau of Insurance ("Bureau") to contact the Defendant, and its failure to respond to the Order to Take Notice entered by the Commission on March 17, 2006.

Based on an investigation conducted by the Bureau, it is alleged that the Defendant, in certain instances, failed to obey the terms of the Judgment Order by continuing to enroll new Virginia members in its health plan, write renewal business, and otherwise operate as a MEWA in the Commonwealth of Virginia. In the course of the Bureau's investigation, however, it was determined that the Defendant's failure to obey the terms of the Judgment Order was unintentional. In addition, the Defendant notified the Bureau that it wished to comply with the filing requirements for a fully insured MEWA to operate in the Commonwealth of Virginia, as set forth in 14 VAC 5-410-40 B. The Defendant has made such filing, and the Bureau is in the process of reviewing the filed information.

The Commission is authorized by § 12.1-33 of the Code of Virginia to impose certain monetary penalties for the failure or refusal of an individual or a business entity to obey an order of the Commission.

The Commission is authorized by § 38.2-219 of the Code of Virginia to issue cease and desist orders upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of ten thousand dollars (\$10,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia, and, in addition, the Bureau has recommended that the permanent injunction contained in ordering paragraph (1) of the Judgment Order be vacated.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted and that the permanent injunction contained in ordering paragraph (1) of the Judgment Order should be vacated.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;
- (2) The permanent injunction against the Defendant, as set forth in ordering paragraph (1) of the Judgment Order is hereby vacated;
- (3) The Defendant cease and desist from any conduct which constitutes the operation of a MEWA in the Commonwealth of Virginia until such time as the Bureau accepts its filing as a fully insured MEWA or it otherwise becomes licensed as an insurance company, a health maintenance organization, a health services plan, or a dental or optometric services plan in the Commonwealth of Virginia;
- (4) The Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-410 of the Virginia Administrative Code; and
- (5) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00145
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JOSEPH W. SCHUTT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Mississippi.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated March 5, 2007 and March 27, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance and the Ohio Department of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Mississippi.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00148
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DANIELLE TAMARRA JOHNSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 6, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00152
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SCOTT WILLIAM LONG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Pennsylvania.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated April 13, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of Pennsylvania.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00153
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

CANDY SHAVAUN FISHER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated March 2, 2007 and April 10, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00154
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

INTERNATIONAL WATER SAFETY FOUNDATION
and
NORTH AMERICAN MARINE & GENERAL INSURANCE CO., LTD,
Defendants

ORDER TO TAKE NOTICE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, International Water Safety Foundation, violated § 38.2-1802 of the Code of Virginia by selling, soliciting or negotiating a contract of insurance in Virginia on behalf of an insurance company that was not licensed by the State Corporation Commission ("Commission") or approved as a surplus lines carrier. It is further alleged that the Defendant, North American Marine & General Insurance Co., Ltd violated § 38.2-1040 by issuing or delivering an insurance contract to a Virginia resident without first obtaining a license from the Commission.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED that the Defendants TAKE NOTICE that the Commission shall, pursuant to § 38.2-220, enter an order subsequent to June 15, 2007, permanently enjoining the Defendants from transacting the business of insurance in the Commonwealth unless on or before June 15, 2007, Defendants file with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the entry of a permanent injunction.

**CASE NO. INS-2007-00155
MAY 14, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

GLOBAL BONDING INCORPORATED, GLOBAL RISK MANAGEMENT, MILLENNIUM BONDING
and
ROBERT JOE HANSON
Defendants

ORDER TO TAKE NOTICE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Global Bonding Incorporated, Global Risk Management, Millennium Bonding, and Robert Joe Hanson ("Defendants") violated § 38.2-1040 by soliciting applications to Virginia consumers without having first obtained a license from the State Corporation Commission ("Commission").

IT IS THEREFORE ORDERED that the Defendants TAKE NOTICE that the Commission shall, pursuant to § 38.2-220, enter an order subsequent to June 15, 2007, permanently enjoining Defendants from transacting the business of insurance in the Commonwealth unless on or before June 15, 2007, Defendants file with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the entry of a permanent injunction.

**CASE NO. INS-2007-00155
JULY 20, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

GLOBAL BONDING INCORPORATED, GLOBAL RISK MANAGEMENT, MILLENNIUM BONDING,
and
ROBERT JOE HANSON,
Defendants

JUDGMENT ORDER

In an Order entered herein May 14, 2007, the Defendants were ordered to take notice that the State Corporation Commission ("Commission") would enter a Judgment Order subsequent to June 15, 2007, permanently enjoining the Defendants from transacting the business of insurance in the Commonwealth of Virginia, unless on or before June 15, 2007, the Defendants filed with the Clerk of the Commission a request for hearing before the Commission with the respect to the entry of a permanent injunction.

As of the date of this Order, the Defendants have neither filed a responsive pleading to object to the entry of a Judgment Order, nor have the Defendants requested a hearing.

THEREFORE IT IS ORDERED THAT:

- (1) The Defendants be, and they are hereby, PERMANENTLY ENJOINED from transacting the business of insurance in the Commonwealth of Virginia; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00157
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JKV REAL ESTATE SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et al.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated February 20, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00160
JUNE 7, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GROUP HOSPITALIZATION AND MEDICAL SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and §§ 38.2-316 C 1, 38.2-503, 38.2-510 A 5, 38.2-511, 38.2-610 A, 38.2-1318 C, 38.2-3407.1 B, 38.2-5804 A, and 38.2-5804 A 2 of the Code of Virginia, as well as 14 VAC 5-90-160 and 14 VAC 5-90-170 A.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00161
JUNE 7, 2007**

COMMONWEALTH OF VIRGINIA
 At the relation of the
 STATE CORPORATION COMMISSION
 v.
 UNITED SERVICES AUTOMOBILE ASSOCIATION,
 USAA GENERAL INDEMNITY COMPANY,
 and
 USAA CASUALTY INSURANCE COMPANY,
 Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-2212 E 4, 38.2-2212 E 5, 38.2-2114 C 3, and 38.2-2114 C 4 of the Code of Virginia by failing to inform an insured of his right to request that the Commissioner of Insurance review the action of the insurer when terminating automobile policies for nonpayment of premium, by failing to inform an insured of the possible availability of other insurance through his agent, another insurer, or the Virginia Automobile Insurance Plan when terminating automobile policies for nonpayment of premium, by failing to inform an insured of his right to request that the Commissioner of Insurance review the action of the insurer when terminating homeowner policies for nonpayment of premium, and by failing to inform an insured of his possible eligibility for fire insurance coverage through the Virginia Property Insurance Association when terminating homeowner policies for nonpayment of premium.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of two thousand dollars (\$2,000) per company for an amount totaling six thousand dollars (\$6,000) and waived their right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

CASE NO. INS-2007-00164
JUNE 7, 2007

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMEX ASSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-305, 38.2-510 A 1, 38.2-512 A, 38.2-604, 38.2-610, 38.2-1905, 38.2-1906 D, 38.2-2202, 38.2-2212, 38.2-2220, 38.2-2230, and 38.2-2234 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twenty-six thousand four hundred dollars (\$26,400), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau dated January 30, 2007, February 14, 2007, and April 3, 2007.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

CASE NO. INS-2007-00167
JULY 3, 2007

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KAISER PERMANENTE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an inquiry performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, has violated 14 VAC 5-234-40 C by failing to file timely with the Commission the Defendant's Primary Small Employer New Business Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00169
MAY 31, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
VICTOR A. LINDSEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days administrative actions that were taken against him by the states of Iowa, Wisconsin, South Dakota, and Nebraska.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated May 2, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days administrative actions that were taken against him by the states of Iowa, Wisconsin, South Dakota, and Nebraska.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00170
MAY 31, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CERTIFIED TITLE & ESCROW, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 6.1-2.21 and 6.1-2.26 of the Code of Virginia by failing to comply with all applicable requirements of Title 6.1 of the Code of Virginia regarding licensing, financial responsibility, errors and omissions or malpractice insurance policies, audits, escrow account analyses and record retention, and by acting as a settlement agent without being properly registered with the Virginia State Bar.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated February 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00173
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SCHALISA M. TATE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated May 4, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of New York.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00177
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SHARON ANN MASTBROOK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00178
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MARK J. ELLIOTT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00179
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KATHRYN LEIGH ALGEE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00180
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THOMAS G. TODD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance agent license are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00181
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ANTHONY SCOTT CONVERY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance agent license are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00182
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
CHIA-LU JEFF PAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance agent license are hereby VOID;

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00183
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
M & O AGENCIES INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 8, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent and as a surplus lines broker.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to file timely a 2006 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00183
JUNE 20, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
M & O AGENCIES INC.,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein June 11, 2007, is hereby vacated.

**CASE NO. INS-2007-00183
JULY 12, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
M & O AGENCIES INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in certain instances, violated §§ 38.2-4807 A and 38.2-4809 A of the Code of Virginia by failing to file timely with the Commission a 2006 Annual Gross Premiums Tax Report, and by failing to pay the annual assessments, penalties and taxes for its Virginia surplus lines business.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand five hundred eighty dollars (\$5,580), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
 - (2) The Defendant cease and desist from any conduct which constitutes a violation of § 38.2-4807 A or § 38.2-4809 A of the Code of Virginia;
- and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00184
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TYCHAR DEVONNAE SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated December 11, 2006, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00187
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ARRAY TITLE & ESCROW, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated February 28, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00191
JULY 3, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CAREFIRST BLUECHOICE, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 5, 38.2-510 A 15, 38.2-511, 38.2-1318 C, 38.2-1812 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3407.12, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3418.1:1 A, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306 A 2, 38.2-4306.1, 38.2-4312 A, 38.2-5805 C 8, and 38.2-5805 C 9 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-55 B, 14 VAC 5-90-160, 14 VAC 5-90-170 A, and 14 VAC 5-211-60 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of one hundred twenty dollars (\$120,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00197
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FREDERICKSBURG TITLE & ESCROW, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.23 of the Code of Virginia by failing to maintain funds received in connection with an escrow, settlement or closing in a fiduciary capacity.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 5, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.23 of the Code of Virginia by failing to maintain funds received in connection with an escrow, settlement or closing in a fiduciary capacity.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00198
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CLEARTRACT, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letters dated March 2, 2007 and April 5, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00199
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUALITY SETTLEMENTS, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 6.1-2.24 and 38.2-1809 of the Code of Virginia by failing to maintain sufficient records of its affairs and by failing to make records available promptly upon request for examination by the Commission or its employees.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 5, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 6.1-2.24 and 38.2-1809 of the Code of Virginia by failing to maintain sufficient records of its affairs and by failing to make records available promptly upon request for examination by the Commission or its employees.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00200
JULY 30, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
THOMAS J. CAVALARI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 5, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00202
JUNE 20, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
MANAGEMENT INFORMATION COMPANY OF AMERICA, LC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated March 14, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00204
AUGUST 28, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
NELLIE WILLIAMS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia, by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Georgia, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated July 13, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia, by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Georgia, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00204
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NELLIE WILLIAMS,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein August 28, 2007, is hereby vacated.

**CASE NO. INS-2007-00207
AUGUST 30, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CUNA MUTUAL INSURANCE SOCIETY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and §§ 38.2-503, subsection 1 of § 38.2-3717, 38.2-3729 A, 38.2-3731 A, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, and 38.2-3735 C 2 of the Code of Virginia, as well as, 14 VAC 5-40-40 A 1, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 D 1, 14 VAC 5-40-40 D 2, 14 VAC 5-40-40 E 2, 14 VAC 5-40-60 B, 14 VAC 5-90-50 A, 14 VAC 5-90-55 A, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 3, 14 VAC 5-90-60 C 2, 14 VAC 5-90-170 A, and 14 VAC 5-400-60 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has (i) tendered to the Commonwealth of Virginia the sum of thirty thousand dollars (\$30,000), (ii) waived its right to a hearing, and (iii) agreed to implement the corrective action plans in its submission to the Bureau of Insurance in a letter dated July 30, 2007 with respect to the matters cited in the market conduct examination report related to the issuance of credit insurance on loans with a duration of more than 120 months, which plans will be applied prospectively and will not result in termination of any existing coverages.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00208
OCTOBER 17, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BANNER LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, has violated § 38.2-610 of the Code of Virginia by failing to give to an applicant for insurance written notice of an adverse underwriting decision in the form approved by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000), waived its right to a hearing, and as explained in a letter to the Bureau dated September 19, 2007, provided assurance that the Defendant's are in compliance with § 38.2-508.1 of the Code of Virginia.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00211
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GLENN BRADFORD OLIVO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state Mississippi.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 4, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state Mississippi.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00211
AUGUST 3, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GLENN BRADFORD OLIVO,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein July 13, 2007, is hereby vacated.

**CASE NO. INS-2007-00213
AUGUST 24, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONWIDE SETTLEMENT SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.23 of the Code of Virginia by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity, by failing to maintain funds received in connection with an escrow, settlement or closing in a separate fiduciary account, by failing to disburse funds in accordance with § 6.1-2.13 of the Code of Virginia, by failing to disburse funds pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed, and by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand nine hundred dollars (\$5,900) and waived its right to a hearing.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00216
AUGUST 30, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NETWORK CLOSING SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.26 of the Code of Virginia by acting as a settlement agent without being properly registered with the Virginia State Bar.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars (\$7,500) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00217
JULY 12, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
STAFFORD TITLE, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 10, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00218
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

MONITOR TITLE & ESCROW OF HERNDON, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1809 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 31, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00219
JULY 30, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

ANTHEM HEALTH PLANS OF VIRGINIA, INC.,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 4, 38.2-510 A 6, 38.2-510 A 14, 38.2-510 A 15, 38.2-514 B, 38.2-610 A, 38.2-3407.1 B, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11 of the Code of Virginia, as well as 14 VAC 5-90-55 B, 14 VAC 5-90-170 A, 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of one hundred five thousand dollars (\$105,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00220
JULY 12, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MARIKA LYNN MERRITT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of South Carolina, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated April 24, 2007, and June 15, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of South Carolina, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00221
AUGUST 9, 2007**

UNITEDHEALTHCARE INSURANCE COMPANY, *et al.*

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between UnitedHealthcare Insurance Company, et al., and the Arkansas Department of Insurance, the Connecticut Department of Insurance, the Florida Office of Insurance Regulation, the Iowa Insurance Division, and the New York State Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the all remaining States and the District of Columbia

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested (i) Commission approval and acceptance of a multi-state Regulatory Settlement Agreement ("the Agreement"), a copy of which is attached hereto and made a part hereof, by and between the Commissioners of Insurance for the States of Arkansas, Connecticut, Florida and Iowa and the Superintendent of Insurance for the State of New York, and UnitedHealthcare Insurance Company, et al., (collectively, the "Company"), domiciled in Connecticut and licensed to transact the business of insurance in the Commonwealth of Virginia, and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that

- (1) The Agreement be, and it is hereby, APPROVED AND ACCEPTED and;
- (2) The Commissioner of Insurance be, and he is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

NOTE: A copy of Attachment A entitled "Regulatory Settlement Agreement" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2007-00224
NOVEMBER 9, 2007**

APPLICATION OF
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revision of advisory loss costs and assigned risk workers' compensation insurance rates

FINAL ORDER

The State Corporation Commission ("Commission") heard the application filed in this matter on October 30, 2007. At the hearing appeared the National Council on Compensation Insurance, Inc. ("NCCI"), the Division of Consumer Counsel of the Office of the Attorney General ("OAG"), the Bureau of Insurance of the State Corporation Commission ("Bureau"), and the Washington Construction Employers Associations and Iron Workers Employers Association ("Respondents"), by their respective counsel.

The Commission has considered the record in its entirety, including the application, the pre-filed testimony and rebuttal testimony, the joint pre-trial motion to stipulate certain witnesses' testimony, and the evidence and exhibits presented at the hearing.

Accordingly, IT IS ORDERED THAT:

- (1) The proposal by NCCI to use statewide combined data (voluntary and assigned risk) to produce a statewide combined change due to experience, trend, and benefits is accepted. NCCI shall use the agreed upon procedure outlined in its rebuttal testimony to distribute the statewide combined change to both markets. Furthermore, prior to next year's application proceeding, NCCI shall fully test the results of the newly approved methodology against the results of the current methodology to ensure that there are no material differences between them, and it shall include this analysis in its filing.
- (2) The proposal by NCCI to exclude year 2006 claim frequency data in determining the occupational disease component of loss costs and assigned risk rates for coal mine classifications is rejected. Instead, NCCI shall use the currently approved methodology that averages the most recent three years of available data.
- (3) The compromise proposed in NCCI's rebuttal testimony and recommended for adoption by the Bureau's witness to impose a 50 percent limitation on the annual maximum and minimum weekly payroll values for executive officers until they reach the updated amounts recommended by the working group is accepted.
- (4) NCCI shall revise its proposed voluntary loss costs and assigned risk rates as follows: (i) an increase of 2.5% in industrial class voluntary loss costs; (ii) a decrease of 17.8% in "F" class voluntary loss costs; (iii) an increase of 0.1% in the surface coal mines voluntary loss costs; (iv) a decrease of 12.3% in the underground coal mines voluntary loss costs; (v) an increase of 9.9% in industrial class assigned risk rates; (vi) a decrease of 15.7% in "F" class assigned risk rates; (vii) an increase of 10.4% in the surface coal mines assigned risk rates; and (viii) a decrease of 4.5% in the underground coal mines assigned risk rates.
- (5) Except as otherwise ordered herein, the proposed revisions to voluntary loss costs, assigned risk rates, minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates that have been filed by NCCI in this proceeding on behalf of its members and subscribers shall be, and they are hereby, APPROVED, for use with respect to new and renewal policies effective on or after April 1, 2008.
- (6) NCCI, the Bureau, OAG, and the Respondents in this proceeding, shall endeavor to recommend jointly to the Commission on or before June 1, 2008, a proposed schedule for any year 2008 voluntary loss costs/assigned risk rate revision proceeding before the Commission. The proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, OAG, and any other parties; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss costs/assigned risk rate revision application and its direct testimony; (iii) the date on which NCCI proposes to file its responses to pre-filed discovery requests; (iv) the dates for the pre-filing of the direct testimony of the Bureau, OAG, and any respondents; (v) the date for filing by NCCI of its rebuttal testimony; and (vi) the date of any proposed hearing before the Commission.
- (7) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate application proceedings before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rate or rating values are based, shall be required to disclose the impact on voluntary loss costs and/or assigned risk rate or rating values of the change employing both the methodology it proposes to replace as well as the newly proposed methodology.

**CASE NO. INS-2007-00225
OCTOBER 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

PENINSULA HEALTH CARE INC., HEALTHKEEPERS, INC., PRIORITY HEALTH CARE, INC.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, have violated § 38.2-510 A 6 and 38.2-4312.3 of the Code of Virginia by employing a prohibited payment methodology to reimburse non-participating providers of emergency services, resulting in unfair claims settlement practices.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing.

Additionally, the Defendants have agreed to the following:

(1) With respect to claims for emergency services processed by the Defendants on and after July 1, 2006:

(a) Within thirty (30) days from the date of entry of this Order, the Defendants will submit a written proposal to reimburse members who paid or are currently paying one or more non-participating providers amounts in excess of the deductible, coinsurance or copayment amounts applicable to the services provided, along with interest pursuant to § 38.2-4306.1 of the Code of Virginia; and

(b) Within thirty (30) days of the date of entry of this Order, the Defendants will submit a written proposal to identify and reimburse with interest, non-participating providers who recovered less than an amount which would have satisfied any unpaid balances (beyond deductible, coinsurance or copayment amounts), not otherwise forgiven, for claims associated with emergency services provided to the Defendants' members.

(2) With respect to prospective compliance the Defendants have agreed to:

(a) A Cease and Desist order, under which the Defendants will be ordered to cease and desist from using the prohibited payment methodology, and employ a payment methodology for non-participating providers in conformity with § 38.2-4312.3 of the Code of Virginia, as expressed in Commissioner Gross's letter of August 28, 2007, to be effective concurrent with the implementation of an approved corrective reimbursement plan outlined in paragraph (1) above.

(b) The Defendants will immediately prepare revisions to its Evidences of Coverage to correct the noncompliant language and submit the revisions to the Bureau of Insurance for approval no later than thirty (30) days from the date of entry of this Order. The revised language will address the payment methodology as well as the direct reimbursement requirement, and will be presented in an understandable and clear format; and

(c) The Defendants will provide all members with the corrected or amended Evidences of Coverage as soon as reasonably practical, but no later than the first renewal date occurring thirty (30) days after the amendments or revisions have been approved.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) In accordance with the terms of this Order, the Defendants cease and desist from any conduct which constitutes a violation of § 38.2-4312.3 of the Code of Virginia; and

(3) This case is continued pending further order from the Commission.

**CASE NO. INS-2007-00226
JULY 20, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TECUMSEH IRVIN BEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1809 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 31, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00230
JULY 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ANTHONY CARUSO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of South Dakota.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 25, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of South Dakota.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00231
JULY 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JILLRAE DILL COLTART,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 25, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Utah.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00232
OCTOBER 10, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

NATIONAL TRADE BUSINESS ALLIANCE OF AMERICA,
PROFESSIONAL BENEFITS CONSULTANTS OF DELAWARE, INC., a/k/a PERSONAL BENEFITS CONSULTANTS, INC.,
d/b/a PBC DIRECT, AMERICA'S BEST BENEFITS,
AFFINITY HEALTH PLANS OF AMERICA,
CHRISTOPHER ASHIOTES,
JAMES DOYLE,
and
THOMAS J. SULLIVAN,
Defendants

ORDER TO TAKE NOTICE

The Bureau of Insurance ("Bureau"), after having conducted an investigation of this matter, alleges as follows:

1. Defendant National Trade Business Alliance of America ("NTBAA") is a membership association that purportedly provides health insurance and accidental death benefits to its members. Defendant Thomas J. Sullivan is the President of NTBAA, and Defendant James Doyle is the Secretary and Treasurer of NTBAA.
2. On March 19, 2006, NTBAA entered into a contract with Defendant Professional Benefits Consultants of Delaware, Inc., a/k/a Personal Benefits Consultants, Inc., which does business as PBC Direct ("PBC Direct") to market health insurance to NTBAA's members. Thomas J. Sullivan, in addition to being NTBAA's President, was also the incorporator agent of PBC Direct. Defendant Christopher Ashiotes is the Vice President and Marketing Director of PBC Direct.
3. PBC Direct contracted with several companies, including Defendant America's Best Benefits, to market NTBAA's plan. America's Best Benefits marketed NTBAA's plan by faxing circulars advertising health insurance to individuals in Virginia and other states, including those who were not members of NTBAA. NTBAA Treasurer and Secretary James Doyle was also Vice President of America's Best Benefits.
4. NTBAA issued at least 18 health insurance policies or certificates to Virginia residents in 2006. Once these individuals enrolled in the health plan, they received insurance cards listing Defendant Affinity Health Plans of America as the provider of the plan. All of the Virginia residents who enrolled in the plan paid monthly premiums for the coverage. However, as of this date, NTBAA has failed to pay any of their claims.
5. None of the Defendants, corporate and individual, currently is licensed or has ever been licensed in any capacity by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia. Defendants NTBAA, Affinity Health Plans of America, Sullivan, and Doyle have violated § 38.2-1024 of the Code of Virginia ("Code") by issuing insurance policies or insurance certificates to Virginia residents without being properly licensed. Defendants PBC Direct, America's Best Benefits, Ashiotes, and Doyle have violated §§ 38.2-1802 and 1822 by selling insurance on behalf of an unlicensed insurance company and by acting as an agent without being properly licensed.
6. Section 38.2-220 of the Code of Virginia authorizes the Commission to issue temporary and permanent injunctions restraining acts that violate or attempt to violate any of the provisions of Title 38.2 of the Code. Virginia residents have been harmed by the actions of the Defendants in this Commonwealth, and the Defendants' actions have brought them under the regulatory jurisdiction of the Commission. Absent the issuance of a permanent injunction by the Commission, there is no other adequate remedy at law to restrain the Defendants from committing acts which violate or attempt to violate the provisions of Title 38.2.

IT IS THEREFORE ORDERED that the Defendants TAKE NOTICE that the Commission shall enter a judgment order subsequent to November 1, 2007, permanently enjoining each of the Defendants from transacting the business of insurance in the Commonwealth of Virginia, unless on or before November 1, 2007, each such Defendant files with the Clerk of the Commission, Document Control Center, P. O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of a responsive pleading and a request for a hearing before the Commission with respect to the proposed judgment order.

**CASE NO. INS-2007-00234
JULY 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KRISTINA PATRICIA JOHNSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Vermont.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 29, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Vermont.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00234
AUGUST 7, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KRISTINA PATRICIA JOHNSON,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein July 27, 2007, is hereby vacated.

**CASE NO. INS-2007-00235
AUGUST 7, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
WAKAMBA KAMBARANGEE GUICHARD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 3, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00236
AUGUST 29, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
UNITED AMERICAN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 C 2, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 2, 38.2-510 A 5, 38.2-610 A, 38.2-3407.1 B, 38.2-3407.4 A, and 38.2-3609 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-55 A, 14 VAC 5-90-60 C 3, 14 VAC 5-90-90 C, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-170-170, 14 VAC 5-200-160 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 B.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00240
AUGUST 24, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the
STATE CORPORATION COMMISSION

v.

INTEGON CASUALTY INSURANCE COMPANY,
INTEGON INDEMNITY CORPORATION,
INTEGON PREFERRED INSURANCE COMPANY,

and

NEW SOUTH INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated the Code of Virginia as follows: Integon Casualty Company and Integon Preferred Insurance Company violated § 38.2-1905 A of the Code of Virginia by charging points under a safe driver insurance plan without first ascertaining whether the accident was caused either wholly or partially by the named insured; Integon Indemnity Corporation violated § 38.2-1905 C of the Code of Virginia by assigning points under a safe driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; and Integon Casualty Insurance Company and New South Insurance Company violated § 38.2-1906 D of the Code of Virginia by making or issuing an insurance contract or policy not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein: Integon Casualty Insurance Company has tendered to the Commonwealth of Virginia the sum of two thousand dollars (\$2,000); Integon Indemnity Corporation has tendered to the Commonwealth of Virginia the sum of one thousand dollars (\$1,000); Integon Preferred Insurance Company has tendered to the Commonwealth of Virginia the sum of one thousand dollars (\$1,000); and New South Insurance Company has tendered to the Commonwealth of Virginia the sum of one thousand dollars (\$1,000), for an amount totaling five thousand dollars (\$5,000). The Defendants have also waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated June 1, 2007.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00250
AUGUST 24, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
PROSPERITY TITLE & REAL ESTATE SETTLEMENT COMPANY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 1, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00251
AUGUST 24, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
GREATER CHESAPEAKE TITLE COMPANY, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 1, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00252
AUGUST 24, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JASON NATHAN LEIGH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia, by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Wisconsin.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 16, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Wisconsin.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00252
SEPTEMBER 12, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JASON NATHAN LEIGH,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein August 24, 2007, is hereby vacated.

**CASE NO. INS-2007-00252
NOVEMBER 14, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JASON NATHAN LEIGH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1809, 38.2-1826 C, and 38.2-1831 (2) of the Code of Virginia, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Wisconsin, and by violating any insurance laws, or violating any regulation, subpoena or order of the Commission or of another state's insurance regulatory authority.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 17, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809, 38.2-1826 C, and 38.2-1831 (2) of the Code of Virginia, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Wisconsin, and by violating any insurance laws, or violating any regulation, subpoena or order of the Commission or of another state's insurance regulatory authority.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00253
AUGUST 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

NICHOLAUS PAUL SALDUTTI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 13, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00254
AUGUST 15, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TERRI J. SHAKIR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated July 17, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Utah.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00260
AUGUST 28, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SARITA MICHELLE RICHARD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated July 23, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Utah.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00261
AUGUST 28, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LANCE JUSTIN MORGAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 23, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00264
AUGUST 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
STEVEN TIMOTHY SEITZINGER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of New York.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 26, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of New York.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00265
AUGUST 28, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DANA BRETT POLK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Massachusetts.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated July 26, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Massachusetts.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00265
SEPTEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DANA BRETT POLK,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein August 28, 2007, is hereby vacated.

**CASE NO. INS-2007-00265
NOVEMBER 21, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DANA BRETT POLK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1809, 38.2-1826 A, 38.2-1826 C, and subsection 2 of § 38.2-1831 of the Code of Virginia, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Massachusetts, and by violating any insurance laws, or violating any regulation, subpoena or order of the Commission or of another state's insurance regulatory authority.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated October 17, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809, 38.2-1826 A, 38.2-1826 C, and 38.2-1831 (2) of the Code of Virginia, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report within thirty days to the Commission and to every insurer for which she is appointed any change in her residence or name, by failing to report to the Commission within thirty days an administrative action that was taken against her by the state of Massachusetts, and by violating any insurance laws, or violating any regulation, subpoena or order of the Commission or of another state's insurance regulatory authority.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00267
SEPTEMBER 26, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
METROPOLITAN TITLE & ESCROW COMPANY, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.23 of the Code of Virginia, by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of ninety thousand dollars (\$90,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00268
AUGUST 29, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Military Sales Practices

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, § 38.2-223 of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code of Virginia.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to adopt new "Rules Governing Military Sales Practices" which are recommended to be set out at 14 VAC 5-420-10 through 14 VAC 5-420-60.

The proposed new Rules closely follow the National Association of Insurance Commissioners (NAIC) Model Regulation on the same subject. The Military Sales Practices Model Regulation was developed as a result of federal legislation passed in September 2006, the Military Personnel Financial Services Protection Act (Pub. L. No. 109-290). Congress found it imperative that members of the United States Armed Forces be shielded from abusive and misleading sales practices. To address these concerns, Congress required that the States collectively work with the Secretary of Defense to ensure implementation of appropriate standards to protect members of the Armed Forces from dishonest and predatory insurance sales practices while on a military installation. The Model Regulation was developed with the assistance of the Department of Defense to meet these Congressional mandates.

The Commission is of the opinion that the proposed new Rules submitted by the Bureau and set out at 14 VAC 5-420-10 through 14 VAC 5-420-60 should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

- (1) The proposed new Rules entitled "Rules Governing Military Sales Practices," which are recommended to be set out at 14 VAC 5-420-10 through 14 VAC 5-420-60 be attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the adoption of the proposed new Rules shall file such comments or hearing request on or before October 15, 2007, in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2007-00268.
- (3) The Bureau shall hold a meeting during the comment period, in order for interested parties to address questions about the Rules to the Bureau. The meeting shall be held on Thursday, October 4, 2007, at 9:00 am in the Conference Room located on the 5th Floor of the State Corporation Commission, 1300 East Main Street, Richmond, Virginia.

(4) If no written request for a hearing on the adoption of the proposed new Rules is filed on or before October 15, 2007, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed new Rules, may adopt the Rules as proposed by the Bureau of Insurance.

(5) AN ATTESTED COPY hereof, together with a copy of the proposed new Rules, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the adoption of the proposed new Rules by mailing a copy of this Order, together with the proposed new Rules, to all carriers licensed by the Commission to sell life or variable life insurance or annuities or variable annuities in Virginia, as well as all interested parties.

(6) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed new Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(7) The Commission's Division of Information Resources shall make available this Order and the attached proposed new Rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(8) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (5) above.

NOTE: A copy of Attachment A entitled "Rules Governing Military Sales Practices" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2007-00268
NOVEMBER 9, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Military Sales Practices

ORDER ADOPTING RULES

By order entered herein August 29, 2007, all interested persons were ordered to take notice that subsequent to October 15, 2007, the State Corporation Commission (Commission) would consider the entry of an order adopting new rules proposed by the Bureau of Insurance (Bureau) entitled Rules Governing Military Sales Practices (Rules), set forth in Chapter 420 of Title 14 of the Virginia Administrative Code, unless on or before October 15, 2007, any person objecting to the adoption of the proposed new rules filed a request for hearing with the Clerk of the Commission (Clerk).

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed new rules on or before October 15, 2007.

The American Council of Life Insurers (ACLI) timely filed comments with the Clerk, to which the Bureau provided a response in the form of a Statement of Position filed with the Clerk on November 1, 2007.

The Bureau recommends that the proposed new rules be revised at 14 VAC 5-420-20, in the definition of "active duty", and by adding a definition of "basic illustration." Further, 14 VAC 5-420-50 is recommended to be revised in subsection A 5 to add language to mirror the National Association of Insurance Commissioners (NAIC) Model regulation of the same title, and subsection E 5 be revised to allow for a basic illustration to meet the written disclosure requirements.

THE COMMISSION, having considered the proposed revisions, the comments, and the Bureau's response to and recommendation regarding the comments, is of the opinion that the attached new rules and revisions from the proposed rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The new rules at Chapter 420 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Military Sales Practices," which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective February 15, 2008.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Jacqueline K. Cunningham, Deputy Commissioner, Bureau of Insurance, State Corporation Commission, who forthwith shall give further notice of the adoption of the new rules by mailing a copy of this Order, including a clean copy of the attached final rules, to all insurance carriers licensed by the Commission to sell life or variable life insurance or annuities or variable annuities in the Commonwealth of Virginia, and certain interested parties designated by the Bureau of Insurance.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the attached new rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make this Order and the attached new rules available on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Rules Governing Military Sales Practices" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2007-00269
SEPTEMBER 17, 2007**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.

For approval to provide services to a new national account from a location outside of Virginia and for expedited treatment

FINAL ORDER

On August 22, 2007, Anthem Health Plans of Virginia, Inc. ("Petitioner" or "Anthem") filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order entered in Case No. INS-2007-00141.¹ In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located in Virginia from offices located outside of Virginia, it should seek permission from the Commission by filing a petition "... setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

In the Petition, Anthem requests "... relief with respect to one limited matter from the requirement in the Final Order that [certain] services be provided in Virginia."³ Anthem seeks permission for the claims related to a new Virginia-based national account to be administered by its Georgia affiliate. The handling of those claims will include claims processing, customer service, case management, medical management, and quality management. Anthem further asserts that the national account customer seeks certain administrative capabilities that the Virginia claims system is not equipped to perform but which are currently provided by Anthem's Georgia affiliate.⁴

According to the Petitioner, "[a]bsent the approval being sought herein, Virginia employees will have to be trained on the system so that this one account can be served. It will require four to six weeks to properly train these employees, pulling them off of other local work to do so. There should be no need to incur the cost of training Virginia employees to service this one account as the Georgia affiliate has the capacity to handle this account."⁵ Anthem emphasizes that the relief requested only applies to this one national account, and it further seeks expedited treatment as it will have to begin training Virginia employees in early September if the Commission denies the requested relief.

Finally, Anthem represents that it has met with The Medical Society of Virginia ("MSV"), the Virginia Medical Group Managers Association ("VMGMA"), and the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") and advised them of the substance of the Petition. Anthem represents further that the Division of Consumer Counsel takes no position on the Petition, and that the MSV and the VMGMA have indicated that "given the unique circumstances presented by this one national account that neither organization objects to this Petition."⁶

On August 23, 2007, the Commission entered a Scheduling Order, in which it stated that "[i]f there is no opposition to the Petition, the Commission may grant the Petition without further proceedings." The Commission provided an abbreviated timeframe for persons to comment, with an initial comment deadline of September 7, 2007, and the Commission directed the Bureau of Insurance ("Bureau") to file a response to the Petition on or before September 14, 2007.

On September 7, 2007, Consumer Counsel filed electronic comments on the Petition. Consumer Counsel "takes no position" on the Petition, but it asserts that this should not be viewed as "... voicing no objection on the Petition *on behalf of the affected Anthem customer.*" Consumer Counsel contends that it would be more "... appropriate for this single national account customer at issue to represent its own interests. . ."

On September 10, 2007, the Bureau filed its Response to the Petition. The Bureau states that it has reviewed the Petition and Consumer Counsel's comments, and the Bureau does not oppose the relief requested by Anthem.

NOW THE COMMISSION, having considered the Petition, Consumer Counsel's comments thereon, and the Bureau's response thereto, finds that the Petition should be granted. Anthem's request is narrowly focused as it is limited to one part of its operations involving one new Virginia-based national account and the handling of claims pertaining thereto. Anthem acknowledges that, if there are other Virginia-based national accounts in the future for which Anthem seeks to provide services outside the Commonwealth, Anthem will file for the requisite approval under the terms of the Final Order. We also note the absence of public comments on the Petition, as well as the fact that the Virginia Dental Association, the MSV, the VMGMA, and Consumer Counsel do not oppose the Petition.

¹ *Petition of Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., WellPoint, Inc., Anthem Southeast, Inc., For Amendment of Final Order in Case No. INS-2002-00131*, Final Order entered on August 9, 2007 ("Final Order").

² Final Order at 8, ¶ 4.

³ Petition at 2.

⁴ See, Petition at 2-3 and n. 4.

⁵ *Id.* at 3.

⁶ *Id.* at 4, ¶¶ 8,9.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is GRANTED.

(2) Anthem is permitted to service the claims of the new Virginia national account in Georgia, including the provision of claims processing, customer service, case management, medical management, and quality management as they relate to the servicing of such claims for the new Virginia national account.

(3) The other provisions of the Final Order in Case No. INS-2007-00141 are not affected hereby, and Anthem shall continue to comply therewith.

(4) This matter is dismissed and the papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00276
OCTOBER 26, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
METROPOLITAN LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated § 38.2-3115 B of the Code of Virginia by failing to pay interest on life insurance proceeds.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant, within one hundred twenty (120) days from the date of entry of this Order, will pay interest as required by § 38.2-3115 B of the Code of Virginia on any and all claims under Virginia-issued individual policies during the period of February 1, 2004 through January 2007; upon finalization of the reimbursement process, the Defendant will provide the Bureau with the total number of policyholders reimbursed and the total amount of the reimbursement; and the Defendant has waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) This case is continued pending further order from the Commission.

**CASE NO. INS-2007-00278
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SOUTHERN HEALTH SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 C 1, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 6, 38.2-510 A 14, 38.2-510 A 15, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3412.1:01 C, 38.2-4306.1, 38.2-5804 A 2, 38.2-5805 C 1, 38.2-5805 C 3,

38.2-5805 C 4, 38.2-5805 C 6, 38.2-5805 C 7, 38.2-5805 C 9, and 38.2-5805 C 10 of the Code of Virginia, as well as 14 VAC 5-90-60 A 1, 14 VAC 5-210-70 C, 14 VAC 5-211-80 B, 14 VAC 5-215-50 I, and 14 VAC 5-215-50 J.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fifty-one thousand dollars (\$51,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant cease and desist from any future conduct which constitutes a violation of §§ 38.2-316 C 1, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 6, 38.2-510 A 14, 38.2-510 A 15, 38.2-3407.4 A, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3412.1:01 C, 38.2-4306.1, 38.2-5804 A 2, 38.2-5805 C 1, 38.2-5805 C 3, 38.2-5805 C 4, 38.2-5805 C 6, 38.2-5805 C 7, 38.2-5805 C 9, or 38.2-5805 C 10 of the Code of Virginia, or 14 VAC 5-90-60 A 1, 14 VAC 5-210-70 C, 14 VAC 5-211-80 B, 14 VAC 5-215-50 I, or 14 VAC 5-215-50 J; and

(3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00280
SEPTEMBER 26, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Annual Audited Financial Reports

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code of Virginia.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed revisions to the "Rules Governing Annual Audited Financial Reports" set forth in Chapter 270 of Title 14 of the Virginia Administrative Code, to be entitled "Rules Governing Annual Financial Reporting," which amend 14 VAC 5-270-10 through 14 VAC 5-270-150, 14 VAC 5-270-170 and 14 VAC 5-270-180, and new proposed rules are recommended at 14 VAC 5-270-144, 14 VAC 5-270-146, 14 VAC 5-270-148, and 14 VAC 5-270-174.

The proposed revisions to the rules require insurers to comply with certain best business practices related to auditor independence, corporate governance, and internal controls over financial reporting. It will also require a change in the rotation of the qualified independent certified public accountant from the current period of a seven year rotation to a five year rotation. The proposed revisions are necessary due to the adoption by the NAIC in June 2006 of the revisions to the Annual Financial Reporting Model Regulation (formerly known as the Model Regulation Requiring Annual Audited Financial Reports). The Bureau has recommended that there be a proposed effective date of January 1, 2010, in order to give affected insurers and designated entities sufficient time to review the new reporting requirements and to amend current agreements to allow for the five year accountant rotation.

The Commission is of the opinion that the proposed revisions to Chapter 270 of Title 14 of the Virginia Administrative Code submitted by the Bureau should be considered for adoption with an effective date of January 1, 2010.

IT IS THEREFORE ORDERED THAT:

(1) The proposed revised rules entitled "Rules Governing Annual Financial Reporting," which amend the rules at 14 VAC 5-270-10 through 14 VAC 5-270-150, 14 VAC 5-270-170, and 14 VAC 5-270-180 and add new proposed rules at 14 VAC 5-270-144, 14 VAC 5-270-146, 14 VAC 5-270-148, and 14 VAC 5-270-174, be attached hereto and made a part hereof.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the adoption of the proposed revised rules shall file such comments or hearing request on or before October 29, 2007, in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2007-00280.

(3) If no written request for a hearing on the proposed revised rules is filed on or before October 29, 2007, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed revised rules, may adopt the proposed revised rules as submitted by the Bureau.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed revised rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the proposed adoption of the revised rules by mailing a copy of this Order, together with the proposed revised rules, to all licensed insurers, home protection companies, burial societies, fraternal benefit societies, health service plans, health maintenance organizations, legal services plans, dental or optometric services plans and dental plan organizations authorized by the Commission pursuant to Title 38.2 of the Code of Virginia, and certain interested parties designated by the Bureau.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed revised rules, to be forwarded to the Virginia Registrar of the Regulations for appropriate publication in the Virginia Register of Regulations and shall make available this Order and the attached proposed revised rules on the Commission's website, <http://www.sec.virginia.gov/caseinfo.htm>.

(6) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (4) above.

NOTE: A copy of Attachment A entitled "Rules Governing Annual Audited Financial Reports" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS-2007-00284
SEPTEMBER 24, 2007

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MONITOR INSURANCE, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-4809 A of the Code of Virginia by failing to pay the annual assessments, penalties and taxes for its Virginia surplus lines business.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated August 21, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809 A of the Code of Virginia by failing to pay the annual assessments, penalties and taxes for its Virginia surplus lines business.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
(2) All appointments issued under said licenses are hereby VOID;
(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00285
SEPTEMBER 24, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MARTIN ALEXANDER HARTLEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-4809 A of the Code of Virginia by failing to pay the annual assessments, penalties and taxes for his Virginia surplus lines business.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 21, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809 A of the Code of Virginia by failing to pay the annual assessments, penalties and taxes for his Virginia surplus lines business.

IT IS THEREFORE ORDERED THAT:

- REVOKED;
- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
 - (2) All appointments issued under said licenses are hereby VOID;
 - (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
 - (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
 - (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
 - (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00286
NOVEMBER 19, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MICHAEL D. CLAYTON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against him by the State of California, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 11, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00289
SEPTEMBER 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JOSHUA VALDEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 21, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia, by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name, and by failing to report to the Commission within thirty days an administrative action that was taken against him by the state of Utah.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00290
SEPTEMBER 27, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LORI M. HERRON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of North Carolina.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated August 27, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of North Carolina.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00291
SEPTEMBER 26, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CHARLES JON PELLISSIER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 21, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code of Virginia by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00297
DECEMBER 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HORACE MANN INSURANCE COMPANY,
HORACE MANN PROPERTY AND CASUALTY INSURANCE COMPANY,
and
TEACHERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-304, 38.2-305, 38.2-317, 38.2-502, 38.2-510 A 1, 38.2-510 A 10, 38.2-512, 38.2-1318, 38.2-1906 D, 38.2-2113, 38.2-2114, 38.2-2124, 38.2-2126, 38.2-2208, 38.2-2212, 38.2-2220, and 38.2-2234 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of forty-two thousand four hundred dollars (\$42,400), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau dated July 19, 2007.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00300
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
EVERARDO FLORES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated September 10, 2007, and October 12, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00301
OCTOBER 18, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AGENCY DEVELOPMENT SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against it by the state of Illinois.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated September 10, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against it by the state of Illinois.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00303
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ABC TITLE SERVICES & ESCROW, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated July 3, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00304
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BEST SETTLEMENT SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated June 12, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00305
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
TITLE 2000, LLC d/b/a COMMERCE TITLE COMPANY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated June 8, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00306
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONS TITLE, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated June 12, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00307
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RELIANT TITLE & SETTLEMENTS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated July 3, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00308
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CFS SETTLEMENTS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letters dated July 3, 2007 and July 26, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00309
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
USTA, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated August 2, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00310
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
TITLESOURCE, LTD.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated August 13, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00311
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
AMERICAN HOMEOWNERS TITLE AGENCY, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated August 13, 2007 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00312
NOVEMBER 21, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.
HISTORIC TITLE, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.23 of the Code of Virginia by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00313
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ACCURATE TITLE GROUP, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.23 of the Code of Virginia by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of fourteen thousand five hundred dollars (\$14,500) and waived its right to a hearing.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00322
NOVEMBER 21, 2007**

APPLICATION OF
COMMONWEALTH ANNUITY AND LIFE INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition application filed with the State Corporation Commission ("Commission") on October 29, 2007, Commonwealth Annuity and Life Insurance Company ("CALIC"), a Massachusetts-domiciled insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, requested approval of an assumption reinsurance agreement dated June 27, 2007, pursuant to § 38.2-136 C of the Code of Virginia, whereby CALIC would assume certain Virginia life insurance policies, accident and sickness policies, and annuity contracts from Fidelity Mutual Life Insurance Company ("Fidelity") in Rehabilitation, a Pennsylvania-domiciled insurer, whose license to transact the business of insurance in the Commonwealth of Virginia was suspended by the Commission in Case No. INS-1993-00352 on August 9, 1993.

The assumption reinsurance agreement was approved by the Commonwealth Court of Pennsylvania on September 27, 2007. The Statutory Rehabilitator of Fidelity has waived its right to a hearing.

The Bureau of Insurance, having reviewed the application to ensure that Virginia policyholders will not lose any rights or claims afforded under their original policies or contracts pursuant to Chapter 17 of Title 38.2 of the Code of Virginia, has recommended that the petition application be approved.

The COMMISSION, having considered the petition application, the recommendation of the Bureau of Insurance that the petition application be approved, and the law applicable hereto, is of the opinion that the petition application should be approved.

THEREFORE, IT IS ORDERED THAT the petition application of Commonwealth Annuity and Life Insurance Company for approval of the assumption reinsurance agreement with Fidelity Mutual Life Insurance Company in Rehabilitation, pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

**CASE NO. INS-2007-00324
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CLEAR TRUST TITLE AGENCY, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 6.1-2.23, 6.1-2.24, and 38.2-1813 of the Code of Virginia by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity, by failing to maintain funds received in connection with an escrow, settlement or closing in a separate fiduciary account, by failing to maintain sufficient records of its affairs, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated September 21, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 6.1-2.23, 6.1-2.24, and 38.2-1813 of the Code of Virginia by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity, by failing to maintain funds received in connection with an escrow, settlement or closing in a separate fiduciary account, by failing to maintain sufficient records of its affairs, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00325
NOVEMBER 6, 2007**

COMMONWEALTH OF VIRGINIA
 At the relation of the
 STATE CORPORATION COMMISSION
 v.
 SEASIDE TITLE & ESCROW, LLC,
 Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated August 31, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00328
DECEMBER 27, 2007**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC., et al.,

For approval to provide case management and utilization management for transplant services from a location outside of Virginia and for expedited treatment

FINAL ORDER

On October 29, 2007, Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Peninsula Health Care Inc., and Priority Health Care, Inc. (collectively, "Petitioner" or "Anthem"), filed a Petition under Rule 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and the Final Order entered in Case No. INS-2007-00141.¹ In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of the Commonwealth of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located in Virginia from offices located outside of Virginia, it should file a petition with the Commission "setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

In the Petition, Anthem requests ". . . relief with respect to one limited matter from the requirement in the Final Order that [certain] services be provided in Virginia."³ Anthem seeks approval from the Commission for case management and utilization management for transplant services to continue to be performed from a location outside of Virginia. Specifically, Anthem seeks approval for the continued provision of case management and utilization management relating to organ and stem cell transplant services by its Ohio staff.⁴ Anthem requests that it be permitted to provide these services from outside of Virginia indefinitely; however, Anthem is not seeking Commission approval for it to provide these services from outside of the United States.⁵

According to Anthem, "[o]n November 13, 2006, Anthem received temporary approval [from the Bureau of Insurance] for one year to allow non-Virginia specialized case management nurses to perform utilization management and case management with respect to transplant cases arising in Virginia."⁶ Anthem also notes that there are a limited number of providers in Virginia whose practice encompasses transplant services and that Anthem's case managers and providers have become well known to each other in the past year. Anthem further claims that its case management and utilization staff operate under a private review agent license issued to it by the Virginia Department of Health.⁷ Anthem seeks expedited treatment of its Petition or, in the alternative, that the Commission toll the expiration of the Bureau of Insurance ("Bureau") approval that expires on November 13, 2007, while this matter is under consideration.⁸

Finally, Anthem represented that it provided an advance draft of the Petition to the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), the Virginia Medical Society ("MSV"), and the Virginia Dental Association.⁹

On November 9, 2007, the MSV filed a Notice of Participation and a letter from the President of the MSV. Therein, the MSV stated that it does not oppose the relief requested in the Petition but also expressed its continued preference for services to be delivered in Virginia when at all possible. The MSV also requested that a requirement be included that Anthem provide for face-to-face interaction with physicians in Virginia, regardless of where the services are actually performed.

On November 9, 2007, Consumer Counsel filed Comments on the Petition. Therein, Consumer Counsel stated that the Anthem personnel providing organ and stem cell transplant services have essential functions dealing directly with providers and consumers in Virginia. Consumer Counsel also expressed concern over Anthem's failure to submit a plan to the Bureau for providing the foregoing services in Virginia. Consumer Counsel also noted that Anthem has not indicated specifically how and where the services will be provided, as is required by the Final Order. Consumer Counsel also contended that the safeguards provided in the Petition compare unfavorably to those provided in another petition filed by Anthem to provide certain services

¹ *Petition of Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., WellPoint, Inc., Anthem Southeast, Inc., For Amendment of Final Order in Case No. INS-2002-00131, Case No. INS-2007-000141*, Final Order entered on August 9, 2007 ("Final Order").

² Final Order at 8, ¶ 4.

³ Petition at 2.

⁴ *See*, Petition 1-2.

⁵ *Id.* at 3-4.

⁶ *Id.* at 2.

⁷ *Id.* at 3-4.

⁸ *Id.* at 4.

⁹ *Id.* at 4, ¶¶ 8,9.

from outside the Commonwealth.¹⁰ Consumer Counsel concluded by requesting that the Commission deny the Petition and require Anthem to provide case management and utilization review for organ transplant and stem cell transplant services from within Virginia within seven months.

On November 16, 2007, the Bureau filed the Response of the Bureau of Insurance ("Response"). The Bureau recommended that the Petition be denied and that the Commission order Anthem to provide case management and utilization review for organ transplant and stem cell transplant services from within Virginia within nine months of the Commission's Order. The Bureau asserted that it only authorized Anthem to provide organ transplant services from offices outside of Virginia and that Anthem has failed to submit the required plan to provide such services in Virginia. Further, the Bureau contended that the provision of stem cell transplant services from outside the Commonwealth was never authorized and, if occurring, is in violation of the Final Order. The Bureau also stated that Anthem has failed to specify adequately where and how the case management and utilization review for organ and stem cell transplant services will be performed.

On November 27, 2007, Anthem filed a Motion for Permission to Respond to Comments and File an Amendment to Petition ("Motion"), a Response to Comments ("Anthem Response"), and an Amendment to Petition ("Amendment"). In the Motion, Anthem requests that it be permitted to submit a response to the MSV, Consumer Counsel, and the Bureau. Anthem also requests permission to amend its Petition to provide further clarity on the scope of the services for which relief is sought.

In the Anthem Response, Anthem states that it intends to continue its commitment to local operations of provider network management and local medical directors. Anthem asserts that case management and utilization management is primarily a telephone-based activity, and that patient care has not been harmed because the transplant call is handled by an out-of-state case specialist. Anthem contends that adding staff in Virginia unnecessarily increases administrative costs when the caseload would not justify such an increase. Anthem acknowledges that it is not limiting its provision of the requested services to the Ohio location only, but that it does commit to maintaining the provision of the requested services in the United States. Anthem also states that no location-specific comparative service statistics exist for the transplant services. Anthem asserts that the success of the activity is driven by employee performance, rather than employee location. Anthem continues to maintain that the national service standards under which it performs the services provide adequate safeguards. Disagreeing with Consumer Counsel and the Bureau, Anthem contends that it was not required to file a plan with the Bureau to provide the transplant services in Virginia, as the Final Order eliminated the Bureau's jurisdiction to approve exceptions to the requirement that Anthem provide certain services within the Commonwealth.

Anthem states that it is requesting the Amendment to clarify that organ, stem cell and tissue, and bone marrow transplants are within the scope of its request, as well as any ". . . future type of transplant service that may be discovered from these same experts located out-of-state."¹¹ Anthem also seeks ". . . to provide tangential customer and provider service functions for the members that are engaged in the case management and utilization review process so that Anthem can continue to provide the 'one-touch' service that members and providers expect rather than being transferred around the company."¹²

In the Amendment, Anthem seeks to amend its Petition to: (i) specify that the transplant procedures subject to case management and utilization management from a location outside of Virginia include organ transplants, stem cell and tissue transplants, and bone marrow transplants; (ii) include any type of transplant service that may be developed in the future to be provided by the same staff located out-of-state; (iii) permit the management of transplant-related medical procedures to be provided by the same staff located out-of-state; and, (iv) permit incidental customer and provider service functions upon the request of the member or provider to be provided by the same staff located out-of-state.

On December 5, 2007, the Commission entered an Order Requesting Additional Responses wherein the Commission provided any party and the Bureau an opportunity to file a response to the Motion, Anthem Response and Amendment on or before December 14, 2007.

On December 12, 2007, the MSV filed a letter in response to the Order Requesting Additional Responses. Therein, the MSV stated that its request for face-to-face interaction by Anthem with Virginia physicians remains unchanged. The MSV also reported that it had productive communication with Anthem regarding certain transplant issues at VCU and that Anthem had promptly offered to meet with representatives of certain academic physicians. The MSV also stated that it ". . . remains optimistic that Anthem will be able to enhance services in such a way as to better enable transplant services to be delivered to the patients served by these physicians."¹³

On December 14, 2007, the Bureau filed the Response of the Bureau of Insurance, wherein the Bureau states that Anthem has still not shed any light on whether it is currently in compliance with previous Commission Orders. The Bureau continues to oppose the Petition. Consumer Counsel did not file any further response.

NOW THE COMMISSION, having considered the Petition, the responses thereto, as well as the Motion, Anthem Response, Amendment, and responses thereto finds that Anthem's amended Petition should be granted.

We note that Anthem's request appears to be limited to a narrowly defined and specialized group of services. Specifically, Anthem seeks permission to provide organ, stem cell, tissue, and bone marrow transplant case management and utilization review services from a location outside of Virginia. Anthem is currently providing such services from outside the Commonwealth, so this is not a situation where Anthem is seeking to shut down Virginia offices currently providing such services or transfer such services out-of-state. Anthem also has represented, and we expect Anthem to abide by its representation, that such services will not be outsourced to a location outside of the United States. We are encouraged especially by the MSV's reaction to the Petition, and we fully expect the cooperation between Anthem and the MSV to continue, including Anthem's provision of face-to-face interaction with Virginia physicians upon request. The Bureau previously requested that it be removed from the approval process for the type of request involved in this case, and we granted the Bureau's request in the Final Order in Case No. INS-2007-00141. We find it appropriate to require Anthem to provide written

¹⁰ Consumer Counsel Comments at 4.

¹¹ Anthem Response at 9.

¹² *Id.*

¹³ Letter filed December 12, 2007, by Richard Hamrick, III, President of the MSV, at 1.

notice to the Bureau if and when Anthem seeks to provide "any future type of transplant service that may be discovered from these same experts located out-of-state."¹⁴

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's Motion is GRANTED.
- (2) Anthem's Petition, including the Amendment thereto, is GRANTED, subject to the requirements stated herein.
- (3) Anthem shall provide written notice to the Bureau if and when Anthem seeks to provide any future type of transplant services from outside the Commonwealth.
- (4) This matter is dismissed and the papers herein be placed in the file for ended causes.

¹⁴ See, Anthem Response at 9, Amendment at 2. We are granting a narrow exemption from the requirements of the Final Order in Case No. INS-2007-00141, and we deem it appropriate therefore to require Anthem to provide written notice to the Bureau if and when Anthem seeks to provide such "future type of transplant services" from outside the Commonwealth.

**CASE NO. INS-2007-00340
NOVEMBER 14, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ELLEN DOSS BROOKS,
Defendant

CONSENT ORDER

By letter dated November 1, 2007 and filed with the Clerk of the Commission on November 14, 2007, Ellen Doss Brooks ("Defendant"), an individual licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, has agreed, effective as of the date hereof and continuing until further order of the Commission, to the suspension of her insurance agent licenses for her alleged violation of subsection 9 of § 38.2-1831 of the Code of Virginia.

THEREFORE IT IS ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, SUSPENDED, until further order of the Commission;
- (2) All appointments issued under said licenses be, and they are hereby, SUSPENDED; and
- (3) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia.

**CASE NO. INS-2007-00342
NOVEMBER 21, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DOUGLAS ALAN GARLING,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-512 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, premium finance company, or individual.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been advised of his right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived his right to a hearing, agreed to the suspension of his licenses for a period of thirty (30) days from the date of entry of this Order, and agreed to be placed on probation for a period of five (5) years from the date his licenses are reinstated after the suspension period.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, **SUSPENDED**, for a period of thirty (30) days from the date of entry of this Order;
- (2) All appointments issued under said licenses be, and they are hereby, **SUSPENDED**, for a period of thirty (30) days from the date of entry of this Order;
- (3) The Defendant will be placed on probation for a period of five (5) years from the date his licenses are reinstated after the suspension period;
- (4) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (5) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00353
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SENTINEL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2220 of the Code of Virginia by using forms which did not contain the precise language of the standard forms filed and adopted by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau dated September 6, 2007.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00358
DECEMBER 10, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
KILONA SETTLEMENTS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated October 18, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00364
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN DEED COMPANY, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the state of Florida.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated November 16, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty (30) days an administrative action that was taken against it by the state of Florida.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;

(5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

(6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00365
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

v.

TITLE PRO, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated November 5, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00366
DECEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

SOUTHWEST VIRGINIA SETTLEMENT, LLC,

Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

The Commission is also authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated November 6, 2007, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

The Bureau of Insurance, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of the Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent.

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2007-00375
DECEMBER 21, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MERCURY CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-502, 38.2-510 A 10, 38.2-512, 38.2-1905 A, 38.2-1906 A, 38.2-1906 D, 38.2-2202, 38.2-2204, 38.2-2210, 38.2-2212, 38.2-2214, 38.2-2220, 38.2-2223, and 38.2-2234 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twenty-five thousand six hundred dollars (\$25,600), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau dated April 30, 2007 and September 17, 2007.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

DIVISION OF PUBLIC SERVICE TAXATION**CASE NO. PST-2004-00039
JANUARY 17, 2007**

APPLICATION OF
HOPEWELL COGENERATION LIMITED PARTNERSHIP

For review and correction of assessment of value of property subject to local taxation-Tax Year 2004

DISMISSAL ORDER

Before the State Corporation Commission ("Commission") is the application of Hopewell Cogeneration Limited Partnership (the "Company") for review and correction of the assessment of the value of property subject to local taxation for tax year 2004. By Order for Notice of January 6, 2005, the Commission docketed this application for review and correction as provided by § 58.1-2670 of the Code of Virginia, and we directed the Company to give notice. On January 28, 2005, the City of Hopewell filed its notice of participation as a respondent.

On January 9, 2007, the Company moved to dismiss on the grounds that it had elected not to prosecute the matter. Upon consideration of the motion, the Commission will dismiss the case.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's motion to dismiss be granted.
- (2) Case No. PST-2004-00039 be dismissed; be struck from the Commission's docket; and be placed in closed category in the records maintained by the Commission Clerk.

**CASE NO. PST-2007-00003
JUNE 7, 2007**

APPLICATION OF
PRIMUS TELECOMMUNICATIONS, INC.

For review and correction of gross receipts certified to the Department of Taxation for Tax Year 2006

FINAL ORDER

On January 31, 2007, Primus Telecommunications, Inc. ("Primus" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to § 58.1-2674.1 of the Code of Virginia ("Code"), requesting a review and correction of the Company's gross receipts certified to the Virginia Department of Taxation for the twelve months ending December 31, 2005. The application alleges that the amount of gross receipts Primus reported to the Commission for Tax Year 2006 erroneously included gross receipts from international customers, resulting in an overstatement of gross receipts attributable to Virginia. The Company's application further alleges that the correct amount of gross receipts is \$3,776,123 for Tax Year 2006, which is approximately \$38.8 million less than the amount the Company reported in its Statement of Gross Receipts filed with the Commission on or about March 31, 2006. Primus therefore requests that the Commission enter an order providing notice to the Virginia Department of Taxation of the Company's application; correcting the Company's gross receipts certified to the Department of Taxation by the Commission; and providing such further relief as may be necessary or appropriate.

On February 28, 2007, the Commission entered an Order for Notice that docketed the application, directed the Company to provide notice to the Department of Taxation of its application filed with the Commission, as required by § 58.1-2674.1 of the Code, and established a procedural schedule allowing the Department of Taxation and other interested persons to participate as respondents in this proceeding. No notices of participation have been filed in this proceeding.

On May 29, 2007, Primus and the Division of Public Service Taxation ("Division") filed Joint Stipulations of Fact ("Stipulation") and a Joint Motion for Approval of Stipulation and Dismissal of Application ("Joint Motion"). In the Stipulation, Primus and the Division agree that Primus overstated its gross receipts for Tax Year 2006. Primus and the Division further agree that the correct amount of gross receipts is \$3,776,123, rather than the \$42,616,270 erroneously reported in the Company's Statement of Gross Receipts. In their Joint Motion, Primus and the Division further request that the Commission enter a Final Order: (1) approving the Stipulation and adopting the proposal of Primus and the Division to reduce and correct the amount of gross receipts to \$3,776,123 for Tax Year 2006 and (2) dismissing this case from the Commission's docket of active proceedings.

NOW THE COMMISSION, having considered the Company's application, the Joint Stipulations of Fact, and the Joint Motion for Approval of Stipulation and Dismissal of Application, is of the opinion and finds that the Joint Motion of the Company and Staff should be granted, and that the Company's gross receipts for Tax Year 2006 should be corrected and reduced to \$3,776,123.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion for Approval of Stipulation and Dismissal of Application filed by the Company and Division is granted.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) As provided by § 58.1-2674.1 of the Code, the gross receipts certified to the Department of Taxation for the Tax Year 2006 is reduced and corrected to \$3,776,123.

(3) The Public Service Taxation Division shall promptly mail an attested copy of the Final Order to the Tax Commissioner.

(4) This case be dismissed from the Commission's docket of active proceedings and placed in closed status in the records of the Clerk of the Commission.

DIVISION OF COMMUNICATIONS**CASE NO. PUC-1999-00188
AUGUST 15, 2007**

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
CORECOMM VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

By order entered January 12, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption.¹ Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with CoreComm Virginia, Inc. ("CoreComm"), pursuant to terms contained in the agreement. CoreComm's certificates of public convenience and necessity were cancelled at its request by order entered in Case No. PUC-2005-00133 and therefore CoreComm is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00188 is hereby closed.

¹ Verizon Virginia Inc.'s predecessor, Bell Atlantic-Virginia, Inc., was the actual executing party to the interconnection agreement.

**CASE NO. PUC-1999-00207
OCTOBER 17, 2007**

STATE CORPORATION COMMISSION

Ex Parte: In re: Petition for approval of NPA relief plan for the 540 area code

ORDER OF DISMISSAL

On February 22, 2001, the State Corporation Commission ("Commission") issued an Order on Area Code Relief, which adopted the Chief Hearing Examiner's recommended plan of relief for the projected exhaustion of NXX codes¹ in the 540 area code, identified as Alternative 5B. In adopting Alternative 5B, the Commission ordered a phased implementation of the Staff's recommended three-way geographic split of area code 540. The 540 area was split into Area A/B and Area C. Area C in southwestern Virginia was assigned a new area code (276) and Area A/B was to retain area code 540 for an estimated additional four years before Area B, Roanoke and the surrounding communities, would receive a new area code. Area A, with 42 percent of the access lines then present in the 540 NPA, would experience no change.

Following implementation of the first phase of the three-way geographical split of area code 540 and assignment of the new area code 276 to Area C, the Commission ordered the case to remain open for future orders concerning the timing and implementation of splitting Areas A and B.

The Commission is now informed by the Staff that the latest projection shows the 540 area code (Area A/B) will not exhaust until 2015.

The Commission, therefore, finds that there is no need to hold this case open to further implement the approved area code relief.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

¹ An NXX code is the central office code or the three digits that follow the area code in a phone number.

**CASE NO. PUC-2001-00226
APRIL 20, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

**ORDER APPROVING THE PROPOSED REVISIONS
TO COMBINED VA GUIDELINES, INCLUDING REVISIONS
TO APPENDIX F AND MECHANISM TO CLOSE OUT CURRENT VA PAP**

On November 21, 2006, Verizon Virginia Inc. ("Verizon VA") and Verizon South Inc. ("Verizon South") (collectively "Verizon") filed with the State Corporation Commission ("Commission"), in accordance with Section II.K of their "Performance Assurance Plan for Verizon Virginia Inc. and Verizon South Inc. for Virginia" ("VA PAP"),¹ a revised VA PAP. According to Verizon, the proposed revisions to the VA PAP are consistent with the New York Public Service Commission's ("NYPSC") September 25, 2006 Order in Case 99-C-0949, which amended the "Performance Assurance Plan Verizon New York Inc." ("NY PAP"), and Verizon New York Inc.'s ("Verizon NY") October 25, 2006 Compliance Filing in that proceeding.²

On December 7, 2006, the Commission issued its Procedural Order for Comments on the Proposed Revisions to the Performance Assurance Plan ("Order") that allowed interested persons an opportunity to file comments on the proposed revisions to the VA PAP. Verizon, Cavalier Telephone Mid-Atlantic, LLC ("Cavalier"), and the Commission's Division of Communications Staff ("Staff ") filed comments on January 22, 2007. In addition, on February 22, 2007, Verizon and Cavalier filed reply comments.

Verizon states that the Commission should adopt the revised VA PAP including additional revisions to reflect a further order of the NYPSC. The NYPSC issued an order on December 15, 2006, modifying its initial ruling that the -1 Recapture Provision would not continue to apply to metric NP-1-03.³ Verizon states that the revisions are essential to the effectiveness and operation of the VA PAP and will provide strong motivation to Verizon to continue providing quality service to competitive local exchange carriers ("CLECs").

Verizon asserts that if the Commission approves the revised VA PAP by March 31, 2007, it can implement the revisions for the July 2007 data month. If the approval is not granted by March 31, 2007, the implementation will be delayed accordingly. In addition, Verizon claims that any modifications to the revised VA PAP would delay implementation until after the July 2007 data month. Verizon plans to notify the Commission of the date the revised VA PAP will be implemented if approval is granted after March 31.

Cavalier requests that the Commission evaluate the current and proposed VA PAPs to determine if either has any utility by conducting a study of the current competitive landscape in Virginia, similar to the study recently ordered in New Jersey. It states that a performance plan should be simple and limited in the number and type (i.e., benchmark) of metrics. Cavalier recommends that the Commission create an entirely new performance plan for Verizon that is understandable and auditable by all carriers, not Verizon only.

The Staff's comments focus on the 65% overall reduction in at-risk dollars in the proposed VA PAP. According to the Staff, the proposed 65% reduction is based on an analysis done for the NY PAP with no comparable analysis done for Virginia. The Staff's concern is that the 65% reduction does not reflect conditions in the wholesale market in Virginia and Verizon did not provide any Virginia-specific market data. The Staff obtained data demonstrating that Verizon has experienced a 55% decline in total wholesale lines in Virginia due to the elimination of UNE-P lines. As a result, the Staff recommends that the at-risk dollars be reduced by only 55% to better reflect the actual Virginia marketplace.

In addition, the Staff raised a concern that Verizon did not include the reserve the NYPSC created from the dollars resulting from eliminating the Special Provisions section in the revised VA PAP. However, after discussions with Verizon, the Staff determined that if the NYPSC orders the reserve to be used in New York, Verizon intends to file for a reserve in Virginia in accordance with the VA PAP. The Staff views this as a reasonable approach.

Cavalier's reply reiterates that the Commission should initiate a study and evaluation of the current VA PAP in order to create a more streamlined VA PAP. In its reply, Cavalier commends the Staff for challenging Verizon's proposed decrease to the dollars-at-risk in the VA PAP; however, it still maintains that the entire VA PAP should be redone.

In its reply, Verizon states that the proposed total dollars at-risk in the VA PAP of \$72.924 million per year is sufficient incentive for Verizon to meet the standards in the VA PAP. Verizon argues against the Staff's proposal to increase the dollars-at-risk to \$95.009 million per year in the revised VA PAP. If the Commission utilizes the Staff's proposal, Verizon recommends that the increase in dollars be accomplished by adding \$8.647 million to the Loop-Based Mode of Entry dollars-at-risk (with the potential for doubling bringing it to \$17.294 million per year) and adding \$4.791 million to the Loop Critical Measures dollars-at-risk.

In addition, Verizon argues that the revised VA PAP should be adopted as proposed but offers an alternative to the Staff proposal, that would increase the dollars-at-risk to the level of total dollars-at-risk under the core sections of the current VA PAP (the Mode of Entry and Critical Measures sections), which would be \$90.219 million per year. This amount is somewhat less than the Staff's proposal, but more than the amount in the proposed VA PAP.

¹ A copy of the current August 2, 2005 VA PAP, approved on September 22, 2005, is available at <http://www.scc.virginia.gov/caseinfo.htm>.

² A copy of the November 21, 2006 revised VA PAP is also available at <http://www.scc.virginia.gov/caseinfo.htm>.

³ See Exhibit 1, further revised VA PAP, Footnotes 15, 17, 23, and 26.

Verizon also states in its reply that the Commission should not include the reserve amount in the revised VA PAP. According to Verizon, there is no need for the Commission to take this action, because if the NYSPSC ever applies the reserve fund to the NY PAP then it will submit the reserve dollars-at-risk for consideration pursuant to Section I.D of Appendix F of the VA PAP.

Furthermore, Verizon states that the VA PAP has served Cavalier and the CLECs well while it has been in effect. It claims the VA PAP has been reviewed and audited repeatedly by auditors in Virginia and other jurisdictions confirming the accuracy of the measurements and reporting procedures. In addition, Verizon states that there are still audit and replication provisions in the proposed VA PAP, which allow the Commission or individual CLECs upon request to audit the revised VA PAP. Therefore, according to Verizon, there is no need to discard the VA PAP and create a new, untested VA PAP.

NOW THE COMMISSION is of the opinion and finds that Verizon's proposed revised VA PAP should be adopted, including the additional revision included in Verizon's January 22, 2007 comments. However, the revised VA PAP shall be modified to reflect the Staff's recommended level of at-risk dollars and Verizon's allocation of the total dollars-at-risk. The Commission finds that the proposed VA PAP will balance protecting the interests of the CLECs while simplifying the reporting process for Verizon. The current and previous versions of the VA PAP have been audited and replicated by this Commission and other jurisdictions and Verizon has modified the VA PAP over time to reflect the findings from these audits. Therefore, the Commission is satisfied that the VA PAP need not be replaced as urged by Cavalier.

The Commission further finds that the total dollars-at-risk in the VA PAP should reflect the Virginia wholesale market conditions and not New York or any other jurisdiction. Therefore, the Commission adopts the Staff's proposal to set the total dollars-at-risk at 55% of the now current VA PAP's total dollars-at-risk, or \$95.009 million per year. In addition the Commission finds that the increase in dollars from the proposed VA PAP should be accomplished in the manner detailed by Verizon in its February 22, 2007 reply comments and as summarized above.

Accordingly, IT IS ORDERED THAT:

- (1) The November 21, 2006, revised VA PAP, including the additional revision included in Verizon's January 22, 2007 comments, is hereby adopted with the Staff's proposed dollars-at-risk.
- (2) Verizon is directed to report to the Commission within ten (10) days of the date of this Order its new proposed implementation date for this Order.
- (3) This case is now continued.

**CASE NO. PUC-2001-00226
MAY 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

ORDER FOR IMPLEMENTATION

On April 20, 2007, the State Corporation Commission ("Commission") issued an Order Approving the Proposed Revisions to Combined VA Guidelines, Including Revisions to Appendix F and Mechanism to Close Out Current PAP ("April 20, 2007 Order"). Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon") was directed to report to the Commission within ten (10) days of the date of the April 20, 2007 Order its new proposed implementation date for the April 20, 2007 Order.

On April 30, 2007, Verizon filed notice that the new proposed implementation date for the revised Performance Assurance Plan for Verizon Virginia Inc. and Verizon South Inc. ("Revised Virginia PAP") is the November 2007 data month. Verizon indicates that Virginia PAP reports for the November 2007 data month will be issued at the end of December 2007.

The Commission finds that the proposed implementation date for the Revised Virginia PAP should be accepted and approved.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon is hereby ordered to implement the Revised Virginia PAP for the November 2007 data month as proposed.
- (2) This case is now continued.

CASE NO. PUC-2001-00231
AUGUST 15, 2007

IN THE MATTER OF
VERIZON SOUTH INC.
and
PREFERRED CARRIER SERVICES OF VIRGINIA, INC.
For approval of interconnection agreement

ORDER CLOSING CASE

By order entered January 8, 2002, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon South Inc. ("Verizon South") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon South had terminated its agreement with Preferred Carrier Services of Virginia, Inc. ("PCS"), pursuant to terms contained in the agreement. PCS' certificate of public convenience and necessity was cancelled at its request by order entered in Case No. PUC-2006-00155 and therefore PCS is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00231 is hereby closed.

CASE NO. PUC-2001-00236
AUGUST 15, 2007

IN THE MATTER OF
VERIZON VIRGINIA INC.
and
PREFERRED CARRIER SERVICES OF VIRGINIA, INC.

For approval of interconnection agreement

ORDER CLOSING CASE

By order entered December 12, 2001, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Preferred Carrier Services of Virginia, Inc. ("PCS"), pursuant to terms contained in the agreement. PCS' certificate of public convenience and necessity was cancelled at its request by order entered in Case No. PUC-2006-00155 and therefore PCS is no longer authorized to provide service in Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00236 is hereby closed.

CASE NO. PUC-2005-00007
FEBRUARY 13, 2007

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the Matter of Investigating Directory Errors and Omissions of Verizon Virginia Inc. and Verizon South Inc.

ORDER APPROVING OFFER OF SETTLEMENT

On January 21, 2005, the State Corporation Commission ("Commission") issued an Order Establishing Investigation to address the significant and ongoing errors and omissions in the White Page directory listings of Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon" or "Company"). The Order directed the Commission's Division of Communications ("Division") to investigate Verizon's directory operations to identify the source or sources of the errors and omissions in Verizon directories, and to make recommendations on how to resolve the problem and increase the quality and accuracy of Verizon directories. Finally, the Order invited interested persons to file comments addressing the errors and omissions in Verizon directories.

The Commission's investigation generated substantial public interest as evidenced by the number of comments filed in response to the Commission's January 21, 2005 Order. Almost 500 comments were filed, including comments from Verizon residential and business customers, members of the Virginia General Assembly, other governmental officials, and competitive local exchange carriers ("CLECs") and their customers. The comments described, among other things, the inconvenience and hardship caused by the errors and omissions in Verizon directories; the adverse economic impact on businesses whose telephone numbers were omitted, printed erroneously, or placed under the wrong headings in directories; and the delays experienced by customers attempting to correct their telephone numbers or directory listing information.

On August 31, 2005, the Staff filed a Status Report with the Commission describing the preliminary results of its investigation. The Status Report stated that several interrelated factors appeared to have caused the increase in directory errors and omissions, including merging the directory operations of Bell Atlantic Corporation and GTE Corporation,¹ converting directory-related computer systems, unnecessarily cumbersome processes for wholesale and retail listings, and human error.

On September 7, 2006, the Staff filed its Report containing its findings and recommendations developed as a result of its investigation. The Staff Report noted that the errors and omissions in Verizon directories began to increase during the modernization and merger of the Company's automated directory listing systems. While several interrelated automated system problems contributed to the errors and omissions, the Staff Report found that most of the errors and omissions were caused by Verizon's automated directory listing systems being unable to synchronize accurately local telephone listing data with the VAST² database system maintained by Verizon Information Services (now known as "Idearc")³ for directory publications in Virginia and other States. These system synchronization problems caused thousands of directory listings to be rejected by VAST, and required the erroneous listing information housed in the respective listing systems to be corrected and synchronized manually. While the Staff concluded that other factors, such as human error and lack of resources devoted to the conversion and synchronization of directory listing systems, may have contributed to the problem, it found that the inability of the local telephone and VAST automated directory listing systems to synchronize accurately directory listing information was the primary cause of most of the errors and omissions in Verizon directories.

The Staff Report further described the actions undertaken by Verizon to correct the automated system problems. Verizon indicated to the Staff that it had spent approximately \$8 million to identify and correct its directory problems and improve the quality of Verizon directories. Among other things, Verizon established a single listing database ("eListings") as its master database for local directory listings. Additionally, the Company initiated a cleanup process that began synchronizing the local listing data housed in Verizon's eListings database with the listing data housed in the VAST system. The Staff Report further indicated that the corrective actions undertaken by Verizon had reduced the number of complaints filed with the Commission for errors and omissions in Verizon directories.

During the course of the investigation, the Staff and Verizon also sought to identify additional actions that could be undertaken to provide relief for customers who experience errors and omissions, and how the accuracy of Verizon directories could be improved on a going-forward basis. As a result of these discussions, the Staff and Verizon filed a Joint Motion to Approve Offer of Settlement on September 7, 2006, which is designed to resolve this investigation; provide limited relief for past and future customers experiencing directory errors; and establish appropriate financial incentives to assure that future Verizon directories do not experience the same level of errors and omissions as in the past. The Offer of Settlement contains, among other things, the following agreed upon terms:

- A Corrective Action Plan that will distribute \$2 million to customers affected by past errors and omissions;
- An Incentive Plan under which eighty (80) future directories will be audited by the Staff. The directories must meet a 99% accuracy rate, with a \$50,000 payment to the Treasurer of Virginia by Verizon for each directory that fails to meet the accuracy metric;
- Tariff revisions that will expand the relief available to Verizon customers who experience errors and omissions in future directories;
- Payments to the Treasurer of Virginia by Verizon for errors and omissions in business listings that occur for more than one year without being corrected by Verizon;
- Initiating new processes for customer verification of directory listings prior to publication;
- Clarification that Verizon is in command and control with regard to decisions on republishing or supplementing a directory;
- Implementing reporting requirements on Verizon so the Staff can continue to monitor Verizon's progress in correcting the causes of the errors and omissions in the Company's directories; and
- Establishing of a Verizon toll-free hotline and e-mail address for directory listing complaints and inquiries with a waiting time of no more than three (3) minutes, on average, before a "live" person is connected to handle telephone complaints and inquiries.

The Staff and Verizon further recommend that the Offer of Settlement be accepted by the Commission as an appropriate means to resolve this matter. Under the terms of the Offer of Settlement, the requirements imposed on Verizon will sunset in three (3) years, with the exception of the Staff's audit of future Verizon directories to assure compliance with the 99% accuracy metric. The accuracy metric will sunset at the earlier of three (3) years from the date the Commission approves the Offer of Settlement or the conclusion of the Staff's 80th directory audit.

On September 29, 2006, the Staff filed proposed procedures ("Claim Procedures") for implementing the Offer of Settlement's proposed Corrective Action Plan, which will distribute up to \$2 million in payments to customers who experienced "service affecting" errors and omissions in past

¹ Bell Atlantic Corporation and GTE Corporation merged on June 30, 2000, to form Verizon Communications, Inc. The Commission approved the merger in Joint Petition of Bell Atlantic Corporation and GTE Corporation. For approval of agreement and plan of merger, Case No. PUC-1999-00100, 1999 S.C.C. Ann. Rept. 321.

² VAST is an acronym for Verizon Advertising System for Tomorrow. VAST extracts Virginia listing data from Verizon's automated listing system for the publication of Virginia directories.

³ Subsequent to the filing of the Staff Report and the Offer of Settlement on September 7, 2006, Verizon Communications Inc. spun-off of Verizon Information Services to the company's stockholders on November 17, 2006. Verizon Information Services changed its corporate name to Idearc subsequent to the spin-off. Idearc will continue to publish directories in Virginia for Verizon.

directories.⁴ The proposed Claim Procedures define the customers eligible to participate in the Corrective Action Plan, describe the information that must be submitted to the Division of Communications to participate in the Corrective Action Plan, propose deadlines for filing claims with the Division, propose maximum claim amounts for residential and business customers, and describe customer remedies should their claim be denied by the Division.

On October 4, 2006, the Commission entered an Order for Notice and Comment that notified the public of the proposed Offer of Settlement and Claim Procedures; allowed interested persons to file comments on the proposed Offer of Settlement and Claim Procedures; and allowed the Staff and Verizon to file replies to any comments filed by interested persons.

Comments on the proposed Offer of Settlement and the Staff's proposed Claim Procedures were filed by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), the Free Lance-Star Publishing Company ("the Free Lance-Star"), and over 100 residential and financial customers. The Commission Staff and Verizon filed Replies on December 21, 2006, addressing the major substantive issues raised in the comments.

NOW THE COMMISSION, having considered the Joint Motion to Approve Offer of Settlement, the comments of interested persons, and the Replies of Verizon and our Staff, is of the opinion and finds that the proposed Offer of Settlement and the Staff's proposed Claim Procedures to implement the Corrective Action Plan contained in the Offer of Settlement should be accepted, subject to the modifications to the Staff's proposed Claim Procedures discussed herein. The proposed settlement is in the public interest because it provides monetary relief for customers experiencing past errors and omissions in Verizon directories, expands the tariff relief available to Verizon customers who experience future errors and omissions, and establishes significant financial incentives designed to improve the accuracy of listing information in future Verizon directories. The Offer of Settlement will also give customers additional means to verify the accuracy of their listings before directories are published, thus allowing business customers an opportunity to avoid some of the financial hardships created when their telephone numbers or listing information is omitted or printed erroneously in a directory. Accordingly, we find the Offer of Settlement and the Staff's proposed Claim Procedures, as modified, are reasonable means to address this problem and they should be approved.

Customer Notification of Claim Procedures

The Consumer Counsel supports the proposed Offer of Settlement, but notes that the proposed Offer of Settlement and Claim Procedures do not address how customers will be notified of their right to file claims under the Corrective Action Plan. Accordingly, the Consumer Counsel recommends that "the Commission should consider directing Verizon to send proper notice to customers via U.S. Mail in the form of letters, bill inserts, or bill imprints."⁵ If the Commission decides that newspaper display advertising should be used to notify customers of the Claim Procedures, the Consumer Counsel recommends that "the Commission should consider publication on multiple occasions to increase the likelihood of the notice reaching affected customers."⁶

We share the Consumer Counsel's view that customers eligible to file claims under the Corrective Action Plan should be given adequate notice of their right to file claims under the settlement. However, we do not believe that Verizon should be required to notify customers by letters, bill inserts or bill imprints of the Claim Procedures we adopt herein. This proceeding has generated widespread media attention in newspaper articles, television reports, and editorial comment. We have also notified the public of this investigation and the proposed Offer of Settlement by display advertising in newspapers throughout Verizon's service territory. Finally, the Staff indicated in its December 21, 2006 Reply that it plans to mail a claim form to all those customers who filed directory listing related complaints or comments with the Commission.⁷

Given the widespread media coverage of this proceeding and the legal notices previously published notifying the public of this investigation and the proposed Offer of Settlement and Claim Procedures, we find it unnecessary to direct the Company to notify customers of the Claim Procedures by letters, bill inserts, or bill imprints. Instead, we find that adequate public notice of the Claim Procedures can be provided to customers by publishing, on one occasion, public notice of our approval of the Offer of Settlement and Claim Procedures in newspapers of general circulation throughout Verizon's service territory. In addition, our Staff is directed to: (1) mail a claim form to customers who have filed complaints or comments in this proceeding concerning errors and omissions in their directory listings, (2) prepare and circulate a news release describing our approval of the Offer of Settlement and Claim Procedures, and (3) make the claim form available on the Commission's website so eligible customers can file claims electronically. These notification procedures should assure that all customers entitled to file claims for directory errors and omissions are adequately notified of the Corrective Action Plan and of the procedures that must be followed to file a claim for monetary payments under the plan.

Customer Verification of Listing Information

The Offer of Settlement also provides means by which customers can verify that their listing information is accurate before a directory is published. Under the terms and conditions of the Offer of Settlement, Verizon will make available a new hotline number and e-mail address whereby customers can verify whether their listing information housed in the automated listing databases of Verizon and Idearc is accurate before a directory is published. The Consumer Counsel notes that the Offer of Settlement does not indicate precisely how customers will be made aware of the customer verification procedures, and therefore urges the Commission to direct Verizon to publicize the availability of these new features.

Verizon's December 21, 2006 Reply indicates that the Company "is considering plans to provide direct customer notification of the verification process and hotline contact information (telephone and email) utilizing the directories, bill messages/inserts, recorded messages for customer contact centers,

⁴ Service affecting errors are generally defined in the Offer of Settlement as errors and omissions that prevent a customer's listing or correct number to be located in a directory, or the publication of a non-listed or non-published telephone number.

⁵ Consumer Counsel December 1, 2006 Comments at 4.

⁶ Id.

⁷ Staff December 21, 2006 Reply at 5.

and Verizon's web page. . . .⁸ Verizon's Reply, however, does not indicate which of these specific methods it will use to notify customers of the listing verification process. The Company merely indicates that it "will select options that provide sufficient notification to customers" of the verification process.⁹

We find the listing verification process is one of the most important remedies provided to customers under the Offer of Settlement. If a directory error or omission is discovered "after" a directory is published, customers must wait at least a year before a new directory is published and their listing information is corrected. This one-year delay in having listing information corrected can cause undue inconvenience and, in some cases, severe economic consequences for business customers. Accordingly, given the importance of the listing verification process, we find that Verizon should provide customer notification of the verification process and hotline contact information by each of the four (4) methods listed in the Company's December 21, 2006 Reply. Verizon is hereby directed to notify its customers of the listing verification process by: (1) advising customers of the verification process in the Company's future directories, (2) sending bill messages or bill inserts to its customers advising them of the verification process, (3) providing recorded messages for customers calling Verizon's customer contact centers to advise them of the verification process, and (4) advising customers of the verification process on Verizon's website.

Claim Procedures

The Staff's proposed Claim Procedures provide that all claims must be filed with the Division no later than ninety (90) days from the entry of a Commission Order approving the Offer of Settlement. Customers not meeting the filing deadline are not eligible to participate in the Corrective Action Plan.

The Consumer Counsel believes a 90-day period for filing claims is appropriate. However, the Consumer Counsel recommends that the 90-day period begin to run at the last instance of notice to customers rather than the date of a Commission Order approving the Offer of Settlement. The Staff Reply did not support the Consumer Counsel's proposal, stating that it may be difficult to ascertain the specific date of the last customer notice in order to determine when the claim period begins to run.¹⁰ As an alternative to the Consumer Counsel's proposal, the Staff indicates it does not oppose extending the filing deadline to one-hundred and twenty (120) days from the date of the Commission's Order approving the Offer of settlement.¹¹

We find the 90-day claim period in the Staff's proposed Claim Procedures should be adopted, and that the claim period should begin from the date of this Order Approving Offer of Settlement. As mentioned herein, customers will be notified of the Claim Procedures by three methods, namely, the publication of a legal notice in newspapers throughout Verizon's service territory, direct mailing by the Staff to customers who have filed complaints and comments relating to errors and omissions in Verizon directories, and the issuance of a news release by the Staff. Given the various forms of public notice that are required by this Order, we agree with the Staff that it would be difficult to determine the last date of customer notification for purposes of determining when the claims process begins. Accordingly, in order to establish a date certain for filing claims, we find that all claims for monetary relief under the Corrective Action Plan must be filed with the Division no later than ninety (90) days from the date of this Order Approving Offer of Settlement.

Customers who experienced past errors and omissions should have their claims evaluated promptly and efficiently by the Division so the claims process can be concluded in a timely manner. We find that in order to expedite the payment of claims to customers under the Corrective Action Plan, the Division should investigate all claims and determine eligibility no later than one-hundred and fifty (150) days from the entry date of this Order. In addition, we note that the Division's evaluation of customer eligibility is dependent upon information held by Verizon in various formats and, as further set forth below, direct Verizon to cooperate fully with the Division in this regard.

Finally, Section IV of the Staff's proposed Claim Procedures provides that any customer claims denied by the Division may be reviewed by the full Commission upon a customer's written request. The Commission, however, must identify all of the claimants entitled to receive payment prior to the payout of any claims. As a result, we find that Section IV of the Staff's proposed Claim Procedures should be modified to provide a deadline for customers challenging a Division decision denying their claim. We will therefore amend Section IV of the Claim Procedures to provide that customers seeking review of claims denied by our Staff must file a written request for review with the Commission no later than one-hundred and eighty (180) days from the entry of this Order Approving Offer of Settlement.

Eligibility Claim Period

The Consumer Counsel's comments note that the Staff's proposed claim form only lists directories published in the years 2004, 2005, and 2006 as being eligible for monetary relief under the Corrective Action Plan. However, since the Staff's proposed eligibility claim period runs from January 1, 2004, through the effective date of the new tariff provisions Verizon will file pursuant to Section III of the Offer of Settlement, the Consumer Counsel recommends that the proposed claim form be amended to include directories published in 2007 before the effective date of the new tariff provisions. The Staff Reply indicates that it "agrees with the AG's recommendation regarding the claim form and plans to update the form to include 2007 directories that may be published prior to the effective date of Verizon's proposed tariff revisions expanding customer relief for future errors and omissions."¹²

We find the claim form should be modified to include directories published in 2007 prior to the effective date of the new tariff revisions expanding customer relief for future errors and omissions. Under the proposed Offer of Settlement, customers experiencing service affecting errors and omissions between January 1, 2004, and the effective date of the new tariff revisions can file claims under the Corrective Action Plan. Those Verizon customers experiencing future service affecting errors will be given automatic credits for their Local Exchange Service under the new tariff revisions Verizon will file under the Offer of Settlement.

⁸ Verizon's December 21, 2006 Reply at 7.

⁹ Id.

¹⁰ Staff's December 21, 2006 Reply at 5.

¹¹ Id.

¹² Id. at 6.

Governmental Directory Listings

Under the proposed Offer of Settlement, Verizon will file new tariff provisions expanding the relief available for its residential and business customers who experience service affecting errors in future Verizon directories. Business customers will receive an automatic credit of twelve (12) months of the fixed monthly charges for Local Exchange Service while residential customers will receive an automatic credit of six (6) months of the fixed monthly charges for Local Exchange Service. The Consumer Counsel seeks clarification on whether these new tariff provisions will be applicable to governmental customers. The Consumer Counsel also seeks clarification on whether governmental entities can participate in the Corrective Action Plan.

We find that only customers subject to the jurisdiction of the Commission should be allowed to participate in the Offer of Settlement. Telephone services provided under contract to the state government and its agencies are exempt from Commission regulation under Va. Code § 56-234. Accordingly, any relief for errors and omissions in state governmental listings provided under a contract will not qualify for relief under the proposed Offer of Settlement.

Sales of Directory Listings to Third Parties

The Free Lance-Star publishes the newspaper of general circulation in Fredericksburg, Virginia, the *Free Lance-Star*, and competes with Verizon's directories through its own website, "Fredericksburg.com," and the Star Directory. The Free Lance-Star recommends that the Commission modify the Offer of Settlement to grant the Free Lance-Star compensation in the minimum amount of \$25,000 for past erroneous listing information provided by Verizon; order Verizon to provide the Free Lance-Star with a mechanism to verify future directory listings; and allow the Free Lance-Star to seek further compensation under the Corrective Action Plan.

The provision of directory listing information to the Free Lance-Star is provided pursuant to a license agreement that defines the relationship between the parties for listing accuracy and quality, establishes processes to address inaccuracies, and includes provisions providing for compensation for errors and omissions.¹³ The listing information purchased by third parties under such license agreements is used for many different purposes, including third party directories, websites, and other business uses.

The issues raised by the Free Lance-Star are beyond the scope of this proceeding. As stated in our Order Establishing Investigation issued on January 21, 2005, the purpose of this proceeding is to investigate the errors and omissions appearing in Verizon directories and to formulate a plan to improve the quality of Verizon directories. In contrast, the licensing agreement between the Free Lance-Star and Verizon is not regulated by the Commission. The remedies available to the Free Lance-Star for erroneous listing information provided by Verizon are governed by the specific terms and conditions of the license agreement between Verizon and the Free Lance-Star. We therefore reject the Free Lance-Star's requests.

Sunset Provisions

The proposed Offer of Settlement provides that the requirements imposed on Verizon under the settlement will automatically sunset in three (3) years, with the exception of the Staff's audit of future Verizon directories to assure compliance with the proposed 99% accuracy metric. The accuracy metric will sunset at the earlier of three (3) years from the date the Commission approves the Offer of Settlement or the conclusion of the Staff's 80th directory audit.

Although the Consumer Counsel understands that Verizon should not be expected to remain at financial risk indefinitely for several obligations imposed by the Offer of Settlement, such as the proposed Corrective Action Plan and Incentive Plan, the Consumer Counsel questions why the Offer of Settlement's provisions relating to tariff revisions, customer verification processes, and command and control should sunset in three years. The Consumer Counsel therefore requests that the Staff and Verizon "address in their reply comments the rationale for eliminating these useful features after only three years, and absent compelling justification for doing so, urges the Commission to modify the proposed settlement to preserve them for the benefit of consumers of telephone services."¹⁴

The Staff and Verizon state in their Replies that the provisions contained in the proposed Offer of Settlement are designed primarily to eliminate the causes of the errors and omissions in Verizon directories. If Verizon's corrective actions and process improvements prove to be successful over the next three (3) years, the Staff and Verizon believe the Company should be relieved of the duties and obligations imposed by the Offer of Settlement. However, if Verizon is unsuccessful in improving the quality of its directories, the Staff Reply indicates that the Commission still has ample legal authority to take further corrective action.

We will not upset the balance struck in the Offer of Settlement by ordering that those provisions relating to tariff revisions, verification processes, and command and control become a permanent feature of the Company's telecommunications services provided to the public. The provisions contained in the Offer of Settlement are designed to improve the quality of Verizon's directories. If the provisions contained in the Offer of Settlement prove effective in remedying the errors and omissions in Verizon directories, the Company will be relieved of the obligations imposed by the Offer of Settlement.

However, Verizon has an affirmative duty to provide "adequate service" to the public under Va. Code § 56-234. We have also held that "[a]n essential part of furnishing telephone service is the furnishing of numbers to reach others" in directories and through directory assistance.¹⁵ Given the importance of furnishing and publishing accurate telephone numbers in directories, we will closely monitor Verizon's progress in improving the quality of its directories.

¹³ Verizon's December 21, 2006 Reply, Attachment A.

¹⁴ Consumer Counsel's December 1, 2006 Comments at 9.

¹⁵ Application of the Virginia Telephone Association, For authority to reduce the free call allowance for directory assistance calls, Case No. PUC-1989-00025, 1990 S.C.C. Ann. Rept. 241.

Miscellaneous Provisions

Under the terms of the Offer of Settlement, the Division will determine customer eligibility to participate in the Corrective Action Plan. The Division is also responsible for auditing eighty (80) of Verizon's future directories over the next three (3) years to assure compliance with the 99% accuracy metric proposed in the Offer of Settlement. Given the abbreviated time-frame we have established for reviewing customer claims by our Staff, it is imperative that the Division will have ready access to the directory listing information necessary to investigate customer claims under the Corrective Action Plan. Staff access to directory listing information will also be necessary for the Division to perform the directory audits under the Incentive Plan. Accordingly, Verizon is hereby directed, no later than thirty (30) days after the entry of this Order, to provide the Division with access to the Company's relevant directories, automated directory listing systems, and other directory listing records to review customer claims under the Corrective Action Plan and to audit the Company's directories under the Incentive Plan. Verizon is further directed to respond to all Staff requests for information, reports, or other data in a timely and efficient manner so customer claims, monetary payments under the Corrective Action Plan, and directory audits can be completed by the Division in a prompt and efficient manner.

Finally, we find the Offer of Settlement's listing verification processes, monthly reports, and payments made to customers under the Corrective Action Plan should be implemented forthwith. Accordingly, Verizon is directed to implement the listing verification processes contained in Sections V and VIII of the Offer of Settlement within thirty (30) days from the date of this Order. The Company is further directed to begin filing the monthly reports required by Section VII of the Offer of Settlement on March 1, 2007. With respect to the monetary payments to customers under the Offer of Settlement's Corrective Action Plan, Verizon is directed to make payments to customers no later than forty-five (45) days after the Staff notifies Verizon, in writing, which customers qualify for payment under the plan. Verizon shall also provide the Staff with written verification that all payments under the Corrective Action Plan have been made in accordance with the Staff's directives.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion to Approve Offer of Settlement is granted.
- (2) The Offer of Settlement is approved.
- (3) On or before February 28, 2007, the Commission's Division of Information Resources shall complete publication of the following notice to be published on one (1) occasion as display advertising in newspapers having general circulation throughout the service territory of Verizon:

NOTICE TO THE PUBLIC OF A SETTLEMENT
APPROVED BY THE STATE CORPORATION
COMMISSION FOR ERRORS AND OMISSIONS
IN VERIZON TELEPHONE DIRECTORIES
CASE NO. PUC-2005-00007

On February 13, 2007, the State Corporation Commission ("Commission") approved an Offer of Settlement ("Settlement") to address the significant and ongoing errors and omissions in the directories of Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon" or "Company"). The Settlement provides customer relief for past and future directory errors, and establishes appropriate financial incentives to assure that future Verizon directories do not experience the same level of errors and omissions experienced in the past.

The Settlement, among other things, contains a Corrective Action Plan that will distribute up to \$2 million to customers who have experienced service affecting errors and omissions in directories published by Verizon. Customers desiring to participate in the Corrective Action Plan of the Settlement must file claims with the Commission's Division of Communications ("Division") no later than ninety (90) days from the date of the Commission's Order approving the Settlement.

The Settlement approved by the Commission, the procedures established for filing monetary claims under its Corrective Action Plan, and claim forms approved in Case No. PUC-2005-00007 are available for public review and inspection in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. These documents may also be downloaded from the Commission's website: <http://www.scc.virginia.gov/division/puc/claim.htm>.

Interested persons desiring to file claims for monetary relief under the Corrective Action Plan must file a written claim with the Division using the claim form approved by the Commission in its Order approving the Settlement. All written claims shall be sent to State Corporation Commission, Division of Communications, P.O. Box 1197, Richmond, Virginia 23218. Claims may also be filed electronically by following the instructions set forth on the Commission's website. All claims, whether filed in writing or electronically, must be filed with the Division no later than ninety (90) days from the date of the Commission's Order approving the Settlement. Persons desiring to participate in the Corrective Action Plan are encouraged to read and review the Claim Procedures because failure to file a timely claim with the Division will render the person ineligible to qualify for monetary payments under the Corrective Action Plan.

VIRGINIA STATE CORPORATION COMMISSION

- (4) Verizon shall, no later than thirty (30) days after the entry of this Order, provide the Division with access to the Company's relevant directories, automated listing systems, and other directory listing records necessary to review customer claims under the Corrective Action Plan and to perform the audits of the Company's directories under the Incentive Plan proposed in the Offer of Settlement. Verizon shall further respond to all Staff

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

requests for information, reports, or other data in a timely and efficient manner so the Division can process customer claims under the Corrective Action Plan and complete its audit of future directories in a prompt and efficient manner.

(5) Verizon shall implement the listing verification processes and hotline contained in Sections V and VIII of the Offer of Settlement within thirty (30) days from the date of this Order.

(6) Verizon shall notify its customers of the listing verification process by: (i) advising customers of the notification process in the Company's future directories, (ii) sending bill messages or bill inserts to its customers advising them of the verification process, (iii) providing recorded messages for customers calling Verizon customer contact centers to advise them of the verification process, and (iv) advising customers of the verification process on Verizon's website.

(7) Verizon shall begin filing the monthly reports required in Section VII of the Offer of Settlement on March 1, 2007.

(8) Verizon shall make payments to customers eligible to participate in the Corrective Action Plan no later than forty-five (45) days after the Staff notifies Verizon, in writing, which customers qualify for payments under the plan.

(9) The Claim Procedures and claim form attached hereto as Appendix A shall be used by the Division when administering the Corrective Action Plan contained in Section I of the Offer of Settlement.

(10) This proceeding shall be continued, pending further Order of the Commission.

Commissioner Jagdmann did not participate in this matter.

NOTE: A copy of Appendix A entitled "Procedures for Implementing Verizon Corrective Action Plan" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUC-2006-00049
JUNE 11, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COLIN B. STEGALL T/A QUALITY COMMUNICATION SPECIALIST,
Defendant

ORDER CLOSING CASE

On April 28, 2006, the State Corporation Commission ("Commission") issued a Rule to Show Cause against Colin B. Stegall t/a Quality Communication Specialist ("Defendant"), alleging that the Defendant failed to register to provide payphone service and to pay its registration fee and late filing fee in violation of Chapter 16.3 (§ 56-508-15 *et seq.*) of Title 56 of the Code of Virginia ("Pay Telephone Registration Act") and the Rules for Payphone Service and Instruments, 20 VAC 5-407-10 *et seq.* ("Payphone Rules").

On November 14, 2006, a Commission Hearing Examiner held a hearing and found the Defendant to be in default and in violation of the Pay Telephone Registration Act and the Payphone Rules. On February 22, 2007, the Commission issued its Judgment Order, and ordered that the Defendant pay a registration fee, late fee, and fine in the total amount of nine hundred seventy-four dollars (\$974.00) to the Treasurer of Virginia. The Commission further ordered that if the requirements of the Judgment Order were not met on or before March 22, 2007, the Defendant's registration certificate would be revoked, and any carrier certificated by the Commission would be directed to disconnect service to the payphone instruments of the Defendant.

On February 23, 2007, a copy of the Judgment Order was sent via certified mail to the Defendant.

On March 28, 2007, the Commission received proof of attempted delivery of the Judgment Order, but the requirements of the Judgment Order were never met by the Defendant.

On March 23, 2007, the Commission notified all certificated carriers that the Defendant's registration certificate had been revoked, and that the Defendant's registration number had been cancelled. The Commission requested that the carriers disconnect any telephone service that they may have been providing to the payphone instrument(s) of the Defendant.

On April 17, 2007, the Commission notified the Defendant that, pursuant to the Judgment Order, its registration certificate as a payphone service provider was revoked and its State Corporation Commission Registration Certificate Number PSP-1324 was cancelled.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2006-00049 is hereby closed.

**CASE NO. PUC-2006-00085
JUNE 7, 2007**

PETITION OF
GREтна EXCHANGE CUSTOMERS OF PEOPLES MUTUAL TELEPHONE COMPANY, INC

For Extended Local Service to Verizon Virginia, Inc.'s Chatham and Danville Exchanges

FINAL ORDER

On June 20, 2006, telephone customers in Peoples Mutual Telephone Company, Inc.'s ("Peoples") Gretna Exchange petitioned the State Corporation Commission ("Commission") for Extended Local Service ("ELS") to the nearby Verizon Virginia Inc. ("Verizon") exchanges of Chatham and Danville. By Order entered on September 21, 2006, the Commission docketed this matter and prescribed a schedule for Peoples to perform a cost study and to conduct a poll of its affected customers.

Peoples filed its affidavit with the results of its poll with the Commission on May 2, 2007. The results show that the majority of those responding opposed the proposal. Peoples polled 3,663 customers, and ballots were returned by 1,326 customers. Of those responding, 672 oppose the extension of local service and 654 favor it.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that because a majority of the responding Gretna Exchange customers voted against extension of local service to the Verizon exchanges of Chatham and Danville, the petition should be denied.

Accordingly, IT IS ORDERED THAT:

- (1) The petition is hereby denied.
- (2) There being nothing further to be done herein, this matter is hereby dismissed.

**CASE NO. PUC-2006-00087
MAY 2, 2007**

APPLICATION OF
CLOSECALL AMERICA, INC. OF VIRGINIA

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On December 11, 2006, CloseCall America, Inc. of Virginia ("CloseCall" or the "Company") completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.¹ The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated December 27, 2006, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On February 28, 2007, the Company filed proof of publication and proof of service as required by the December 27, 2006 Order.

On April 9, 2007, the Staff filed its Report finding that CloseCall's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of CloseCall's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following conditions: CloseCall should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) CloseCall America, Inc. of Virginia is hereby granted a certificate of public convenience and necessity, No. TT-231A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

¹ The application states the name of the applicant as being CloseCall America of Virginia, Inc. However, the legal name of this Virginia entity, as reflected in Attachment B to the application, is CloseCall America, Inc. of Virginia. Therefore, the latter will be used on the certificates issued by the Commission.

(2) CloseCall America, Inc. of Virginia is hereby granted a certificate of public convenience and necessity, No. T-665, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) CloseCall shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2006-00116
JANUARY 16, 2007**

APPLICATION OF
LTS OF ROCKY MOUNT

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER

On August 30, 2006, LTS of Rocky Mount ("LTS" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia. On September 29, 2006, LTS amended its application to propose offering a prepaid month-by-month local exchange telecommunications service in addition to its standard local exchange telecommunications services.

To provide the prepaid month-by-month local exchange telecommunications service, LTS requests waivers of Rule 30 A 4, Rule 30 A 5, Rule 30 A 6, and Rule 30 E of the Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-417-10 *et seq.* ("Local Rules"). These specific Local Rules require a new entrant, either directly or through arrangements with others, to provide access to directory assistance; access to operator services (including collect and third-party billed); and equal access to interLATA and intraLATA services. Also specific to the prepaid month-by-month local exchange telecommunications service, the Company requests a waiver of Rule 50 D of the Local Rules, limiting the proposed rate for service provided by a new entrant not to exceed the highest rate of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local service areas.

By Order for Notice and Comment dated October 10, 2006, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On November 20, 2006, LTS filed proof of publication and proof of service as required by the October 10, 2006 Order.

On December 8, 2006, the Staff filed its Report finding that LTS's application was in compliance with the Local Rules.

The Staff does not oppose granting LTS's request for waivers from certain requirements of the Local Rules applicable only to its month-by-month prepaid local exchange telecommunications service offering. All other services should be required to meet all the conditions in the Local Rules. The Staff believes it is appropriate to grant LTS a certificate to provide local exchange telecommunications services subject to certain conditions, as follows:

(1) LTS should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

(2) Regarding LTS's prepaid month-by-month local exchange telecommunications service offering, the Company should provide full disclosure to consumers about the services and features LTS will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange telecommunications service. Sales brochures and other marketing and advertising materials should prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.

(3) Any waivers granted to LTS in this case for its prepaid month-by-month local exchange telecommunications service described in the Company's filing should be limited solely to that service offering.

(4) Any waivers granted to LTS for its prepaid month-by-month local exchange telecommunications service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.

(5) Any subsequent increase in the rate for LTS's prepaid month-by-month local exchange telecommunications service should be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

(6) Regarding LTS's prepaid month-by-month local exchange telecommunications service offering, the Company should be authorized to bill its prepaid customers for per-use or per-minute features and services, in limited situations where the Company does not have the ability to block the customers'

access to those services and features. The Company should be required to provide full disclosure to consumers that per-minute or per-use charges may apply for certain services or features in these limited circumstances.

(7) Regarding LTS's prepaid month-by-month local exchange telecommunications service offering, the Company should be required to clearly and specifically include any features and services, including rates, in the Company's tariff, for the limited situations where the Company does not have the ability to block customers' access to features and services that have associated per-use or per-minute charges and that the Company intends to bill to the customer.

(8) Regarding LTS's prepaid month-by-month local exchange telecommunications service offering, the Company should not be granted a waiver from the price ceiling requirement (Rule 50 D of the Local Rules) in the limited circumstances where the Company is unable to block a customer's access to certain features and services that have associated per-use or per-minute charges.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) LTS of Rocky Mount is hereby granted a certificate of public convenience and necessity, No. T-662, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(3) Local Rules 30 A 4, 30 A 5, 30 A 6, 30 E, and 50 D are hereby waived for the Company's prepaid month-by-month local exchange telecommunications service offering described in the application.

(4) The waivers granted herein to LTS for the Company's month-by-month local exchange telecommunications service offering shall be limited solely to that service offering. The Local Rules shall otherwise apply to all other local exchange telecommunications services provided by the Company.

(5) With regard to the Company's prepaid month-by-month local exchange telecommunications service offering, the Company shall not be granted the requested waiver from the price ceiling requirement of Rule 50 D of the Local Rules in the limited circumstances where the Company is unable to block a customer's access to certain features and services that have associated per-use or per-minute charges.

(6) Any waivers granted to the Company for its prepaid month-by-month local exchange telecommunications service shall be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.

(7) With regard to its prepaid month-by-month local exchange telecommunications service offering, the Company shall not be allowed to collect customer deposits under any circumstances.

(8) The Company shall provide full disclosure to consumers about the services and features the Company will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange telecommunications service. Sales brochures and other marketing and advertising materials shall prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.

(9) Any subsequent increase in the rate for LTS's prepaid month-by-month local exchange telecommunications service shall be subject to thirty (30) days' notice to the Commission, and notice to customers shall be provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

(10) The Company is authorized to bill its prepaid month-by-month local exchange telecommunications service customers for per-use or per-minute features and services in limited situations where the Company does not have the ability to block the customers' access to those services and features. The Company shall provide full disclosure to consumers that per-minute or per-use charges may apply for certain services or features in these limited circumstances.

(11) With regard to its prepaid month-by-month local exchange telecommunications service offering, the Company shall clearly and specifically include any features and services, including rates, in the Company's tariff for the limited situations where the Company does not have the ability to block customers' access to features and services that have associated per-use or per-minute charges and that the Company intends to bill to the customer.

(12) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules from which the Company has not been granted a waiver.

(13) This case shall remain open to evaluate LTS's prepaid month-by-month local exchange telecommunications service offering.

**CASE NO. PUC-2006-00116
FEBRUARY 27, 2007**

APPLICATION OF
LTS OF ROCKY MOUNT, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

CORRECTING ORDER

On August 30, 2006, LTS of Rocky Mount, LLC ("LTS" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia. On September 29, 2006, LTS amended its application to propose offering a prepaid month-by-month local exchange telecommunications service in addition to its standard local exchange telecommunications services.

Following the December 8, 2006 filing of the Staff Report in this matter, the Commission, by Order entered January 16, 2007, granted LTS a certificate of public convenience and necessity, No. T-662, based upon the conditions set out in that order. The Staff has now informed the Commission that the order and certificate No. T-662 did not reflect the full name of LTS, having omitted the "LLC" that designates the Company as a limited liability company.

NOW THE COMMISSION, having been advised by the Staff, finds that the order entered on January 16, 2007, should be corrected to reflect LTS's status as a limited liability company.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission's order, entered January 16, 2007 in this matter is corrected, in its caption, in its first line, and in its ordering paragraph (1), to reflect the correct name "LTS of Rocky Mount, LLC."
- (2) Certificate of public convenience and necessity No. T-662 is also corrected to reflect the Company's name as "LTS of Rocky Mount, LLC."
- (3) In all other respects, the order entered January 16, 2007, remains unaltered and this case shall remain open to evaluate LTS's prepaid month-by-month local exchange telecommunications service offering.

**CASE NO. PUC-2006-00118
FEBRUARY 1, 2007**

APPLICATION OF
NTELOS TELEPHONE INC.

For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 15, 2006, NTELOS Telephone Inc. ("NTELOS Telephone" or "Applicant") filed a complete application ("Application") with the State Corporation Commission ("Commission") requesting approval to amend its affiliate agreement ("Agreement")¹ pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code"). The Application adds NTELOS Media Inc. ("Media") as a party to the Agreement and adds an attachment ("Tax Attachment") that formally describes the methodology that is used to allocate federal and state tax liabilities and benefits among the members ("Members") of NTELOS Telephone's consolidated tax group ("Group"). During the initial review process, NTELOS Telephone determined that the Tax Attachment required substantial modification. Therefore, on November 15, 2006, the Applicant re-filed the Application and Agreement with a revised Tax Attachment. The re-filed Application restarted the statutory review period as of November 15, 2006.

NTELOS Telephone is a Virginia public service corporation that provides local exchange telecommunications services to approximately 40,000 access lines in Alleghany and Augusta Counties, the Town of Clifton Forge, and the Cities of Covington and Waynesboro. NTELOS Telephone is a wholly owned, indirect subsidiary of NTELOS Inc. ("NTELOS").

NTELOS is a Virginia business corporation headquartered in Waynesboro, Virginia, that provides a broad range of telecommunications products and services to businesses, telecommunications carriers and residential customers in Virginia, West Virginia and surrounding states. NTELOS' primary services include wireless digital personal communications services ("TCS"), local and long distance telephone services, broadband network services and high-speed Internet access. NTELOS is a wholly owned subsidiary of NTELOS Holdings Corp. ("Holdings").

¹ The Commission has approved the Agreement (with amendments) in four previous cases: (1) *Application of Clifton Forge- Waynesboro Telephone Company, For approval of affiliate agreements*, Case No. PUA-1988-00015, Order Granting Authority (April 18, 1988), 1988 S.C.C. Ann. Rep. 192; (2) *Application of Clifton Forge-Waynesboro Telephone Company, For authority to modify a previously approved affiliates agreement*, Case No. PUA-1990-00016, Order Granting Authority (April 11, 1990), 1990 S.C.C. Ann. Rep. 202; (3) *Application of Clifton Forge-Waynesboro Telephone Company, For approval of an amended Affiliates Agreement*, Case No. PUA-1995-00013, Order Granting Approval (August 4, 1995), 1995 S.C.C. Ann. Rep. 207; and (4) *Application of NTELOS Telephone Inc., For approval to enter into an amended affiliates agreement*, Case No. PUC-2003-00105, Order Granting Approval (September 17, 2003), 2003 S.C.C. Ann. Rep. 281.

Holdings is a holding company formed by Citigroup Venture Capital Equity Partners, L.P. and certain of its affiliates, and Quadrangle Capital Partners LLP and certain of its affiliates, for the purpose of purchasing NTELOS, which was acquired in early 2005.

NTELOS Media Inc. ("Media") is a stock company that will be providing Video over Internet Protocol ("IP").

NTELOS Telephone, NTELOS, Holdings and Media are considered affiliated interests under § 56-76 of the Code. As such, NTELOS Telephone must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The amended Agreement, which is dated August 31, 2006, lists 19 NTELOS Telephone affiliates including NTELOS Telephone, NTELOS, Holdings, and Media. Under the amended Agreement, NTELOS Telephone will provide: 1) local telephone services; 2) building space; 3) construction, maintenance and repair services; 4) access to local loops for the provision of IP video and broadband services; and 5) usage of its 5ESS central processor common equipment to various affiliates. In turn, NTELOS Telephone will: 1) receive executive, administrative, accounting, revenue billing, regulatory, marketing and information processing services; 2) lease dark fiber and trunking capacity; and 3) obtain wireless communication services from various affiliates. In addition, NTELOS Telephone will participate with Holdings in filing consolidated federal and state tax returns. The amended Agreement becomes effective upon approval by the Commission, and remains in effect until NTELOS Telephone or its affiliates provide written notification of intent to terminate, which must be provided 30 days in advance of the termination date. Attachment A to the amended Agreement describes the various direct charge and allocation methodologies that NTELOS Telephone and its affiliates will use to assign costs for services provided and received.

Media Services and Costs

Under the amended Agreement, NTELOS Telephone will provide local telecommunications services to Media at tariffed rates and will provide construction, maintenance and repair services at full cost.² NTELOS Telephone will also provide access to its local loops to Media for the provision of IP Video at tariffed rates.

Tax Attachment

NTELOS Telephone participates with Holdings in filing a consolidated federal income tax return in accordance with Title 26, Subtitle A, Chapter 6, Subchapter A, §§ 1501 *et seq.* and Subchapter B, § 1552 of the Internal Revenue Code, and in accordance with Title 26, Chapter 1, Subchapter A, Part 1, §§ 1.1502-0 *et seq.* and § 1.1552-1 of the Treasury Regulations. The Tax Attachment lists the 19 NTELOS affiliates as Members of the federal consolidated tax Group. NTELOS Telephone also participates with Holdings in filing a consolidated state income tax return in accordance with §§ 58.1-300 *et seq.* of the Code. The Tax Attachment provides consolidated tax allocation procedures for federal and state income taxes.

The Tax Attachment states that each Member will pay to Holdings its separate return tax liability ("SRTL"), if any, for each consolidated return year ("Tax Year"). A Member's SRTL is defined as the amount of federal and state income taxes for which it would be liable if it had filed separate federal and state returns for that Tax Year, computed in accordance with the principles of § 1.1552-1(a)(2)(ii) of the Treasury Regulations.

In turn, Holdings will pay each Member its share of tax savings ("Tax Savings") generated by such Member, if any, for each Tax Year. A Member's Tax Savings is defined as the portion of consolidated tax savings ("CTS") for the Tax Year that was generated by that Member's federal and state income tax credits, deductions or losses ("Tax Benefits"), computed in accordance with the principles of § 1.1502-33(d)(3)(ii) of the Treasury Regulations. The CTS for a Tax Year is the excess, if any, of the sum of the SRTLs of all of the Members over the consolidated tax liability of the Group, computed in accordance with the principles of § 1.105-2 of the proposed Treasury Regulations.

In no event will the amount paid by a Member to Holdings with respect to a Tax Year be greater than: (i) the amount the Member would have paid to the Internal Revenue Service if it had filed its federal income tax return on a separate return basis, and (ii) the amount the Member would pay the applicable state taxing authority if it had filed its state income tax return on a separate return basis.

Once a Member has been compensated for the use of Tax Benefits, those Tax Benefits will not be included in the calculation of the Member's SRTL. If a Member has a federal SRTL and a state Tax Benefit (or vice versa), the two amounts will be netted to determine the amount payable to Holdings.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that the Applicant's request for approval of the amended Agreement is in the public interest and should be approved.

As noted earlier, we have approved the Agreement (with amendments) several times before. The amended Agreement simply adds Media as a party to the Agreement and adds a Tax Attachment that formally documents the federal and state tax allocation procedures for NTELOS Telephone's consolidated tax Group. We will, however, subject our approval to certain requirements as described below.

First, we will limit our approval to the specific affiliate services identified by NTELOS Telephone in the Agreement and Application. Any additional services should require separate approval. Second, our approval will have no ratemaking implications. Third, we will reserve the right to reflect ratemaking adjustments to NTELOS Telephone's income taxes in the course of our analysis and review of NTELOS Telephone's cost of service in the future. We will also require NTELOS Telephone to prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis. This tax schedule should be included in NTELOS Telephone's Annual Report of Affiliate Transactions ("ARAT") to be submitted to the Director of Public Utility Accounting each year.

Finally, we will require NTELOS Telephone to bear the burden of showing that it charged the higher of cost or market for non-tariffed services provided to its affiliates where a market and a market price exists. Where no market exists, NTELOS Telephone should charge full cost. Likewise, NTELOS Telephone should bear the burden to show that, for non-tariffed services obtained from its affiliates where a market and a market price exists, NTELOS Telephone paid the lower of cost or market. Where no market exists, NTELOS Telephone should pay full cost.

² Full cost = Fully distributed cost.

We note that all of these requirements, with the exception of the tax schedule, have been adopted before in similar affiliate cases.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, NTELOS Telephone Inc. is hereby granted approval of its amended Affiliates Agreement as described herein, consistent with the findings above.
- 2) Services provided by or to NTELOS Telephone, and costs charged by or to NTELOS Telephone, shall be limited to those specifically described in the Agreement and the Application. Additional services will require separate approval.
- 3) The approval granted herein shall have no ratemaking implications.
- 4) The Commission reserves the right to reflect ratemaking adjustments to NTELOS Telephone's income taxes in the course of the Commission's review and analysis of NTELOS Telephone's cost of service in the future.
- 5) NTELOS Telephone shall bear the burden of showing that it charged the higher of cost or market for non-tariffed services provided to its affiliates where a market and a market price exists. Where no market exists, NTELOS Telephone shall charge full cost. Likewise, NTELOS Telephone shall bear the burden to show that, for non-tariffed services obtained from its affiliates where a market and a market price exists, NTELOS Telephone paid the lower of cost or market. Where no market exists, NTELOS Telephone shall pay full cost.
- 6) Commission approval shall be required for any changes in the terms and conditions of the amended Agreement, including successors and assigns.
- 7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 8) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.
- 9) NTELOS Telephone shall include the transactions associated with the Agreement approved herein in its ARAT submitted to the Director of Public Utility Accounting of the Commission each year. NTELOS Telephone shall also prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis, and submit this tax schedule with its ARAT.
- 10) In the event that any rate filings are not based on a calendar year, then NTELOS Telephone shall include the affiliate information contained in the ARAT in such filings.
- 11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00119
FEBRUARY 1, 2007**

APPLICATION OF
ROANOKE & BOTETOURT TELEPHONE COMPANY

For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 15, 2006, Roanoke & Botetourt Telephone Company ("R&B Telephone" or "Applicant") filed a complete application ("Application") with the State Corporation Commission ("Commission") requesting approval to amend its affiliate agreement ("Agreement")¹ pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code"). The Application adds NTELOS Media Inc. ("Media") as a party to the Agreement and adds an attachment ("Tax Attachment") that formally describes the methodology that is utilized to allocate federal and state tax liabilities and benefits among the members ("Members") of R&B Telephone's consolidated tax group ("Group"). During the initial review process, R&B Telephone determined that the Tax Attachment required substantial modification. Therefore, on November 15, 2006, the Applicant re-filed the Application and Agreement with a revised Tax Attachment. The re-filed Application restarted the statutory review period as of November 15, 2006.

R&B Telephone is a Virginia public service corporation that provides local exchange telecommunications services to approximately 12,000 access lines in Botetourt County. R&B Telephone is a wholly owned, indirect subsidiary of NTELOS Inc. ("NTELOS").

¹ The Commission has approved the Agreement (with amendments) in four previous cases: (1) *Application of Clifton Forge-Waynesboro Telephone Company, For approval of affiliate agreements*, Case No. PUA-1988-00015, Order Granting Authority (April 18, 1988), 1988 S.C.C. Ann. Rep. 192; (2) *Application of Clifton Forge-Waynesboro Telephone Company, For authority to modify a previously approved affiliates agreement*, Case No. PUA-1990-00016, Order Granting Authority (April 11, 1990), 1990 S.C.C. Ann. Rep. 202; (3) *Application of Clifton Forge-Waynesboro Telephone Company, For approval of an amended Affiliates Agreement*, Case No. PUA-1995-00013, Order Granting Approval (August 4, 1995), 1995 S.C.C. Ann. Rep. 207; and (4) *Application of NTELOS Telephone Inc., For approval to enter into an amended affiliates agreement*, Case No. PUC-2003-00105, Order Granting Approval (September 17, 2003), 2003 S.C.C. Ann. Rep. 281.

NTELOS is a Virginia business corporation headquartered in Waynesboro, Virginia, that provides a broad range of telecommunications products and services to businesses, telecommunications carriers and residential customers in Virginia, West Virginia and surrounding states. NTELOS' primary services include wireless digital personal communications services ("PCS"), local and long distance telephone services, broadband network services and high-speed Internet access. NTELOS is a wholly owned subsidiary of NTELOS Holdings Corp. ("Holdings").

Holdings is a holding company formed by Citigroup Venture Capital Equity Partners, L.P. and certain of its affiliates, and Quadrangle Capital Partners LLP and certain of its affiliates, for the purpose of purchasing NTELOS, which was acquired in early 2005.

NTELOS Media Inc. ("Media") is a stock company that will be providing Video over Internet Protocol ("IP").

R&B Telephone, NTELOS, Holdings and Media are considered affiliated interests under § 56-76 of the Code. As such, R&B Telephone must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The amended Agreement, which is dated August 31, 2006, lists 19 R&B Telephone affiliates including R&B Telephone, NTELOS, Holdings, and Media. Under the amended Agreement, R&B Telephone will provide: 1) local telephone services; 2) building space; 3) construction, maintenance and repair services; 4) access to local loops for the provision of IP video and broadband services; and 5) usage of its 5ESS central processor common equipment to various affiliates. In turn, R&B Telephone will: 1) receive executive, administrative, accounting, revenue billing, regulatory, marketing and information processing services; 2) lease dark fiber and trunking capacity; and 3) obtain wireless communication services from various affiliates. In addition, R&B Telephone will participate with Holdings in filing consolidated federal and state tax returns. The amended Agreement becomes effective upon approval by the Commission, and remains in effect until R&B Telephone or its affiliates provide written notification of intent to terminate, which must be provided 30 days in advance of the termination date. Attachment A to the amended Agreement describes the various direct charge and allocation methodologies that R&B Telephone and its affiliates will use to assign costs for services provided and received.

Media Services and Costs

Under the amended Agreement, R&B Telephone will provide local telecommunications services to Media at tariffed rates and will provide construction, maintenance and repair services at full cost.² R&B Telephone will also provide access to its local loops to Media for the provision of LP Video at tariffed rates.

Tax Attachment

R&B Telephone participates with Holdings in filing a consolidated federal income tax return in accordance with Title 26, Subtitle A, Chapter 6, Subchapter A, §§ 1501 *et seq.* and Subchapter B, § 1552 of the Internal Revenue Code, and in accordance with Title 26, Chapter 1, Subchapter A, Part 1, §§ 1.1502-0 *et seq.* and § 1.15 52-1 of the Treasury Regulations. The Tax Attachment lists the 19 R&B Telephone affiliates as Members of the federal consolidated tax Group. R&B Telephone also participates with Holdings in filing a consolidated state income tax return in accordance with §§ 58.1-300 *et seq.* of the Code. The Tax Attachment provides consolidated tax allocation procedures for federal and state income taxes.

The Tax Attachment states that each Member will pay to Holdings its separate return tax liability ("SRTL"), if any, for each consolidated return year ("Tax Year"). A Member's SRTL is defined as the amount of federal and state income taxes for which it would be liable if it had filed separate federal and state returns for that Tax Year, computed in accordance with the principles of § 1.1552-1(a)(2)(ii) of the Treasury Regulations.

In turn, Holdings will pay each Member its share of tax savings ("Tax Savings") generated by such Member, if any, for each Tax Year. A Member's Tax Savings is defined as the portion of consolidated tax savings ("CTS") for the Tax Year that was generated by that Member's federal and state income tax credits, deductions or losses ("Tax Benefits"), computed in accordance with the principles of § 1.1502-33(d)(3)(ii) of the Treasury Regulations. The CTS for a Tax Year is the excess, if any, of the sum of the SRTLs of all of the Members over the consolidated tax liability of the Group, computed in accordance with the principles of § 1.105-2 of the proposed Treasury Regulations.

In no event will the amount paid by a Member to Holdings with respect to a Tax Year be greater than: (i) the amount the Member would have paid to the Internal Revenue Service if it had filed its federal income tax return on a separate return basis, and (ii) the amount the Member would pay the applicable state taxing authority if it had filed its state income tax return on a separate return basis.

Once a Member has been compensated for the use of Tax Benefits, those Tax Benefits will not be included in the calculation of the Member's SRTL. If a Member has a federal SRTL and a state Tax Benefit (or vice versa), the two amounts will be netted to determine the amount payable to Holdings.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that the Applicant's request for approval of the amended Agreement is in the public interest and should be approved.

As noted earlier, we have approved the Agreement (with amendments) several times before. The amended Agreement simply adds Media as a party to the Agreement and adds a Tax Attachment that formally documents the federal and state tax allocation procedures for R&B Telephone's consolidated tax Group. We will, however, subject our approval to certain requirements as described below.

First, we will limit our approval to the specific affiliate services identified by R&B Telephone in the Agreement and Application. Any additional services should require separate approval. Second, our approval will have no ratemaking implications. Third, we will reserve the right to reflect ratemaking adjustments to R&B Telephone's income taxes in the course of our analysis and review of R&B Telephone's cost of service in the future. We will also require R&B Telephone to prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis. This tax schedule should be included in R&B Telephone's Annual Report of Affiliate Transactions ("ARAT") to be submitted to the Director of Public Utility Accounting each year.

² Full cost = Fully distributed cost.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Finally, we will require R&B Telephone to bear the burden of showing that it charged the higher of cost or market for non-tariffed services provided to its affiliates where a market and a market price exists. Where no market exists, R&B Telephone should charge full cost. Likewise, R&B Telephone should bear the burden to show that, for non-tariffed services obtained from its affiliates where a market and a market price exists, R&B Telephone paid the lower of cost or market. Where no market exists, R&B Telephone should pay full cost.

We note that all of these requirements, with the exception of the tax schedule, have been adopted before in similar affiliate cases.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Roanoke & Botetourt Telephone Company is hereby granted approval of its amended Affiliates Agreement as described herein, consistent with the findings above.
- 2) Services provided by or to R&B Telephone, and costs charged by or to R&B Telephone, shall be limited to those specifically described in the Agreement and the Application. Additional services will require separate approval.
- 3) The approval granted herein shall have no ratemaking implications.
- 4) The Commission reserves the right to reflect ratemaking adjustments to R&B Telephone's income taxes in the course of the Commission's review and analysis of R&B Telephone's cost of service in the future.
- 5) R&B Telephone shall bear the burden of showing that it charged the higher of cost or market for non-tariffed services provided to its affiliates where a market and a market price exists. Where no market exists, R&B Telephone shall charge full cost. Likewise, R&B Telephone shall bear the burden to show that, for non-tariffed services obtained from its affiliates where a market and a market price exists, R&B Telephone paid the lower of cost or market. Where no market exists, R&B Telephone shall pay full cost.
- 6) Commission approval shall be required for any changes in the terms and conditions of the amended Agreement, including successors and assigns.
- 7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 8) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.
- 9) R&B Telephone shall include the transactions associated with the Agreement approved herein in its ARAT submitted to the Director of Public Utility Accounting of the Commission each year. R&B Telephone shall also prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis, and submit this tax schedule with its ARAT.
- 10) In the event that any rate filings are not based on a calendar year, then R&B Telephone shall include the affiliate information contained in the ARAT in such filings.
- 11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00123
AUGUST 30, 2007**

PETITION OF
GRETNA AND RENAN EXCHANGE CUSTOMERS OF PEOPLES MUTUAL TELEPHONE COMPANY, INC.

For Extended Local Service to Verizon Virginia Inc.'s Lynchburg Exchange

FINAL ORDER

On September 7, 2006, telephone customers in Peoples Mutual Telephone Company, Inc.'s ("Peoples") Gretna and Renan exchanges petitioned the State Corporation Commission ("Commission") for Extended Local Service ("ELS") to the nearby Verizon Virginia Inc. ("Verizon") Lynchburg Exchange. By Order entered September 29, 2006, the Commission docketed this matter and prescribed a schedule for Peoples to perform a cost study and to conduct a poll of its affected customers.

Peoples filed its cost study on November 17, 2006. Based upon that cost study, Peoples mailed ballots to its Gretna and Renan exchange customers. Balloting was completed by April 4, 2007, and Peoples filed an affidavit on May 2, 2007 confirming that 1,529 ballots had been returned from the 3,125 mailed to its customers. Of the ballots returned, 785 favored the proposed ELS and 744 opposed it. The ballots favoring ELS constituted a majority of 51.3%.

Verizon then determined the additional costs that would need to be imposed upon its Lynchburg customers if two-way ELS were established to Peoples' Gretna and Renan exchanges. Verizon reported to the Commission's Staff that the amount of additional cost per customer in the Lynchburg Exchange did not justify increasing the applicable tariffed rates in Lynchburg. Because no rates would be increased in Lynchburg, there was no need to poll those customers regarding their willingness to pay higher rates for the proposed ELS to Gretna and to Renan. Nonetheless, Verizon is required by Va. Code § 56-484.2(C) to notify its Lynchburg customers that ELS to the Gretna and Renan exchanges will be implemented.

NOW THE COMMISSION, having considered this matter and applicable law, is of the opinion and finds that, because a majority of Peoples' customers responding voted for ELS from the two Peoples exchanges to Verizon's Lynchburg Exchange, the petition should be approved. The two companies, no later than ninety (90) days after this order, shall implement the extended calling at a mutually convenient date, following Verizon's notifying its Lynchburg Exchange customers that, as of the designated effective date, toll calling will no longer be required for calls to the Gretna and Renan exchanges.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed extension of local service between Peoples' Gretna and Renan exchanges and Verizon's Lynchburg Exchange shall be implemented within ninety (90) days of the date of this order.
- (2) Peoples and Verizon shall file the tariff revisions necessary for the proposed ELS and coordinate implementing ELS.
- (3) Verizon shall file proof of its notice to its Lynchburg customers regarding eliminating toll calls to Peoples' Gretna and Renan customers. Peoples shall notify its Gretna and Renan customers regarding eliminating toll calls to Verizon's Lynchburg customers.
- (4) Peoples and Verizon shall each file with the Commission notice of the successful implementation of ELS.
- (5) This matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00136
MARCH 8, 2007**

APPLICATION OF
PELZER COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On October 10, 2006, Pelzer Communications of Virginia, Inc. ("Pelzer" or the "Company"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated November 3, 2006, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On December 11, 2006, Pelzer filed proof of publication and proof of service as required by the November 3, 2006 Order.

On February 5, 2007, the Staff filed its Report finding that Pelzer's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Pelzer's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services, subject to the following condition: Pelzer should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) Pelzer Communications of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-228A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) Pelzer Communications of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-663, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.
- (4) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.
- (5) Pelzer shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2006-00141
APRIL 3, 2007**

APPLICATION OF
CLEARLINX NETWORKS (VIRGINIA) LLC
and
EXTENET SYSTEMS (VIRGINIA) LLC

For cancellation of certificates of public convenience and necessity to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name

FINAL ORDER

On November 2, 2006, an application was filed with the State Corporation Commission ("Commission") for cancellation of the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued to ClearLinx Networks (Virginia) LLC ("ClearLinx") and to reissue the certificates of public convenience and necessity to ExteNet Systems (Virginia) LLC ("ExteNet") to reflect the company name change.

On December 20, 2006, the Commission entered an Order finding that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued to ClearLinx should be cancelled and new certificates should be issued reflecting the new corporate name, ExteNet, on the condition that the letter of credit submitted by ClearLinx in the course of obtaining the initial certificates of public convenience and necessity in Case No. PUC-2005-00161 be amended to reflect the new corporate name, ExteNet, or otherwise replaced. The Order required that the new or amended letter of credit or bond be submitted to the Commission's Division of Economics and Finance ("Division") within 30 days of the December 20, 2006 Order.

On January 23, 2007, the Commission granted ExteNet's Motion to Extend Date By Which ExteNet Systems (Virginia) LLC Must Provide New or Amended Continuous Performance or Surety Bond or Irrevocable Letter of Credit ("Motion"). In its Motion, ExteNet asked that the date by which it must provide a new or amended irrevocable letter of credit or a continuous performance or surety bond be extended to March 20, 2007, and that the date by which ExteNet must file its revised tariffs be extended to April 20, 2007.

On February 13, 2007, ExteNet provided the Commission's Division of Economics and Finance with a Notification of Extension to Letter of Credit SLC302101 in the name of ExteNet Systems (Virginia) LLC in satisfaction of Ordering Paragraph (6) of the Commission's December 20, 2006 Order as amended by Ordering Paragraph (1) of the January 23, 2007 Order Granting Motion.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that ExteNet has satisfied the condition established by the Commission for reissuance of the certificates reflecting ExteNet's new corporate name.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraphs (2) through (5) of the Commission's December 20, 2006 Order are in full effect and the new certificates shall be issued to ExteNet Systems (Virginia) LLC.

(2) Certificate No. T-649 authorizing ClearLinx Networks (Virginia) LLC to provide local exchange telecommunications services throughout the Commonwealth shall be cancelled.

(3) ExteNet Systems (Virginia) LLC shall be granted a certificate of public convenience and necessity, Certificate No. T-649a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-649.

(4) Certificate No. TT-219A authorizing ClearLinx Networks (Virginia) LLC to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.

(5) ExteNet Systems (Virginia) LLC shall be granted a certificate of public convenience and necessity, Certificate No. TT-219B, to provide interexchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. TT-219A.

(6) Ordering Paragraph 7 of the December 20, 2006 Order, as amended by Ordering Paragraph (1) of the January 3, 2006 Order Granting Motion, remains in effect so that ExteNet shall provide revised tariffs reflecting its new corporate name to the Commission's Division of Communications to no later than April 20, 2007.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2006-00152
APRIL 10, 2007**

APPLICATION OF
MY TEL CO, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On December 1, 2006, My Tel Co, Inc. ("My Tel" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated December 27, 2006, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On January 30, 2007, the Company filed proof of publication and proof of service as required by the December 27, 2006 Order.

On February 28, 2007, the Staff filed its Report finding that My Tel's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of My Tel's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: My Tel should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) My Tel Co, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-229A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) My Tel Co, Inc. is hereby granted a certificate of public convenience and necessity, T-664, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) My Tel shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NOS. PUC-2006-00154 and PUC-2007-00033
APRIL 30, 2007**

APPLICATION OF
VERIZON VIRGINIA INC.,
VERIZON SOUTH INC.
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For Modification to Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: Amendment of Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers

ORDER ON APPLICATION AND ESTABLISHING PROCEEDING

On December 1, 2006, Verizon Virginia Inc., Verizon South Inc., and MCImetro Access Transmission Services of Virginia, Inc. (collectively, "Verizon") filed an application with the State Corporation Commission ("Commission") requesting "that the Commission initiate a rulemaking proceeding,

pursuant to 5 VAC 5-20-100 (A), for the purpose of adopting regulations that would establish a cap on the intrastate access rates that [competitive local exchange carriers ('CLECs')] may charge."¹ Verizon "proposes that the Commission adopt a rule specifying that CLEC intrastate access rates may not exceed the access rates currently charged by the competing [incumbent local exchange carrier ('ILEC')] in the same service area."²

Verizon asserts that the Commission "can accomplish this either by modifying the existing rule, 20 VAC 5-417-50 (D), or by creating a new rule."³ Specifically, Verizon proposes that the Commission adopt the following language:

A competitive local exchange carrier (CLEC) may not charge switched access rates that are higher than those of a competing incumbent local exchange carrier (ILEC) serving the same geographic location. A CLEC's aggregate charges for all of the rate elements that comprise its switched access service may not exceed the ILEC's aggregate charges for all rate elements that comprise its switched access service. If an ILEC lowers its access rates either pursuant to an order of the commission or on its own, then, no more than 90 days afterward, CLECs must adjust their access rates, as appropriate, so that they are not higher than the ILEC's new access rates. A CLEC may only impose charges for those functions that the carrier actually provides.

For purposes of this rule, a competing incumbent local exchange carrier shall mean the ILEC that serves the same geographic area in which the CLEC operates.⁴

On December 27, 2006, the Commission issued an Order for Notice and Comment that docketed this proceeding, provided interested persons and the Commission's Division of Communications ("Staff") an opportunity to file written comments, and allowed Verizon to file a response.

PAETEC Communications of Virginia, Inc., and US LEC of Virginia, L.L.C. (collectively, "PAETEC/US LEC") filed comments on January 31, 2007. PAETEC/US LEC assert that "it would be inappropriate for the Commission to generally revise CLEC access charges, as suggested by Verizon, so that they would be equivalent to the local ILEC's intrastate access charges."⁵ In addition, "if the Commission feels constrained to act with regard to CLECs whose access charges are significantly above the ILEC's, PAETEC/US LEC suggest: (i) that the Commission consider specifying a benchmark level of CLEC aggregate access rates, to be determined after further proceedings, that would continue to provide CLECs with adequate additional revenues and support; (ii) that any required reduction of CLEC access rates should be phased-in over a transition period of three years; and (iii) that CLECs should continue to be permitted to adopt their own access rate structures, including having a single access charge rate element."⁶

The Small Company Committee of the Virginia Telecommunications Industry Association ("Small ILECs") submitted comments on January 31, 2007.⁷ The Small ILECs contend that "[t]here is no basis for the Commission to extend the issues raised in Verizon's Application as support for a separate generic proceeding regarding the access charge structure for the Small ILECs."⁸

Cavalier Telephone, LLC, NTELOS Network Inc., and XO Virginia, LLC (collectively, "Cavalier/NTELOS/XO") filed comments on February 1, 2007. Cavalier/NTELOS/XO "respectfully request that the Commission deny the Verizon Petition and defer any action on access charges at this time. . . . [T]he Commission should recognize that the existing CLEC rule is a validation of the fact that Verizon and CLECs face different economic realities and different cost structures. Unless Verizon can show that such differences are somehow mitigated by its reemergence as the dominant landline and long distance monopolist, no changes to the CLEC rule should be made."⁹

Cox Virginia Telcom, Inc. ("Cox Telcom") filed comments on February 1, 2007. Cox Telcom "respectfully requests that the Commission deny Verizon's request to establish a cap on competitive LEC intrastate access charges. In the alternative, the Commission should wait until the [Federal Communications Commission's ('FCC')] proceeding on intercarrier compensation is resolved before making any adjustments to competitive LEC intrastate access rates in Virginia. If adjustments are necessary before the FCC proceeding is resolved, Cox Telcom respectfully requests in the alternative that the Commission adopt a phased-in approach of three years and remove the cap on local service rates assessed by competitive LECs."¹⁰

AT&T Communications of Virginia, LLC, and TCG Virginia, Inc. (collectively, "AT&T") filed comments on February 1, 2007. AT&T states that "[n]ot only should the Commission require CLECs to cap intrastate switched access rates at the Verizon Virginia rate level, it should also require

¹ Application at 14.

² *Id.* at 2.

³ *Id.* at 11.

⁴ *Id.*

⁵ PAETEC/US LEC's January 31, 2007 comments at 14.

⁶ *Id.*

⁷ The Small Company Committee's members are as follows: Buggs Island Telephone Cooperative; Burke's Garden Telephone Co., Inc.; Citizens Telephone Cooperative, Inc.; Highland Telephone Cooperative; MGW Telephone Company; New Hope Telephone Company; North River Telephone Cooperative; NTELOS Telephone Company; Pembroke Telephone Cooperative; Peoples Mutual Telephone Company; Roanoke and Botetourt Telephone Company; Scott County Telephone Cooperative; Shenandoah Telephone Company; and TDS Telecom.

⁸ Small ILEC's January 31, 2007 comments at 3.

⁹ Cavalier/NTELOS/XO's February 1, 2007 comments at 6.

¹⁰ Cox Telcom's February 1, 2007 comments at 11.

Virginia's other ILECs to cap their intrastate access rates as well, at either the Verizon Virginia rate or the company's interstate rate, whichever is higher. As the Verizon Virginia and interstate rates change over time, the Virginia intrastate access cap should follow in lockstep. At the same time it implements the access cap, the Commission should also afford the CLECs and ILECs greater retail pricing flexibility."¹¹

United Telephone-Southeast, Inc., and Central Telephone Company of Virginia (collectively, "Embarq") filed comments on February 1, 2007. Embarq "encourages the Commission to adopt Verizon's proposed rule changes that would cap the intrastate access charges of CLECs [and] urges the Commission not to undertake a generic proceeding to examine the appropriate levels of the intrastate access charges of ILECs."¹²

Sprint Communications Company of Virginia, Inc., ASC Telecom, Inc., Sprint Spectrum, L.P., Sprintcom, Inc., Nextel Communications of the Mid-Atlantic, Inc., and NPCR, Inc. d/b/a Nextel Partners (collectively, "Sprint Nextel") filed comments on February 1, 2007. Sprint Nextel states that "[i]ntrastate switched access rates should be set at cost or, at very least, at parity with interstate rates. Sprint [Nextel] encourages the Commission to take this opportunity to consider the appropriate level of intrastate switched access charges for all local exchange carriers in a generic proceeding. Further, any consideration of Verizon's retail deregulation request in PUC-2007-00008 should be linked to reform of Verizon's switched access rates."¹³

Qwest Communications Corporation of Virginia ("Qwest") filed comments on February 1, 2007. Qwest "urges the Commission to adopt the proposed modifications . . . recommended by Verizon, as supplemented by" the following language: "In addition, a CLEC's tariff and billing statements must separately identify and separately price each switched access service element for which it charges. If technically feasible, the level of disaggregation should mirror the rate element structure used by the competing ILEC."¹⁴

The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed comments on February 1, 2007. Consumer Counsel "agrees that some reduction in access charges towards cost may be warranted, but has concerns about Verizon's proposed rule. If the Commission determines to reduce the level of access charges of CLECs, the Commission may also want to consider the appropriate level(s) of intrastate switched access charges for all local exchange carriers in a generic proceeding."¹⁵

The Staff filed comments on February 23, 2007. The Staff concluded that the "Commission should require CLECs to lower their switched access rates to levels that do not exceed those of the ILECs," and the Staff suggested modifications to Verizon's proposed rule.¹⁶ The Staff also stated that "the Commission should implement a transition period for CLECs to phase down their existing rates to the new switched access charge ceilings. Furthermore, we suggest that the Commission modify the CLEC Rules to provide additional pricing and tariff filing flexibility."¹⁷ In addition, the Staff asserted that: (1) "the Commission can review the intrastate access charges of LECs (or groups of LECs) in separate proceedings" and that "[s]uch an approach may be more expedient;" (2) "the Commission should initiate an investigation into the appropriate level of access charges for the Embarq companies;" and (3) "[t]he Commission should consider whether it is timely to initiate an investigation to evaluate the intrastate switched access charges of the small telephone companies (and cooperatives) where it can address various issues."¹⁸

Verizon filed a response on March 9, 2007. Verizon responded to the previously filed comments and "urges the Commission to proceed quickly to establish a price ceiling for CLEC intrastate switched access rates that mirrors the comparable ILECs' access rates, and require compliance with that ceiling quickly."¹⁹

On March 21, 2007, PAETEC/US LEC filed reply comments and moved for leave to file the same. On March 23, 2007, Cavalier/NTELOS/XO filed reply comments and a Motion for Leave to Respond to Verizon. On March 23, 2007, Cox Telcom filed reply comments and a Motion for Leave to File Reply Comments.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the application shall be granted in part and denied in part and that we shall initiate a rulemaking proceeding as set forth herein.

Verizon's application requests "that the Commission initiate a rulemaking proceeding . . . for the purpose of adopting regulations that would establish a cap on the intrastate access rates that CLECs may charge."²⁰ We grant the application to the extent that we are initiating such a proceeding, which shall be docketed as Case No. PUC-2007-00033. Virginia statutory law requires that the "Commission, in resolving issues and cases concerning local exchange telephone service under [Title 56], shall, consistent with federal and state laws, consider it in the public interest to, as appropriate, (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services; . . ."²¹ We find that the disparity between Verizon's intrastate access rates and CLECs' intrastate

¹¹ AT&T's February 1, 2007 comments at 16.

¹² Embarq's February 1, 2007 comments at 4.

¹³ Sprint Nextel's February 1, 2007 comments at 7.

¹⁴ Qwest's February 1, 2007 comments at 5-6.

¹⁵ Consumer Counsel's February 1, 2007 comments at 3-4.

¹⁶ Staff's February 23, 2007 comments at 38.

¹⁷ *Id.*

¹⁸ *Id.* at 38-39.

¹⁹ Verizon's March 9, 2007 response at 24.

²⁰ Application at 14.

²¹ Va. Code § 56-235.5:1.

access rates warrants initiating a proceeding to consider changes to the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* ("CLEC Rules").

We deny the application to the extent that the proposed CLEC Rules attached hereto do not mirror the changes requested by Verizon. In general, the proposed rules in Case No. PUC-2007-00033 amend only 20 VAC 5-417-10 (Definitions) and 20 VAC 5-417-50 (Regulation of new entrants providing local exchange telecommunications services) and: (1) require that a CLEC's intrastate access rates not exceed the higher of (a) the interstate access rates of the CLEC, or (b) the intrastate access rates of the ILEC(s) in whose service territory the CLEC is providing service; (2) provide a transition period for CLECs to meet the new intrastate access rate requirements; (3) allow CLECs to request pricing structures or rates that do not conform to the new rule; and (4) provide CLECs with additional pricing and tariff filing flexibility.

The rulemaking proceeding in Case No. PUC-2007-00033 is limited to proposed changes for CLECs. Such limitation, however, does not represent a finding that no changes are warranted for ILECs' intrastate access rates. Rather, we conclude that any proposed changes to intrastate access rates for ILECs should be considered in one or more separate proceedings.

Finally, we will not consider, in Case No. PUC-2006-00154, the unauthorized replies filed by PAETEC/US LEC, Cavalier/NTELOS/XO, and Cox Telcom.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Verizon's application is granted in part and denied in part as set forth herein.
- (2) The motions for leave to file a reply by PAETEC/US LEC, Cavalier/NTELOS/XO, and Cox Telcom in Case No. PUC-2006-00154 are denied.
- (3) Case No. PUC-2007-00033 is docketed for the purposes set forth herein.
- (4) The Commission's Division of Information Resources shall forward the proposed Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers (Chapter 417), Attachment A hereto, to the Registrar of Virginia for publication in the Virginia Register of Regulations.
- (5) On or before May 18, 2007, the Commission's Division of Information Resources shall make a downloadable version of the proposed Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, Attachment A (amending only §§ 10 and 50), available for access by the public at the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>. The Clerk of the Commission shall make a copy of the proposed Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers available for public inspection and provide a copy, free of charge, in response to any written request for one.
- (6) On or before June 20, 2007, interested persons wishing to comment on, propose modifications to, or request a hearing on the proposed Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers (amending only §§ 10 and 50) shall file an original and fifteen (15) copies of such comments, proposals, or requests with the Clerk of the Commission, P.O. Box 2118, Richmond, Virginia 23218, making reference to Case No. PUC-2007-00033. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>. Requests for hearing shall state with specificity why such concerns cannot be adequately addressed in written comments.
- (7) On or before May 18, 2007, the Commission's Division of Information Resources shall publish the following notice as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF A PROCEEDING TO ADOPT
AMENDED RULES GOVERNING THE CERTIFICATION
AND REGULATION OF COMPETITIVE
LOCAL EXCHANGE CARRIERS
CASE NO. PUC-2007-00033

The State Corporation Commission ("Commission") has initiated a proceeding to consider adopting changes to the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers (20 VAC 5-417-10 *et seq.*) ("CLEC Rules") for the purpose of establishing caps upon the prices new entrants may charge for switched access rates. The proposed changes apply only to 20 VAC 5-417-10 and 20 VAC 5-417-50. Interested persons may obtain a copy of the proposed CLEC Rules by visiting the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>, or by requesting a copy from the Clerk of the Commission. The Clerk's office will provide a copy of the proposed CLEC Rules to any interested person, free of charge, in response to any written request for one.

On or before June 20, 2007, any person wishing to comment on, propose modifications to, or request a hearing on the proposed CLEC Rules shall file an original and fifteen (15) copies of such comments, proposals, or requests with the Clerk of the Commission, P.O. Box 2118, Richmond, Virginia 23218, making reference to Case No. PUC-2007-00033. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>. Requests for hearing shall state with specificity why such concerns cannot be adequately addressed in written comments.

VIRGINIA STATE CORPORATION COMMISSION

- (8) The Staff may file comments regarding the proposed Rules on or before July 20, 2007.
- (9) Case No. PUC-2006-00154 is dismissed.
- (10) Case No. PUC-2007-00033 is continued for further orders of the Commission.

NOTE: A copy of Attachment A entitled "Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUC-2006-00156
JANUARY 16, 2007**

JOINT PETITION OF
LEVEL 3 COMMUNICATIONS, LLC,
WILTEL COMMUNICATIONS OF VIRGINIA, INC.,
LOOKING GLASS NETWORKS OF VIRGINIA, LLC,
and
TELCOVE OF VIRGINIA, LLC

For Approval to Partially Discontinue Service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On December 5, 2006, Level 3 Communications, LLC ("Level 3"), WilTel Communications of Virginia, Inc. ("WilTel"), Looking Glass Networks of Virginia, LLC ("Looking Glass"), and TelCove of Virginia, LLC ("TelCove") (collectively the "Joint Petitioners" or "Companies"), filed a petition with the State Corporation Commission ("Commission") requesting Commission approval to discontinue services to customers who are served on a stand-alone basis by the resale of services or facilities that the Joint Petitioners obtain from a third party ("resale customers"). Joint Petitioners represent they have determined that it is not economically feasible to continue to provide services to these resale customers.

The Joint Petitioners state that the partial discontinuance of service to resale customers will affect three (3) business customers. Companies also represent that notice has been provided to each of these business customers either on September 29, 2006, or November 3, 2006.

Pursuant to Rule 20 VAC 5-423-30 of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Discontinuance Rules"), a competitive local exchange carrier must furnish notice to customers in the prescribed manner before any services may be discontinued. The Commission's primary concern with authorizing discontinuance is providing adequate notice to the affected customers. We have been advised by the Staff that the notice previously provided to the customers did not adequately meet the requirements of the Discontinuance Rules (see 20 VAC 5-423-30 C). Therefore, the Joint Petitioners shall be required to provide additional notification to the affected customers, which fully complies with the Discontinuance Rules. Joint Petitioners are not requesting the cancellation of any of their existing certificates of public convenience and necessity authorizing the Companies to provide telecommunications services in Virginia. The Companies state that they intend to continue to provide services in Virginia.

NOW THE COMMISSION, having considered the pleading and the applicable law, is of the opinion and finds that this matter should be docketed and assigned Case No. PUC-2006-00156.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00156.
- (2) Joint Petitioners shall provide notice to the affected customers in the form prescribed in the Discontinuance Rules by January 24, 2007. Notice shall provide customers a minimum of 30 days' notice before discontinuing service.
- (3) Proof of said notice shall be filed with the Clerk of the Commission in this docket by January 29, 2007.
- (4) Subject to meeting the requirements of ordering paragraphs (2) and (3) above, Joint Petitioners are authorized to discontinue telecommunications services to customers who are served on a stand-alone basis by the resale of services or facilities that the Joint Petitioners obtain from a third party.
- (5) This matter is continued generally pending further order of the Commission.

**CASE NO. PUC-2006-00156
APRIL 3, 2007**

JOINT PETITION OF
LEVEL 3 COMMUNICATIONS, LLC,
WILTEL COMMUNICATIONS OF VIRGINIA, INC.,
LOOKING GLASS NETWORKS OF VIRGINIA, LLC,
and
TELCOVE OF VIRGINIA, LLC

For Approval to Partially Discontinue Service

DISMISSAL ORDER

On December 5, 2006, Level 3 Communications, LLC ("Level 3"), WilTel Communications of Virginia, Inc. ("WilTel"), Looking Glass Networks of Virginia, LLC ("Looking Glass"), and TelCove of Virginia, LLC ("TelCove") (collectively the "Joint Petitioners" or "Companies"), filed a petition with the State Corporation Commission ("Commission") requesting Commission approval to discontinue services to customers who are served on a stand-alone basis by the resale of services or facilities that the Joint Petitioners obtain from a third party ("resale customers"). Joint Petitioners represent they have determined that it is not economically feasible to continue to provide services to these resale customers.

The Joint Petitioners state that the partial discontinuance of service to resale customers will affect three (3) business customers. Companies also represent that notice has been provided to each of these business customers either on September 29, 2006, or November 3, 2006.

By Order entered January 16, 2007, the Joint Petitioners were authorized, subject to furnishing proper notice and proof of notice, to discontinue service to the customers who were served on a stand-alone basis by the resale of services or facilities obtained from a third party. We have been advised by the Staff that proper notice and proof of notice was filed January 24, 2007, and that this matter can be dismissed.

NOW THE COMMISSION, having been advised by the Staff that Joint Petitioners have fulfilled the requirements of the Order of January 16, 2007, and having considered the applicable law, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00157
APRIL 19, 2007**

APPLICATION OF
DUKENET COMMUNICATIONS, LLC

For a certificate of public convenience and necessity to provide interexchange telecommunications services

FINAL ORDER

On December 18, 2006, DukeNet Communications, LLC ("DukeNet" or the "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated January 3, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On February 6, 2007, the Company filed proof of publication and proof of service as required by the January 3, 2007 Order.

On March 14, 2007, the Staff filed its Report finding that DukeNet's application was in compliance with 20 VAC 5-411-10 *et seq.*, the Rules Governing the Certification on Interexchange Carriers. Based upon its review of DukeNet's application, the Staff determined it would be appropriate to grant the Company a certificate to provide interexchange telecommunications services.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) DukeNet Communications, LLC is hereby granted a certificate of public convenience and necessity, No. TT-230A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.
- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2006-00158
FEBRUARY 8, 2007

JOINT PETITION OF
LIGHTYEAR NETWORK SOLUTIONS, LLC,
FIRST COMMUNICATIONS, LLC,
and
FIRST COMMUNICATIONS, INC.

Joint Petition for Approval of Transfer of Control

DISMISSAL ORDER

On December 21, 2006, Lightyear Network Solutions, LLC ("Lightyear"), First Communications, LLC ("First Communications"), and First Communications, Inc. ("FCI") (collectively, "Joint Petitioners"), completed a Joint Petition for State Corporation Commission ("Commission") approval for the transfer of control of Lightyear to FCI.

On January 29, 2007, the Joint Petitioners filed a Notice of Withdrawal ("Notice") with the Commission seeking the withdrawal of the previously filed Joint Petition. The Notice states that FCI will not be acquiring control of Lightyear as the basis for withdrawing the Joint Petition.

NOW THE COMMISSION, upon consideration of the pleadings herein, is of the opinion and finds that the request to withdraw the Joint Petition should be granted, and that the matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed without prejudice.
- (2) There being nothing further to come before the Commission in this matter, the papers herein shall be placed in the file for ended causes.

CASE NO. PUC-2006-00161
JANUARY 22, 2007

JOINT PETITION OF
PAC-WEST TELECOMM, INC.,
PAC-WEST TELECOMM OF VIRGINIA, INC.,
and
PAC-WEST ACQUISITION COMPANY LLC

For approval of transfer of indirect control

ORDER GRANTING APPROVAL

On December 18, 2006, Pac-West Telecomm, Inc. ("Parent"), Pac-West Telecomm of Virginia, Inc. ("Pac-West"), and Pac-West Acquisition Company LLC ("PWAC") (collectively referred to herein as the "Petitioners"), pursuant to Chapter 5 of the Code of Virginia, filed a joint petition with the State Corporation Commission ("Commission") requesting approval of a proposed transaction whereby PWAC will acquire indirect control of Pac-West through a 95% acquisition of Parent's common stock. Parent holds 100% ownership of Pac-West.

PWAC, a Washington limited liability holding company with principal offices located in Vancouver, Washington, is a wholly owned subsidiary of Columbia Ventures Corporation ("CVC"), and was established for the sole purpose of making an investment in Parent. CVC is a privately held investment company that owns and operates a portfolio of telecommunications companies and a small number of manufacturing businesses around the world, and maintains an actively managed investment portfolio of real estate and equity and debt securities. CVC is incorporated in the State of Washington with principal offices located in Vancouver, Washington.

Parent, a publicly traded California corporation with principal offices located in Stockton, California, is a provider of integrated telecommunications services to Internet service providers, other enhanced telecommunications service providers, and other wholesale customers who provide telecommunications services to their end users. Parent is authorized to provide intrastate telecommunications services in 35 states and holds domestic and international Section 214 authorizations from the Federal Communications Commission, which allow Parent to offer interstate and international telecommunications services.

Pac-West, a wholly owned subsidiary of Parent, holds certificates of public convenience and necessity ("CPCN") to provide competitive local exchange and interexchange telecommunications services in Virginia pursuant to certificate Nos. T-644 and TT-214A, respectively, issued by the Commission in Case No. PUC-2005-00115 on December 20, 2005. Pac-West does not have any customers in Virginia at this time.

On November 15, 2006, in order to implement the proposed transaction, Parent and PWAC entered into a Preferred Stock Purchase Agreement ("Agreement"), through which PWAC will acquire the non-voting and convertible Series B-1 and Series B-2 preferred stock of Parent, which will then be

converted into common stock of Parent.¹ Upon conversion, PWAC will own 95% of the common stock of Parent, on a fully diluted basis, with the current shareholders of Parent holding the remaining 5% of the common stock. Parent will remain a publicly held corporation, and become the direct 95% owned subsidiary of PWAC, and an indirect subsidiary of CVC, the parent of PWAC.

The Agreement was negotiated at arm's length by Parent and CVC with the purchase price determined by the market clearing price of Parent (the price agreed between a willing buyer and willing seller). Because the proposed transaction will occur at the holding company level, Virginia specific price information is not available. Pursuant to the Agreement, PWAC purchased, in aggregate, 48,158 shares of newly designated non-voting and convertible Series B-1 Preferred Stock and 830,959 shares of newly designated non-voting and convertible Series B-2 Preferred Stock, at a per share price of \$1.137505. Each share of Preferred Stock will then be converted into 1,000 shares of Common Stock.

Concurrently with the execution of the Agreement, Parent completed a comprehensive restructuring of various financing arrangements. As part of the restructuring, another newly created subsidiary of CVC, Pac-West Funding Company, purchased Parent's senior secured credit facility, with an outstanding balance of approximately \$8.8 million, from Parent's senior lender, Comerica Bank. This credit facility was amended and restated to provide, among other things, an increase in the maximum loan commitment to Parent to \$24 million. In addition, Parent will now have access to cash in the amount of \$11.3 million previously held by Comerica Bank under the terms of a compensating balance arrangement. Parent has also reached agreement with a lender to restructure approximately \$5.7 million of its obligations to the lender and an agreement with a key supplier to restructure approximately \$2.8 million of its obligations to the supplier. The Petitioners assert that this financial restructuring is critical to the continued financial viability of Parent.

The Petitioners also assert that the transaction will serve the public interest. The transaction is necessary to provide critical financial resources to Parent that will allow it to fund operations and to continue to provide high quality services to customers. Further, the Petitioners assert that Parent's current management team will remain in place and Pac-West will not change its name, operating authority, or its terms and conditions and rates, as a result of the proposed transaction.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the transaction described herein will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The joint petition should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the proposed transfer of indirect control of Pac-West from its owner Parent to PWAC and CVC as ultimate parent, as described herein.
- 2) The Petitioners shall file a report of action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date that the transfer of indirect control took place.
- 3) There appearing nothing further to be done in this matter. it is hereby dismissed.

¹ Series B-1 Preferred Stock was issued by Parent on November 15, 2006, and the Series B-2 Stock will be issued following receipt of approval of existing shareholders of Parent to increase the number of authorized shares of Common Stock to permit the conversion of all Series B- I and Series B-2 Stock into Common Stock of Parent. Thus, as a practical matter, the Agreement cannot be executed without approval of Parent's existing shareholders.

**CASE NO. PUC-2007-00001
MARCH 21, 2007**

PETITION OF
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For a waiver of the price ceilings for residential local exchange service of its Call Plan Unlimited Plus

ORDER GRANTING WAIVER

On January 3, 2007, AT&T Communications of Virginia, LLC ("AT&T" or the "Company"), filed a petition with the State Corporation Commission ("Commission") for a waiver of the price ceilings applicable to its residential local exchange service known as AT&T's Call Plan Unlimited Plus, in order for AT&T to increase prices for the service effective March 1, 2007.¹ All affected customers reside in areas of Virginia where Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon") are the incumbent local exchange carriers ("ILEC").

Specifically, AT&T requests a waiver of 20 VAC 5-417-50 D of the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* ("CLEC Rules"), which provides that prices for local exchange telecommunications services shall not exceed the highest prices of the comparable tariffed services provided by the ILEC in the same local serving areas. AT&T requests a waiver pursuant to 20 VAC 5-417-50 E of the CLEC Rules, which provides that the Commission may permit alternative pricing structures and rates unless there is a showing the public interest will be harmed. AT&T's petition represents that the most directly comparable Verizon local exchange service is priced at \$15.87 per month.

¹ AT&T's petition states that it was providing 30 days' notice to its Call Plan Unlimited Plus customers via bill message. Nonetheless, AT&T did not implement the proposed rate increase for Call Plan Unlimited Plus on March 1, 2007. Instead, AT&T deferred the effective date pending the outcome of this proceeding.

AT&T states that it faces a disparity between its costs and the prices the Company can charge under the price ceilings because of a series of court and Federal Communications Commission ("FCC") decisions. A March 2004, ruling vacated the FCC rule requiring unbundled network element platform availability. As a result, in September 2005, AT&T entered into a commercial agreement with Verizon that substantially increased AT&T's costs for offering its Call Plan Unlimited Plus service.

In support of its request, AT&T also asserts that a waiver of the price ceilings will not harm the public interest. The Company's petition states that affected customers have numerous choices for obtaining local exchange services, including not only Verizon, but also competitive local exchange carriers ("CLECs"), wireless carriers, and Voice over Internet Protocol providers.

On January 23, 2007, the Commission entered its Order for Notice and Inviting Comments and Requests for Hearing ("Notice Order"). Pursuant to the Notice Order, AT&T published newspaper advertisements of its proposal, advising that interested persons could file comments, requests for hearing, or both on or before February 14, 2007. That Order also directed the Commission Staff ("Staff") to file comments upon the issues associated with the Petition no later than February 26, 2007.

On February 26, 2007, the Staff filed its Comments. The Staff expressed concern over the limited availability of standalone flat rate local exchange services (i.e. not part of a bundle) from other CLECs. The Staff does not believe that the public interest would be harmed by granting AT&T's price ceiling request, subject to two conditions. The waiver should apply only to Call Plan Unlimited Plus service and \$16.82 per month should be established as a new price ceiling for the service. In addition, the Staff Comments noted that only a single comment opposing the increase was received.

NOW, THE COMMISSION, upon consideration of the Staff Comments and the one objection, finds that AT&T's price ceiling waiver request will not harm the public interest and should be granted subject to the conditions stated below.

(1) AT&T's price ceiling waiver request for its residential local exchange service, Call Plan Unlimited Plus, is granted subject to the conditions that (i) the waiver applies only to AT&T's Call Plan Unlimited Plus service and (ii) the new price ceiling applicable to AT&T's Call Plan Unlimited Plus service shall be \$16.82 per month.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00004
JUNE 18, 2007**

APPLICATION OF
METRO FIBER NETWORKS, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On February 2, 2007, Metro Fiber Networks, Inc. ("Metro Fiber" or the "Company"), completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated March 21, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On April 10, 2007 Metro Fiber filed a Motion for Extension of Time, requesting an extension to April 19, 2007 for its publication deadline. The Commission granted that Motion by Order dated April 20, 2007. On May 1, 2007, the Company filed proof of publication, and on March 29, 2007, the Company filed proof of service as required by the March 21, 2007 Order.

On May 29, 2007, the Staff filed its Report finding that Metro Fiber's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Metro Fiber's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the condition that Metro Fiber should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Metro Fiber is hereby granted a certificate of public convenience and necessity, No. TT-233A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Metro Fiber is hereby granted a certificate of public convenience and necessity, No. T-667, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.
- (4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.
- (5) Metro Fiber shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00005
MARCH 28, 2007**

APPLICATION OF
EVEREST BROADBAND NETWORKS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated March 1, 2001, in Case No. PUC-2000-00316, the State Corporation Commission ("Commission") granted Everest Broadband Networks of Virginia, Inc. ("Everest Broadband" or the "Company"), Certificate Nos. T-545 to provide local exchange telecommunications services and TT-138A to provide interexchange telecommunications services in Virginia.

By letter application filed January 16, 2007, Everest Broadband requested that its Certificates T-545 and TT-138A be cancelled. The application stated that Everest Broadband has not operated since December 31, 2004.

NOW THE COMMISSION, having considered the matter, is of the opinion that Everest Broadband's certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00005.
- (2) Certificate No. T-545 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-138A granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00008
DECEMBER 14, 2007**

APPLICATION OF
VERIZON VIRGINIA INC.
and
VERIZON SOUTH INC.

For a Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same

ORDER ON APPLICATION

On January 17, 2007, Verizon Virginia Inc. ("Verizon Virginia") and Verizon South Inc. ("Verizon South") (collectively, "Verizon" or "Company") filed an application with the State Corporation Commission ("Commission") requesting "that the Commission, pursuant to 5 VAC 5-20-80(A) and Va. Code § 56-235.5(E), declare certain retail services competitive and deregulate and detariff those services" ("Application").¹ Exhibit VA-1 to the Application "lists these retail services, which are generally classified in Verizon's Alternative Regulat[ory] Plan as [Basic Local Exchange Telephone Services ('BLETS'), Other Local Exchange Telephone Services ('OLETS')], and Bundled Services. Verizon does not seek to have its switched access, special access, E911 or Lifeline² services declared competitive."³

¹ Application at 1.

² Verizon refers to this service in its tariff as the Virginia Universal Service Plan.

³ Application at 1 (footnote added).

Verizon states that the "retail telecommunications market in Virginia is robustly competitive. Intermodal technologies now offer multiple physical connections to the customer, in turn enabling a variety of competing telecommunications platforms, including cable telephony, cable modem, wireless, fixed wireless, traditional [competitive local exchange carrier (CLEC)] broadband, traditional CLEC telephony, Verizon broadband, and broadband over powerline, over which dozens of competitive providers vie to meet Virginians' communications needs."⁴ The Company concludes that its "retail services are competitive statewide," and that "competition or the potential for competition in the marketplace is or can be an effective regulator of the price of Verizon's retail services."⁵

In addition, the Company asserts that "[g]iven the pervasive and effective competition Verizon faces for its retail voice services across the Commonwealth, the Commission should not stop at reclassifying those services as competitive. It should exercise the further discretion the Code grants to deregulate and detariff those services."⁶ Verizon states that "[o]nce the Commission determines in this case that services are competitive under Va. Code § 56-235.5(F), (i.e., 'when it finds competition or the potential for competition in the market place is or can be an effective regulator of the price of those services'), regulatory mechanisms intended to approximate market forces are no longer required."⁷ The Company further contends that, "[i]ndeed, in a competitive market, regulations developed under a monopoly regime can hinder a company's ability to provide adequate service at reasonable and just rates by preventing it from responding to changes in the marketplace as rapidly as its competitors."⁸

On February 7, 2007, the Commission issued an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this case; (2) permitted any person to submit written or electronic comments on the Application on or before April 20, 2007; (3) scheduled a public hearing to commence on July 23, 2007 to receive testimony from members of the public and evidence on the Application; and (4) required the Company to provide notice of its Application. The Commission also requested participants to address the following nine questions, noted that this case is not necessarily limited to these questions, and provided Verizon an opportunity to supplement its Application in response to these questions:

- (1) The Commission may determine that telephone services are competitive "on a statewide or a more limited geographic basis," or "on the basis of a category of customers." What is the appropriate market(s) for the Commission to consider in determining whether Verizon's retail services are competitive?
- (2) What market test(s), if any, should be used to determine that (a) competition, or (b) the potential for competition, in the appropriate market "is or can be an effective regulator of the price of those services?"
- (3) What constitutes an effective competitor in the relevant market, such that the competitor's presence reasonably meets the needs of consumers pursuant to § 56-235.5 F of the Code of Virginia ("Code")?
- (4) In determining whether competition or the potential for competition effectively regulates the prices of services, what "other factors," if any, should the Commission consider to be relevant in addition to "(i) the ease of market entry," and "(ii) the presence of other providers reasonably meeting the needs of consumers?"
- (5) If and where the Commission finds telephone services to be competitive, should the Commission deregulate, detariff, or adopt a modified form of regulation for those services pursuant to § 56-235.5 E of the Code? What factors should the Commission consider in determining which methods are in the public interest for such competitive services?
- (6) How should the Commission monitor, pursuant to § 56-235.5 G of the Code, the competitiveness of any telephone services it finds to be competitive?
- (7) For any telephone services it finds to be competitive, what competitive safeguards should the Commission adopt pursuant to § 56-235.5 H of the Code?
- (8) Are any of the above questions not relevant to the legal and/or factual determinations that the statute requires the Commission to make?
- (9) Are there other issues that are relevant to the Commission's implementation of the applicable statutory criteria in this proceeding?

On or before April 20, 2007, the Commission received numerous written or electronic comments from individuals and from the Board of Supervisors of Tazewell County, Cavalier Telephone, LLC ("Cavalier"), Communications Workers of America ("CWA"), NTELOS Companies ("NTELOS"), and the Town of Bluefield, Virginia. The Commission also received numerous comments subsequent to April 20, 2007.

Verizon, the Commission's Staff ("Staff"), and the following respondents submitted pre-filed testimony in this case: Board of Supervisors of Fairfax County ("Fairfax County"); United States Department of Defense and all other Federal Executive Agencies ("DOD/FEA"); Cox Virginia Telcom, Inc. ("Cox Telcom"); Cavalier; XO Virginia, LLC ("XO"); Sprint Communications Company of Virginia, Inc., Sprint Spectrum, LP, Sprint Com, Inc., Nextel Communications of the Mid-Atlantic, Inc., and NPCR, Inc., doing business as Nextel Partners (collectively, "Sprint Nextel"); CWA; and the Division

⁴ *Id.*

⁵ *Id.* at 7-8 (typeface and case modified).

⁶ *Id.* at 17.

⁷ *Id.* at 18.

⁸ *Id.*

of Consumer Counsel, Office of the Attorney General ("Attorney General"). Verizon submitted pre-filed rebuttal testimony, and an errata thereto, on July 16 and 25, 2007, respectively.

The public evidentiary hearing was held on July 23-27 and August 6-7, 2007. Lydia R. Pulley, Esquire, Jennifer L. McClellan, Esquire, Joseph M. Ruggiero, Esquire, Ann Marie Whittemore, Esquire, Scott Angstreich, Esquire, and David Hill, Esquire, appeared on behalf of Verizon. Douglas C. Nelson, Esquire, and David E. Anderson, Esquire, appeared on behalf of Sprint Nextel. E. Ford Stephens, Esquire, and Cliona Mary Robb, Esquire, appeared on behalf of Cox Telcom. Joseph Creed Kelly, Esquire, appeared on behalf of CWA. T. Scott Thompson, Esquire, K.C. Halm, Esquire, and Brian A. Nixon, Esquire, appeared on behalf of XO. Stephen T. Perkins, Esquire, Frances McComb, Esquire, Troy Savenko, Esquire, and Noah Bason, Esquire, appeared on behalf of Cavalier. Peter Q. Nyce, Jr., Esquire, appeared on behalf of DOD/FEA. Dennis R. Bates, Esquire, appeared on behalf of Fairfax County. C. Meade Browder, Jr., Esquire, Ashley Beuttel Macko, Esquire, and Kiva Bland Pierce, Esquire, appeared on behalf of the Attorney General. Robert M. Gillespie, Esquire, and Raymond L. Doggett, Jr., Esquire, appeared on behalf of the Staff.

The following public witnesses testified at the hearing: Douglas Henigin, of Henrico County; Heyward C. Thompson, of Buchanan; Claude W. Reeson, of Surry County and representing the Surry County Chamber of Commerce; George Hunnicutt, of Wise County; and Irene Leech, of Elliston.

The following witnesses testified for Verizon: Robert W. Woltz, Jr.; William M. Newman; Harold E. West; Jeffrey A. Eisenach, Ph.D.; William E. Taylor, Ph.D.; Margaret Detch; and Mark S. Calnon, Ph.D. Harry Gildea testified for DOD/FEA. Bion C. Ostrander and Charles Buttiglieri testified for CWA. Trevor R. Roycroft, Ph.D., testified for the Attorney General. James A. Appleby testified for Sprint Nextel. Martin W. Clift, Jr., testified for Cavalier. Stephen D. Sinclair and Susan Hafeli testified for Fairfax County. Jonathan Flack and Joseph Gillan testified for Cox Telcom. Steven C. Bradley, Chris Harris, Kathleen A. Cummings, and Ben Johnson, Ph.D., testified for the Staff. The participants agreed to allow the pre-filed direct testimony of Gary Case, on behalf of XO, to be admitted to the record without cross-examination.

The following participants submitted post-hearing briefs on or before September 14, 2007: Verizon; DOD/FEA; CWA; Sprint Nextel; Cavalier; Fairfax County; Cox Telcom; XO; Attorney General; and the Staff.

Verizon "requests that the Commission declare the services listed in Exhibit 13 as competitive under Va. Code § 56-235.5(F), detariff them pursuant to Va. Code § 56-235.5(E), deregulate them pursuant to Va. Code § 56-235.5(E) by declaring that they are no longer subject to Verizon's Deregulation Case, and provide such other relief as appropriate."⁹

DOD/FEA states that "Verizon's proposals to virtually eliminate regulatory surveillance are a vital concern to DOD/FEA as a major user of telecommunications services provided by this carrier and other carriers in Virginia," and DOD/FEA "urges the Commission to reject Verizon's proposals."¹⁰

CWA states that the "Commission should reject Verizon's radical and unprecedented proposal for complete statewide deregulation and detariffing of all retail services" and "should use this proceeding to adopt a methodology for competitive analysis, and reject Verizon's application."¹¹

Sprint Nextel "urges the Commission to lower Verizon's composite intrastate switched access rates to a level equal to the composite economic cost of providing local switching, tandem switching and common transport as a competitive safeguard."¹²

Cavalier and XO assert that "the evidence in this case does not support the full, or even partial, grant of Verizon's Application" and that "[o]n key issues, Verizon's evidence fails to satisfy the standards set forth by the Legislature, and as a result, Verizon's Application should be denied, in its entirety."¹³

Fairfax County "respectfully request[s] that the Application filed by Verizon dated January 17, 2007, be dismissed or denied because it contains insufficient facts to support a finding by the Commission that competition would be an effective regulator of price pursuant to Va. Code Ann. § 56-235.5(E) and (F) (2003) in the public interests and for failure to contain adequate safeguards to protect market competition and consumers pursuant to Va. Code Ann. § 56-235.5(H) (2003)."¹⁴

Cox Telcom "respectfully requests that the Commission deny Verizon's request to make its retail services competitive and for deregulation and detariffing of the same throughout the state," and "[s]hould the Commission endeavor to proceed with retail telephone deregulation, Cox Telcom respectfully requests that it consider the policy guidelines offered in [Cox Telcom's Post-Hearing] brief."¹⁵

The Attorney General states that: (a) it "supports Verizon's request as it applies to Bundles in the Virginia Beach, Richmond, Roanoke, and Washington-Arlington-Alexandria Metropolitan Statistical Areas (MSAs) . . . subject to modest safeguards as required by statute;" and (b) "[h]owever, because the evidence reveals there are not yet sufficient alternative providers available to reasonably meet the needs of consumers of BLETs (and OLETs) – provided outside of a package or bundled offering – those services cannot be classified as competitive pursuant to the statute, and [the Attorney General] cannot support deregulating those services at this time."¹⁶

⁹ Verizon's September 14, 2007 Post-Hearing Brief at 260.

¹⁰ DOD/FEA's September 14, 2007 Post-Hearing Brief at 2-3 (case and typeface modified).

¹¹ CWA's September 14, 2007 Post-Hearing Brief at 22.

¹² Sprint Nextel's September 14, 2007 Post-Hearing Brief at 14.

¹³ Cavalier's and XO's September 14, 2007 Joint Post-Hearing Brief at 31.

¹⁴ Fairfax County's September 10, 2007 Post-Hearing Brief at 12.

¹⁵ Cox Telcom's September 14, 2007 Post-Hearing Brief at 16.

¹⁶ Attorney General's September 14, 2007 Post-Hearing Brief at 3-4.

The Staff "respectfully urges the Commission to not grant Verizon's Application," and "[i]n lieu of the blanket classification of Verizon's services as competitive, the Staff suggests a careful examination of specific services, in cohesive local markets, where customers are able to make meaningful telecommunications choices."¹⁷

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows. The Application is granted in part and denied in part as set forth herein. We have evaluated the evidence presented in this case according to the statutory criteria set forth below, and we find that the pricing and service provisions approved herein satisfy such criteria.

Statutes Governing this Case

The General Assembly has established four levels of regulation over incumbent local exchange carriers ("ILECs") in Virginia. First, traditional regulation which, while largely unused in recent years, remains a legal alternative.¹⁸ Second, the General Assembly has provided for a form of regulation that allows for much more flexibility than traditional regulation for ILECs, through the use of alternative regulatory plans.¹⁹ Third, the General Assembly has allowed, though not mandated, deregulation of an unspecified scope when and where this Commission finds that "competition or the potential for competition" exists for a telephone service or services and "is or can be an effective regulator of the price" of the telephone service or services.²⁰

Further, the General Assembly has directed this Commission, in its actions with regard to local exchange telephone service, to "promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth. . . ."²¹

Considering together the various statutes that govern this case, we find that the General Assembly has set forth a general policy that directs this Commission to favor, within the parameters of those statutes, the promotion of competition for local exchange telephone services and to recognize in our regulatory structures competition where it already exists or may soon realistically exist. In promoting competition and deregulating as competition develops, however, we find that the General Assembly has also directed this Commission to proceed carefully and cautiously.²² The General Assembly could have repealed all forms of regulation and completely deregulated all telephone services in Virginia, yet the General Assembly has not done that.

In its Application, "Verizon respectfully requests that the Commission declare the services listed in Exhibit VA-1 as competitive under Va. Code § 56-235.5(F), detariff them pursuant to Va. Code § 56-235.5(E), deregulate them pursuant to Va. Code § 56-235.5(E) by declaring that they are no longer subject to Verizon's Alternative Regulatory Plan, and provide such other relief as appropriate."²³

In this regard, Subsection E specifically provides as follows:

The Commission shall have the authority, after notice to all affected parties and an opportunity for hearing, to determine whether any telephone service of a telephone company is subject to competition and to provide, either by rule or case-by-case determination, for deregulation, detariffing, or modified regulation determined by the Commission to be in the public interest for such competitive services.

Subsection F further directs the Commission as follows:

The Commission may determine telephone services of any telephone company to be competitive when it finds competition or the potential for competition in the market place is or can be an effective regulator of the price of those services. Such determination may be made by the Commission on a statewide or a more limited geographic basis, such as one or more political subdivisions or one or more telephone exchange areas, or on the basis of a category of customers, such as business or residential customers, or customers exceeding a revenue or service quantity threshold, or some combination thereof. The Commission may also determine bundles composed of a combination of competitive and noncompetitive services to be competitive if the noncompetitive services are available separately pursuant to tariff or otherwise. In determining whether competition effectively regulates the prices of services, the Commission shall consider: (i) the ease of market entry, (ii) the presence of other providers reasonably meeting the needs of consumers, and (iii) other factors the Commission considers relevant. . . .

¹⁷ Staff's September 14, 2007 Post-Hearing Brief at 16.

¹⁸ See Va. Code § 56-235.2.

¹⁹ See Va. Code § 56-235.5 B-D. Section 56-481.2 of the Code also references the Commission's authority to adopt alternative forms of regulation for the "incumbent local exchange company" under Va. Code § 56-235.5.

²⁰ Va. Code § 56-235.5 E-F ("Subsection E" and "Subsection F"). A fourth level of regulation, not applicable to Verizon, is available to small investor-owned telephone utilities. See Va. Code § 56-531 *et seq.*

²¹ Va. Code § 56-235.5:1.

²² See, e.g., Va. Code § 56-235.5 G-H ("Subsection G" and "Subsection H").

²³ Application at 23-24.

In addition, Subsection G places the following monitoring requirement on the Commission:

The Commission shall monitor the competitiveness of any telephone service previously found by it to be competitive under any provision of subsection F above and may change that conclusion, if, after notice and an opportunity for hearing, it finds that competition no longer effectively regulates the price of that service.

Next, Subsection H directs the Commission to adopt safeguards pursuant to the following:

Whenever the Commission adopts an alternative form of regulation pursuant to subsection B or C above, or determines that a service is competitive pursuant to subsections E and F above, the Commission shall adopt safeguards to protect consumers and competitive markets. At a minimum these safeguards must ensure that there is no cross subsidization of competitive services by monopoly services.

Finally, Va. Code § 56-235.5:1 specifically mandates as follows:

The Commission, in resolving issues and cases concerning local exchange telephone service under the federal Telecommunications Act of 1996 (P.L. 104-104), this title, or both, shall, consistent with federal and state laws, consider it in the public interest to, as appropriate, (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services; (ii) promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth; and (iii) reduce or eliminate any requirement to price retail and wholesale products and services at levels that do not permit providers of local exchange telephone services to recover their costs of those products and services.

Verizon's Application to Deregulate and Detariff Statewide Most Local Telephone Services

Verizon's Application asks this Commission to deregulate and detariff essentially all local residential and business telephone services throughout its Virginia service territory.²⁴ We note at the outset that it appears only two other states, Rhode Island and South Dakota – both much smaller and far more homogeneous than Virginia – have deregulated local telephone service on a scale comparable to that which Verizon asks this Commission to do and it does not appear that *any* state has detariffed essentially all local telephone services.²⁵

In support of its application, Verizon asserts that the appropriate market for local telephone services in Virginia is statewide and that the statewide telephone market is currently characterized by either competition or the potential for competition.²⁶ For example, Verizon states that "96 percent of households in Virginia have access to two or more communications platforms, 90 percent have access to 3 [sic] or more, and 78 percent have access to four or more," and that "99 percent of Virginia households have access to two or more competitive providers, 92 percent have access to five or more and 73 percent have access to eight or more."²⁷

We agree in general with Verizon that the telecommunications market in Virginia has changed significantly over the past quarter century since the "modified final judgment"²⁸ began the restructuring of the old Bell system telephone monopoly. We find that new competitors, including cable television companies and CLECs, and new technologies (wireless telephone, Voice over Internet Protocol ("VoIP"), WiFi, WiMax, *etc.*) have collectively enabled significant competition to emerge that offers many consumers an alternative to purchasing telephone service from those ILECs that are the descendants of the former Bell system monopoly.

Competition to an ILEC such as Verizon presently comes from a number of sources. There are four types of CLECs, many of which fall under the jurisdiction of the Commission. First, a CLEC may resell the tariffed service offerings of Verizon. Second, a CLEC may purchase "Wholesale Advantage" from Verizon through a commercial contract.²⁹ Both resellers and Wholesale Advantage competitors rely primarily on the facilities and services of the ILEC in providing services to their end-user customers.

Third, a CLEC may also utilize a combination of its own facilities and facilities leased (*i.e.*, unbundled network element loops ("UNE-L")) from the ILEC. Cavalier is an example of such a UNE-L competitor. Finally, a CLEC, such as a cable television provider which chooses to offer telephone services, may operate its own wireline-based network as Comcast and Cox have done in much of their respective service areas in Virginia.

In addition, competition or the potential for competition to an ILEC's local telephone services can come from alternative mediums and/or technologies to provision telephone services that are not traditional wireline-based. Included in this category are mobile wireless telephone providers (*i.e.*, cellular). Emerging technologies such as WiFi and WiMax, which allow certain providers (*e.g.*, T-Mobile Hotspot and ClearWire) to utilize a wireless

²⁴ See Application at 1.

²⁵ See Exhs. 52 and 53; Ostrander, Tr. at 913.

²⁶ Application at 7-8.

²⁷ Verizon's September 14, 2007 Post-Hearing Brief at 94-95.

²⁸ *United States v. American Telephone & Telegraph Co.*, 552 F. Supp. 131 (D. C. Dist. 1982).

²⁹ Wholesale Advantage is the term Verizon uses for its commercially available unbundled network element-platform ("UNE-P") type service that it is no longer required to offer under its unbundling obligations pursuant to Section 251 of the Telecommunications Act of 1996. See, *e.g.*, *In the Matter of Unbundled Access to Network Elements; Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, W.C. Docket No. 04-313, FCC 04-290; Rel. February 4, 2005; West, Exh. 12 at 13, 88-89; Exh. 21C.

broadband technology to offer telephone services to some customers, also fit into this category. In addition, "over the top" VoIP providers, such as Vonage, can provide voice services to customers over an end-user's existing broadband connection.

In beginning our analysis, we recognize that Virginia is not an island unto itself, immune from national economic and industry trends. Nationally, the evidence indicates that wireline connections peaked at 192.4 million in December 2000 and declined to a reported 172 million by June 2006.³⁰ Usage of the traditional wireline network is decreasing, with ILEC interstate switched access minutes of use declining by a substantial 29% between 2000 and 2005, and the total number of local calls carried by large ILECs reported to the Federal Communications Commission ("FCC") falling from 554 billion to 336 billion, a decline of 39%, during roughly the same time period, (*i.e.*, 1999-2005).³¹ At the same time, wireless connections nationally have increased dramatically. From June 2000 to June 2006, wireless subscriptions increased 140%, from 90.6 million to 217.4 million and now exceed total wireline connections.³²

Competition has been advancing in Virginia. Verizon has lost landline connections in significant numbers, even as the population in Virginia has grown.³³ What is less clear is how many of Verizon's lost landline connections represent a one-for-one loss of a customer from Verizon to a competitor.³⁴ Some lost lines no doubt represent losses to changing technology rather than to competitors. Many Verizon business customers who once purchased additional landlines from Verizon dedicated to FAX usage, now use email rather than FAX for document transmittal and no longer need a dedicated FAX line, even though they remain revenue-producing customers of Verizon. Some of Verizon's residential customers who have children have traded in the second "children's" line for a wireless phone for the children, even as they remain revenue-producing Verizon customers for the primary landline service to the home. Other customers have dropped their second lines that were previously dedicated primarily to dial-up internet access and purchased DSL or other broadband (*e.g.*, Verizon's fiber-based service, "FiOS") lines from Verizon. In both cases, these customers remain revenue-producing customers of Verizon.

The evidence does demonstrate that the number of wireless customers in Virginia has grown substantially,³⁵ and unquestionably some of Verizon's wireline customers have "cut the cord"³⁶ entirely and converted into exclusively wireless customers either of Verizon Wireless³⁷ or its competitors. Some Verizon customers have switched to VoIP providers,³⁸ which Verizon counts as wireline losses even though Verizon may retain these customers and some of their revenues.³⁹ Some customers have switched to those cable television providers now offering telephone service. Cox, for example, has a significant market share of the local telephone market in the areas of Virginia in which it competes, including Virginia Beach/Norfolk, Roanoke County, and Northern Virginia.⁴⁰ Other Verizon landline customers undoubtedly have switched to CLECs.⁴¹ Determining the exact number of Verizon customers who have switched to competitors for local telephone service is likely to be unachievable, however, since neither wireless, VoIP, nor broadband providers are under the primary jurisdiction of this Commission and have only a limited obligation to submit customer or line data.

Consequently, we need to analyze and review more closely each major source of statewide competition cited by Verizon.

Competition from CLECs and Traditional Interexchange Carriers

As discussed previously, CLECs compete by utilizing several methods. A number of CLECs compete by purchasing the tariffed retail services of Verizon at a discount and then reselling those services to their own retail customers. Other CLECs purchase Wholesale Advantage and/or UNE-L service from Verizon as a means to offer service to their customers. We find that these CLECs, which must rely on service and facilities leased from Verizon in order to provide retail service in Virginia, should not be considered "facilities-based" providers for purposes of our discussion and findings herein.⁴²

³⁰ NRRI Report Assessing Wireless and Broadband Substitution in Local Telephone Markets, June 2007 ("NRRI Report"), Exh. 271 at 32.

³¹ *Id.*

³² *Id.*

³³ *See, e.g.*, Application at 2; West, Exh. 12C at 37; Roycroft, Tr. at 1033.

³⁴ "Growth of wireless and broadband does not, by itself, imply that consumers are substituting them for wireline service. Nonetheless, the growth of other platforms at a time when the wireline platform is experiencing decline in connections and usage, supports the hypothesis that *some* substitution is taking place" (emphasis added). NRRI Report, Exh. 271 at 34, n.93.

³⁵ *See, e.g.*, West, Exh. 12 at 58.

³⁶ According to a May 2007 report by the National Center for Health Statistics based on the National Health Interview Survey of over 13,000 households, 12.8% of households nationally had only wireless telephones during the second half of 2006 (citation omitted). NRRI Report, Exh. 271 at 33. Other studies by Forrester Research and In-State/MDR report lower percentages of "cord cutters," 8% and 9.4%, respectively. West, Exh. 12 at 63-64. Evidence in this case, however, indicates that the Virginia percentage of complete "cord cutters" is even lower, about 6%. *See* Application at 2.

³⁷ Verizon Wireless, a majority of which is owned by Verizon, is one of the largest wireless providers in Virginia. *See, e.g.*, Taylor, Tr. at 818, 2101-2102.

³⁸ If Verizon loses a customer to an "over the top" VoIP provider, that customer may continue to generate revenues for Verizon if that customer uses Verizon's underlying DSL service for VoIP.

³⁹ *See, e.g.*, Taylor, Tr. at 858-859.

⁴⁰ *See, e.g.*, West, Exh. 12C at 41-42.

⁴¹ *Id.*, at 91-92.

⁴² Cable companies are discussed in the following section.

In addition, national data indicates that the ability of CLECs to compete with ILECs was adversely affected by FCC action regarding the ILECs' obligation to offer UNE-P at total element long run incremental cost (generally referred to as "TELRIC") prices to CLECs.⁴³ Indeed, the national share of CLEC wireline connections was actually lower in June 2006 than in June 2004 and after ten years of facing competition from CLECs, ILECs still held a national market share of wireline connections of more than 80%.⁴⁴

Generally, CLECs represent a type of local telephone service closely comparable in price, service quality and reliability to that offered by Verizon's traditional landline network. The evidence demonstrates that certain CLECs are currently competitors to Verizon in some local geographic markets in Virginia, but the actions in 2005 of the FCC with regard to UNE-P make it far more likely that competition from CLECs as a category of competitor will decrease, not increase, in Virginia. Verizon is correct that we must make a "forward looking" analysis of the market that considers trends and market dynamics, and not just look at static market shares or statistics.⁴⁵ Consequently, considering the evidence of trends and market dynamics and as further analyzed below, we find that CLECs as a category of competitor do not meet the "potential for competition" standard in Subsection F in geographic areas where they are not currently present and therefore do not represent a statewide competitor to Verizon. They are, nonetheless, a close substitute for Verizon's landline service, and we include them as a competitor in geographic areas where they are present, as discussed further below.

As far as competition from historically traditional interexchange carriers, two of the largest and most aggressive competitors to Verizon for telephone service five years ago, MCI and AT&T, have both been acquired by ILECs. Verizon itself purchased MCI, eliminating MCI as a competitor in Virginia. AT&T was purchased by SBC⁴⁶ and the evidence demonstrates that AT&T is presently not an aggressive or active competitor in Virginia for wireline-based residential telephone service.⁴⁷ We do not find that other regional Bell Operating Companies such as today's AT&T or Qwest, or former interexchange carriers such as MCI and the "old" AT&T, meet the "potential for competition" standard under Subsection F to be considered statewide competitors to Verizon for mass market, residential wireline telephone service.

Competition from Cable Television Companies

Verizon cites cable companies as a significant statewide source of competition for local telephone service.⁴⁸ Cable television providers that choose to offer traditional telephone or internet-enabled telephone service offer a product that is comparable, though not identical, to Verizon's wireline service in terms of reliability and service quality. We find that of all the intermodal platforms, stand-alone cable telephony services come the closest to providing the functional equivalent to traditional wireline services.⁴⁹ Cable companies own their own wireline network and provide local telephone service either through traditional circuit-switched technology (technically as a CLEC), or increasingly through the use of IP-based technology that is fully connectible to the public switched telephone network ("PSTN").

We find that cable telephony is a competitive option that may reasonably meet the needs of consumers under Subsection F in terms of reliability and service quality. Verizon is correct that telephone service from cable companies is available in many of the larger urban and suburban areas of Virginia, e.g., Fairfax, Virginia Beach, Richmond, and Roanoke County. In many small cities, towns, and rural areas of Virginia, however, local telephone service is not available from the cable company; indeed, in some areas of Virginia there is no cable provider at all.⁵⁰ Verizon argues that even though a cable company may not be currently offering local telephone service, the threat that a cable company *could* choose to offer local telephone service should Verizon raise its rates too high should be considered as meeting the statutory standard of "potential for competition."⁵¹ We find, however, that the capital and human resources investments necessary for a cable company to offer local telephone service are significant barriers to entry under Subsection F and are unlikely to be made simply because Verizon raises prices for basic local telephone service.⁵² We further find that sparsely populated counties or towns in which no cable company has heretofore found economic incentives sufficient to justify investing millions of dollars to build a cable television network are unlikely, to say the least, to attract a cable company willing to invest millions of dollars in order to compete with Verizon for local telephone service, a fact acknowledged by Verizon Witness Eisenach.⁵³ Thus, contrary to Verizon's assertion that cable companies currently present *statewide* competition to Verizon for local telephone service, we find that competition from cable television companies to Verizon is non-existent in many of the more rural geographic areas of Virginia. We find that to be considered under the statute as competitors to Verizon for local telephone service, a cable company must be present in the local market and currently offering telephone service.

⁴³ See NRRI Report, Exh. 271 at 48, n.141; *In the Matter of Unbundled Access to Network Elements; Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, W.C. Docket No. 04-313, FCC 04-290: Rel. February 4, 2005.

⁴⁴ See NRRI Report, Exh. 271 at 48.

⁴⁵ See Application at 5; Verizon's September 14, 2007 Post-Hearing Brief at 46.

⁴⁶ SBC chose to rename itself AT&T after the purchase.

⁴⁷ See Petition of AT&T Communications of Virginia, LLC for Approval to Exceed Price Ceilings, filed on January 3, 2007, Case No. PUC-2007-00001, at 3-4; Cummings, Tr. at 1408-10.

⁴⁸ See, e.g., Application at 11; West, Exh. 12 at 41-51.

⁴⁹ See, e.g., Johnson, Exh. 192P at 45. For some cable customers, we note that E-911 service may be negatively affected after a prolonged electric power outage to the customer's home.

⁵⁰ Verizon states that 90% of Virginia households are passed by cable (taking Verizon's statement as true, we note that means that at least 10% of Virginia households are not), but only 60% are passed by cable providers presently offering telephone service. See Exh. 19. In the 96 counties Verizon witness Dr. Taylor identified as counties in which Verizon has operations, 60 of those counties do not have cable telephone services available to consumers. See, e.g., Roycroft, Ex. 129P at 56.

⁵¹ See Eisenach, Tr. at 515-518; Verizon's September 14, 2007 Post-Hearing Brief at 46-47, nn.57, 58

⁵² See, e.g., Johnson, Tr. at 1573-1574.

⁵³ Eisenach, Tr. at 480-483, 518-519.

Verizon states that "[t]he record contains overwhelming evidence that cable provides a competitive alternative to Verizon's services *where a provider has upgraded its network to provide digital voice or broadband services.*"⁵⁴ We agree with Verizon that where a cable company has upgraded its network to provide telephone service, it represents a competitive alternative to Verizon. We would add that we find that to be the case whether the cable company offers a traditional circuit-switched telephone service (which would make the cable company technically a CLEC) or uses IP-based technology to connect to the PSTN. In our competitiveness test adopted herein, we include cable companies as facilities-based competitors to Verizon where there is a cable provider that has upgraded its network to offer telephone service.

Verizon also asserts that:

where a cable company has deployed broadband facilities, it is a current competitor to Verizon's voice services, even if it has not yet deployed telephony . . . [T]he broadband services permit an end user to use 'over-the-top' VoIP services in lieu of a wireline phone. . . .⁵⁵

We discuss below whether a cable provider should be included as a competitor to Verizon simply because it offers a broadband internet connection, even when it does not offer telephone service of its own.

On the other hand, we disagree with the Attorney General that a cable company (or, for that matter, a CLEC or wireless provider) must be offering a stand-alone BLETs product at roughly the same price as Verizon to be considered a competitor to Verizon.⁵⁶ We find that if a cable company is presently offering local telephone service in a geographic market area, in any price or bundled configuration, it meets the "potential for competition" standard in Subsection F to be considered a competitor to Verizon that can effectively regulate Verizon's prices. Since that cable company has already invested the capital and human resources necessary to offer telephone service, there are no significant barriers to entry to prevent that cable provider from competing directly on price with Verizon for BLETs, should Verizon raise its BLETs prices.

Competition from Wireless Telephone Providers

Verizon cites wireless telephone providers as statewide competitors for its local telephone service.⁵⁷ As noted above, the evidence shows that the number of wireless customers has grown substantially in Virginia. Verizon's own evidence demonstrates, however, that while the overall number of wireless lines has grown, very few Virginia consumers have "cut the cord" entirely and replaced landline telephone service with wireless service as their only platform for local telephone service.⁵⁸ As stated in the NRRI Report introduced by Verizon: ". . . growth in wireless and broadband do not, by themselves, provide conclusive evidence of competition with or substitutability for wireline service. . . ."⁵⁹

For various reasons wireless telephone service may not be a reasonable substitute under Subsection F for landline service for many consumers; for example, wireless service does not provide the same level of reliability as landline telephone service, particularly inside the home or office structure.⁶⁰ Further, while significant technological progress has been made, wireless 911 service has yet to reach the standard of landline E-911 service, and this represents a major public safety issue that we cannot ignore when determining whether wireless telephone service is a statewide substitute to Verizon's landline service that "reasonably meets the needs of consumers" under the statutory standard in Subsection F.⁶¹ Because of these reliability and public safety concerns, we find that wireless cannot be considered a statewide substitute for Verizon's wireline services at this time.⁶²

Nevertheless, while wireless is not a perfect substitute for Verizon's landline service, we believe it would underestimate the actual amount of competition to Verizon if we did not include wireless competition at all in determining market competitiveness. We find that wireless service is an adequate substitute for *some* consumers, and this number is growing. Wireless service is not just an option for the laughing teenagers often featured in wireless companies' television advertising. It may be an increasingly preferred option for small businesses like plumbers, carpenters, sales persons, home builders and realtors, who have their offices in their cars, trucks or on their own persons. Moreover, a competitor does not have to be a perfect substitute to Verizon's landline service to act as a price regulator of Verizon's local telephone service under Subsection F. As discussed in more detail below, we find that it is appropriate to include wireless competition to Verizon in the geographic market areas in which it is available in the competitiveness test we adopt herein.

Competition from Broadband-enabled Telephone Providers

Whenever a home or business has a broadband connection, the potential exists for the consumer to purchase telephone service from a VoIP provider. That potential exists whether the consumer purchases the broadband "pipe" from Verizon itself, from the cable company, from a provider using

⁵⁴ Verizon's September 14, 2007 Post-Hearing Brief at 19 (emphasis added).

⁵⁵ *Id.* at 21 (citing Verizon Witness Eisenach at Tr. 478-83, 599).

⁵⁶ Attorney General's September 14, 2007 Post-Hearing Brief at 8-10, 13-15.

⁵⁷ *See, e.g.*, Application at 1-3, 10-12; West, Exh. 12 at 51-67, 114-119.

⁵⁸ *See, e.g.*, Application at 2; West, Exh. 12C at 7.

⁵⁹ NRRI Report, Exh. 271 at 48.

⁶⁰ *See, e.g.*, Roycroft, Exh. 129P at 58-62, 66-72.

⁶¹ *Id.* at 68-69.

⁶² In addition, we note that there are areas of Virginia in which wireless service may not be regularly available. *See, e.g.*, Thompson, Tr. at 111 (public witness); Roycroft, Exh. 129P at 61-62 (citation omitted).

wireless technology such as WiMAX or WiFi, or from a provider using a Broadband over Power Line ("BPL") platform. Verizon cites VoIP as a major source of statewide competition for their local landline telephone service.⁶³

At the outset, we find that so-called "peer to peer" VoIP services, such as Skype-to-Skype, cannot be considered as competitors to Verizon for local telephone service because calls can only be made between Skype users. These types of "peer to peer," or "computer to computer," calling schemes do not include calls to the PSTN and thus cannot be considered as reasonably meeting the needs of consumers under Subsection F. So competition to Verizon that would qualify under the statute must come from the "over the top" VoIP providers such as Vonage that use another provider's broadband "pipe" into the home and which offer telephone service that connects to the PSTN.

As discussed above, it is difficult to determine the exact number of customers in Virginia who have switched from Verizon to VoIP providers such as Vonage, since such VoIP providers are not under the jurisdiction of this Commission. There is a lack of persuasive evidence in this record demonstrating that VoIP providers have currently gained any significant foothold in the local telephone market in Virginia. On the contrary, what evidence is available appears to show that the market share of "over the top" VoIP providers in Virginia is so small that such providers cannot be considered as serious statewide competitors to Verizon for local telephone service at this time.⁶⁴ Further, Vonage, which according to Verizon is "reputed to be the leading broadband telephony provider [(i.e., VoIP competitor)] in the United States,"⁶⁵ thus likely in Virginia as well, has recently lost two patent infringement lawsuits brought by Verizon and Sprint Nextel.⁶⁶ Another significant VoIP provider in Virginia, SunRocket, Inc., has ceased providing VoIP services to its customers.⁶⁷

Verizon cites the BPL platform as facilitating the growth of broadband-enabled competition.⁶⁸ We find that providing local telephone service over power lines is not at this time a major source of competition to Verizon in Virginia nor a realistic threat of potential competition in the foreseeable future. According to Verizon, BPL is offered only in Manassas, Radford, and in parts of Amherst and Nelson counties.⁶⁹ Further, there is no evidence whatsoever in this record that the largest owners of power lines in Virginia, Dominion Virginia Power and Appalachian Power Company, have any plans to use their networks to offer widespread BPL service in the near future, either as direct providers of service or as lessors of their facilities. That could obviously change as BPL technology continues to develop and BPL could conceivably become a major source of broadband availability in the future, because the network is already in place throughout Virginia, but we find it is not at this time nor likely in the imminent future.

Apart from the availability of broadband, even when the consumer has a broadband connection, "over the top" VoIP providers do not presently provide nearly the same level of reliability, service quality or, most importantly, 911 service, as landline telephone service, to be considered as reasonably meeting the needs of consumers, as the statute requires us to consider.⁷⁰ We believe it likely that the continuing development of VoIP technology will result in improvements to reliability and 911 service in the future, and as those technological improvements take place, VoIP service may become more of a reasonable substitute for landline telephone service, but present-day reliability and public safety concerns with VoIP cannot be ignored.

Nevertheless, just as we found above that totally excluding wireless competition would underestimate the amount of actual competition to Verizon, we also find that totally excluding actual or potential competition from broadband-enabled providers would underestimate competition to Verizon as well, and thus we find that VoIP should be included in our competitiveness analysis, as we discuss below.

The key issue in determining whether VoIP is a *statewide* competitor to Verizon is, of course, broadband penetration, for the simple reason that "over the top" VoIP cannot pose a threat of competition to Verizon unless the customer both has a broadband connection available *and* has chosen to purchase broadband internet service. As Verizon Witness Eisenach stated:

The question is 'is voice telephone service available,' and it's not available if there's no broadband. VoIP – over-the-top VoIP – is not available if there's no broadband, [] and if there is broadband then over-the-top VoIP is available to a hundred percent of – depending on how you want to look at it, either a hundred percent of the households where the broadband is available or, *at a minimum, a hundred percent of the households who already subscribe to broadband.* So broadband is simply a proxy – the broadband availability is simply a proxy for looking at VoIP availability, and VoIP is clearly a telephone service.⁷¹

We agree with Dr. Eisenach that broadband availability is an initial proxy for VoIP availability. As Dr. Eisenach also recognized, however, for a consumer to have access to "over the top" VoIP service, a consumer not only must have broadband available, but *also must have chosen to purchase a broadband internet connection.* We find that actual broadband penetration by household and by business is an important indicator of the scope of

⁶³ See, e.g., Application at 3; West, Exh. 12 at 78-87, 120-125.

⁶⁴ See Eisenach, Tr. at 1871-1873; Exh. 210C.

⁶⁵ West, Exh. 12 at 83.

⁶⁶ See *Verizon Services Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295 (Fed. Cir. 2007), affirming in part judgment of U.S. District Court in *Verizon Services Corp. v. Vonage Holdings Corp.*, 2007 U.S. Dist. LEXIS 26714 (E.D.Va. April 6, 2007); *Sprint Communs. Corp. LP v. Vonage Holdings Corp.*, Case No. 05-2433 (Kan. Dist. Ct. September 25, 2007).

⁶⁷ See Eisenach, Tr. at 1784.

⁶⁸ "[BPL] technology has the potential of being 'a ubiquitous third pipe to the home.'" West, Exh. 12 at 103 (citation omitted).

⁶⁹ *Id.* at 106-107.

⁷⁰ See, e.g., Roycroft, Ex. 129P at 88-92; Gillan, Tr. at 1274.

⁷¹ Eisenach, Tr. at 1834 (emphasis added).

competition to Verizon posed by VoIP. Thus, we find it appropriate to include "over the top" VoIP in our market competitiveness test as a competitor to Verizon for local telephone service when it is both available and the customer has chosen to purchase broadband internet service.

Statewide Competition to Verizon's Local Telephone Service Is Not Uniform and Should Be Considered in Smaller Geographic Areas, by Product/Service Categories, and by Types of Customers

Verizon is the largest ILEC in Virginia and faces significantly more competition today compared to that which its corporate ancestors faced a quarter century ago. We find that while competition or the potential for competition for local telephone service has increased significantly, the degree varies substantially by geographic area, by product and service, and by type of customer. It is not yet advanced in *all* geographic areas of Virginia and for *all* products and services and types of customers sufficient to fulfill the statutory standards in Subsections E and F that we must follow in considering Verizon's request for complete deregulation and detariffing of virtually all local telephone services on a statewide basis. We agree with the NRRI Report introduced by Verizon that "a whole state is generally too large to be used to define the geographic market. . .,"⁷² particularly in a state as large and economically diverse as Virginia, and that "larger ILECs' service territories are also likely to exhibit too much variation in competitors to be considered as the geographic market."⁷³ Consequently, we find that, given the evidence, the applicable statutes require that we consider Verizon's request for deregulation and detariffing of most local telephone services by geographic markets smaller than Verizon's statewide service territory, by categories of products and services, and by types of customers.⁷⁴

Further, even if we did agree to Verizon's request to consider its entire Virginia service territory as one market, the evidence shows that many geographic areas of Virginia lack a facilities-based competitor to Verizon, and as we found above, the barriers to entry for facilities-based wireline competitors such as cable companies are substantial. While cable and CLEC competitors present significant competition to Verizon where they exist, we find that neither cable nor CLEC providers meet the "potential for competition" statutory standard in geographic areas of Virginia in which they currently are not present at all, or in the case of cable, present but not offering telephone service. Further, while we find that wireless and broadband-based competitors such as "over the top" VoIP should be considered in determining competitiveness – and we include them in our competitiveness test herein – most other states that have deregulated local telephone service have required at least one competitor in their market competitiveness tests to be "facilities-based," effectively either a cable company or a CLEC that owns its own wireline network.⁷⁵

We believe that to fulfill our statutory obligations given us by the General Assembly, we should deregulate with caution and with due attention to safeguards to protect both consumers and competition, as required by Subsections G and H. Accordingly, this Order:

- (i) deregulates where the facts demonstrate that the statutory standards have been met,
- (ii) maintains regulation where the statutory standards have not been met,
- (iii) establishes an expeditious administrative process for additional deregulation in the future when and where additional evidence of competitiveness warrants deregulation pursuant to the findings in this Order, and
- (iv) establishes safeguards for competition and consumers and a process for monitoring competition in the future, as required by statute.

BLETS, OLETS and Bundled Services Defined

Verizon identifies over 180 specific services that it requests the Commission to declare competitive. Verizon separates these services into the following categories, which are in accordance with the categorization in Verizon's Alternative Regulatory Plan: BLETS; OLETS; and Bundled Services.⁷⁶

First, Verizon lists seven BLETS for Verizon Virginia and eight BLETS for Verizon South that the Company requests be declared competitive on a statewide basis.⁷⁷ The category BLETS includes basic telephone service, sometimes referred to as "Plain Old Telephone Service," or "POTS," to continue the parade of telephonic acronyms. For purposes of this Order, we exclude (1) pay telephone services, and (2) Extended Local Service from our determinations herein regarding competition for BLETS. We find that pay telephone services are sufficiently distinct from other BLETS to warrant separate analyses; in this regard, we note that Verizon may file a request with the Commission under its Alternative Regulatory Plan or pursuant to Va. Code § 56-235.5, with supporting data specific to these services, to reclassify them as competitive. The rates for Extended Local Service are separately governed by Va. Code § 56-484.2, and, as a result, Verizon's Alternative Regulatory Plan does not permit the Company to increase any tariffed Extended Local Service rates outside the provisions of Va. Code § 56-484.2; likewise, we find that Extended Local Service rates shall continue to be established pursuant to Va. Code § 56-484.2.

⁷² NRRI Report, Exh. 271 at 47.

⁷³ *Id.*

⁷⁴ As discussed below, we find that competition to Verizon's bundled services may appropriately be considered on a statewide basis. We also find below that the "enterprise market" is appropriately considered to be statewide.

⁷⁵ See Exhs. 52, 53, 308. "Competition, for the most part, is defined as the existence of at least one facilities-based competitor and another carrier competing with the incumbent." Exh. 53 at 2.

⁷⁶ See Exh. 13.

⁷⁷ Verizon Virginia's BLETS are listed as: (1) Residential Dial Tone Line, and any included local calling allowance (flat rate, message rate or measured rate); (2) Business Dial Tone Line, and any included local calling allowance (flat rate, message rate or measured rate); (3) Centrex Exchange Access; (4) Exchange Usage; (5) Extended Area Calling; (6) Extended Local Service (ELS); and (7) Pay Telephone Lines. Verizon South's BLETS are listed as: (1) Residential Dial Tone Line, and any included local calling allowance (flat rate, message rate or measured rate); (2) Business Dial Tone Line, and any included local calling allowance (flat rate, message rate or measured rate); (3) Centrex Exchange Access; (4) Residential, Business and Centrex Local Calling Plans that include: Basic Calling Plan, Community Plus Calling Plan, and Premium Calling Plan; (5) Customer Owned Coin and Coinless – Operated Telephones – Line Service; (6) Customer Owned Pay Telephone Coin Line Service (COPT); (7) Exchange Usage; and (8) Extended Local Service (ELS). *Id.*

Next, Verizon lists over 80 services as OLETS for Verizon Virginia and over 70 services as OLETS for Verizon South that the Company requests be declared competitive on a statewide basis. As a brief example, the OLETS listed by Verizon include services such as: Custom Calling Services (*e.g.*, call forwarding, caller I.D., and call waiting); Answering Bureau Services; Billing and Collection Analysis; Do Not Disturb; Easy Number Call Routing; Fixed Call Forwarding; Home Business Service; Operator Verification; Operator Call Completion; Remote Call Forwarding; Repeat Dialing; Selective Call Screening; Analog Channel Services; Custom Operating Center Services; CyberDS1 Service; Digital Data Services; High Capacity Digital Service – DS1; and High Capacity Digital Service – DS3. We note that there is significant, yet not complete, overlap in OLETS identified for Verizon Virginia and Verizon South.⁷⁸

Finally, Verizon lists eight Bundled Services for Verizon Virginia and six Bundled Services for Verizon South that the Company requests be declared competitive on a statewide basis.⁷⁹ These services generally represent a designated group of services or products offered to customers at a package or set price, which may consist of BLETS, OLETS and/or competitive services or products.

Residential and Business Markets

We find that the mass market residential and business local telephone services and products are separate product markets in Virginia and should be treated separately in this Order, consistent with Subsections E and F. We note that several of the states (and Canada) that have deregulated local telephone services to varying extents have treated mass market residential and business services separately in their deregulation frameworks.⁸⁰ We further treat the so-called "enterprise" business market separately, for the reasons discussed below.

Appropriate Geographic Market Area for Residential BLETS and OLETS

Subsection F authorizes us to make a finding of competition "on a statewide or a more limited geographic basis, such as one or more political subdivisions or one or more telephone exchange areas" Pursuant to this statute, and based on the evidence provided in this proceeding, we find that an appropriate geographic market area ("GMA") for determining the competitiveness of residential BLETS and OLETS should be telephone exchange areas.

While the statute itself uses political subdivisions or telephone exchange areas as examples of less-than-statewide geographic units, Verizon asks us to use "MSAs" and "non-MSAs" if we use a smaller than statewide geographic area to determine competitiveness.⁸¹ We find, however, that while an MSA may encompass a collection of telephone exchanges or political subdivisions, an MSA is too large and economically diverse to be an appropriate geographic market area for making a competitiveness determination under Subsections E and F. We note, for examples, that the Virginia Beach-Norfolk-Newport News MSA includes the Surry and Windsor exchanges and the Richmond MSA includes the King and Queen and King William exchanges. Rural exchanges such as these on the perimeters of MSAs are not similar enough in economic and demographic characteristics to the more urban and suburban exchanges in those MSAs, such as Virginia Beach and Richmond, for us to find that those still-rural exchanges are similarly situated in terms of currently having – or likely to have – competitive options comparable to those available, or likely to be available, to consumers in the more densely populated jurisdictions.⁸² Rather, we find that Verizon will not be able effectively to discriminate, in its service offerings, against customers in these rural exchanges if the exchange itself is required to meet the competitiveness test set forth below.

The NRRI Report white paper cites the U.S. Department of Justice ("DOJ") merger guidelines for an appropriate market definition that is, in both product and geographic space, described as the "smallest market in which a hypothetical monopolist could exercise market power."⁸³ Market power is, of course, the ability of a seller of a product or service to impose and sustain a price above that which would obtain in a competitive market.

We find that telephone exchange areas – units specifically listed in the Code of Virginia – most closely fit the definition of an appropriate geographic market as contained in the DOJ merger guidelines, which is a recognized definition and the one specifically cited in the NRRI Report introduced as Verizon Exhibit 271, which also asserts that using the entire state as the market is generally inappropriate.⁸⁴

Since MSAs generally encompass on a regional basis a number of telephone exchanges, Verizon can still demonstrate that an entire MSA is competitive by showing that the individual exchanges within that MSA satisfy the test set forth below. Our market competitiveness test, however, which is similar to those applied in several states that have adopted procedures to deregulate local telephone service, will ensure that *each* local exchange area will have at least one facilities-based competitive option to Verizon, which could not be guaranteed in every exchange if we used only MSAs as the geographic market area.

Finally, we note that the statute does not require a finding, prior to a determination of competitiveness, that *each* consumer in the chosen GMA has the *same* competitive alternatives. Indeed, we recognize that any finding of competitiveness in a geographic area listed by the statute may result in at least one or more individual consumers who do not share in all the competitive alternatives available to others in that same area. We find, however, that

⁷⁸ See Exh. 13.

⁷⁹ Verizon Virginia's bundled services are listed in Exh. 13 as: Verizon Affiliate Bundle Discount; Verizon Local Package; Verizon Local Package Extra; Verizon Regional Essentials; Verizon Regional Package Extra; Verizon Regional Package; Verizon Regional Value; and Unlimited Local and Toll Usage for Business. Verizon South's bundled services are listed in Exh. 13 as: CENTRANET CustoPAK Service & Assoc. Features; Verizon Local Package; Verizon Local Package Extra; Verizon Regional Package Extra; Verizon Regional Package; and Unlimited Local and Toll Usage for Business.

⁸⁰ See Exhs. 52, 53, and 308.

⁸¹ See Verizon's September 14, 2007 Post-Hearing Brief at 64-69. For ease of reference in this Order hereinafter, references to "MSAs" also include those geographically-defined areas that Verizon refers to as "non-MSAs."

⁸² See, *e.g.*, Johnson, Exh. 192C at 21-22; Johnson, Tr. at 1517-1518; Reeson, Tr. at 118-121 (public witness).

⁸³ NRRI Report, Exh. 271 at 21 (citation omitted).

⁸⁴ *Id.* at 47.

telephone exchange areas meeting the criteria below represent sufficiently small enough geographic areas for us to be satisfied that Verizon will not be able effectively to discriminate, in its service offerings, against consumers who do not have the same competitive alternatives as others in the exchange. That is, we conclude that if the competitiveness test below is satisfied for a specific local telephone exchange area, then competition or the potential for competition is or can be an effective regulator of the price for all consumers in that area.

Competitiveness Test for Residential BLETS

Subsection F states that the Commission:

may determine telephone services of any telephone company to be competitive when it finds that competition or the potential for competition in the market place is or can be an effective regulator of the price of those services In determining whether competition effectively regulates the prices of services, the Commission shall consider: (i) the ease of market entry, (ii) the presence of other providers reasonably meeting the needs of consumers, and (iii) other factors the Commission considers relevant. . .

As set forth above, we do not find that "competition or the potential for competition in the market place is or can be an effective regulator of the price"⁸⁵ for residential BLETS on a statewide basis. Rather, based on the record developed in this case, we find that competition or the potential for competition can be an effective regulator of the price for residential BLETS in a telephone exchange area if *each* of the following criteria is satisfied:

- a. A minimum of 75% of the households in the telephone exchange area can choose residential local telephone service from among at least two (2) competitors to Verizon;
- b. A minimum of two (2) of the competitors to Verizon in part "a" must offer residential local telephone service that may be purchased by the residential consumer without a corresponding requirement to purchase non-telecommunications services (e.g., video or broadband internet service) from that competitor; and
- c. At least 50% of the households in the telephone exchange area can choose a facilities-based competitor that owns its own wireline network facilities.

Examples of an acceptable facilities-based competitor in "c" above would include (1) a cable telephony provider that owns its own network, or (2) a CLEC provider that owns its own network and is not dependent on Verizon for leasing UNE-P or UNE-L facilities to the CLEC. Wireless or "over the top" VoIP providers are not included as facilities-based providers for purposes of this Order, for the reasons further discussed below.

Examples of an acceptable competitor in "a" above could be a cable company, CLEC,⁸⁶ or any wireless provider not affiliated with Verizon⁸⁷ which offers residential local telephone service. Since "over the top" VoIP providers are only available to customers who have access to, and have chosen to purchase, broadband internet service, for "over the top" VoIP to qualify as a competitor for local telephone service to Verizon in a telephone exchange, at least 75% of the households in Verizon's service territory in the exchange must have chosen to purchase broadband internet service, whether via DSL, cable modem, wireless (WiMAX or WiFi), BPL or Verizon's own fiber to the home product. "Over the top" VoIP cannot be an effective competitor to Verizon unless broadband penetration is substantial throughout the exchange, which means that broadband is not only available, but consumers have chosen to purchase broadband internet service.

In requiring at least one facilities-based competitor to have a substantial presence in the exchange area, we apply Subsection F's directive to "consider . . . the presence of other providers reasonably meeting the needs of consumers" As discussed above, we find that for many consumers of basic local telephone service, reliability of service and, in particular, reliable 911 service, are reasonable needs. Neither wireless nor VoIP provides the same level of consistent reliability and, in particular, 911 service reliability, that is delivered by Verizon's wireline service or, to a lesser extent, cable providers.⁸⁸ Most importantly, for purposes of acting as a price regulator of Verizon's BLETS, we find that a competitor that owns its own wireline network presents the strongest actual or potential competition to Verizon's wireline service.

While wireless and "over the top" VoIP telephone services do not provide the same level of consistent reliability and E-911 service as Verizon's landline service so as to be a reasonable product substitute for all consumers under Subsection F, we do find that, in particular, wireless service, and to a lesser extent, VoIP, are acceptable substitutes for enough consumers to act as price regulators of Verizon's local telephone service under Subsection F when wireless and VoIP competitors are sufficiently present in an exchange. Consequently, we include wireless providers as acceptable competitors under the competitiveness test we adopt herein. We also include "over the top" VoIP as a competitor wherever broadband penetration, defined as households having a broadband internet service, has reached 75% in the exchange.

As discussed above, we do not find it necessary under Subsection F that each and every competitor to Verizon offer an array of products and services identical to Verizon or at prices identical to Verizon's stand-alone BLETS in order to act as a price regulator of Verizon's local telephone services

⁸⁵ Va. Code § 56-235.5(F).

⁸⁶ We do not include herein resellers, which simply resell another provider's (often Verizon's) services and which do not provide sufficient competition to Verizon to be considered a competitor under this test. Resellers do not represent an acceptable competitor in part "a."

⁸⁷ We find that requiring the wireless competitor not to be affiliated with Verizon (which owns a majority share in Verizon Wireless), will result in a more accurate indicator of actual or potential competition to Verizon's landline service. While Verizon Wireless competes with other wireless providers such as AT&T and Sprint Nextel, Verizon Wireless can cooperate and market jointly with Verizon's other services, including landline. Just as we found that not including wireless at all could understate the amount of competition to Verizon's landline service, we also find that including Verizon Wireless as a competitor to Verizon for local telephone service could overstate the amount of competition in a geographic market area.

⁸⁸ See, e.g., Roycroft, Exh. 129P at 58-70, 88-92; Johnson, Exh. 192P at 36-40, 43-45.

and products. Consistent with Subsection F's directive to consider "competition or the potential for competition," we find that including cable, CLEC, wireless and VoIP providers in the competitiveness test as acceptable competitors fulfills the statute's "potential for competition" criterion, even though none may be presently offering an exact duplicate of Verizon's BLETS product offerings at prices identical to Verizon's. Each competitor presently offering residential telephone service represents a potential threat to match or undercut Verizon's pricing.

Further, Subsection F requires us to consider "the ease of market entry" in determining competitiveness. Accordingly, while we do not require that each competitor presently offer an identical array of BLETS at prices identical to Verizon's, we do require in our competitiveness test that at least two competitors already are substantially present in the telephone exchange area offering residential telephone service. We find that the statute does not allow us to include in our competitiveness determination the mere threat that a cable company or CLEC not already present in an exchange will decide to make the substantial capital investment necessary to enter a market simply in response to price increases for BLETS by Verizon.

We note that the "two competitor" test, with at least one required to be facilities-based,⁸⁹ which we adopt herein, is well within the mainstream of competitiveness tests used in the majority of other states (and Canada) that have deregulated their BLETS to various extents.⁹⁰ We also note that the "two competitor" test we adopt herein is similar in some respects to the competitiveness test in the federal Cable Act of 1992, discussed by Verizon Witness Eisenach⁹¹ and cited in Verizon's Post Hearing Brief.⁹²

The test we adopt herein does not depend upon extensive collection of provider line counts or detailed market share data, which would be difficult to obtain since VoIP and wireless competitors do not have a legal obligation to provide actual line counts to this Commission. Instead, this test looks at the availability of competitive options to Virginia consumers and seeks to ensure that consumers in each exchange have at least two alternatives for residential local telephone service other than Verizon landline before that exchange is declared competitive.

Further, we find that the competitiveness test described herein is sufficient to protect consumers in an exchange area from the exercise of market power by Verizon for BLETS. The requirement that at least two other competitors be available to at least 75% of the households in the exchange area (with an additional requirement that at least 50% of the households have access to a facilities-based provider) will prevent Verizon from raising its BLETS prices without incurring a significant risk of losing customers. Consequently, in an exchange area meeting this test we find that "competition or the potential for competition" can act as a regulator of Verizon's BLETS prices, in accordance with Subsection F, even though there may be some consumers in the exchange area who do not have access to one or more of the competitors to Verizon in the exchange.

We could not make this finding had we accepted Verizon's proposal to consider as the appropriate market area Verizon's entire statewide service territory or the MSAs proposed by Verizon. Statewide or even within an MSA, there would be far too many households without access to sufficient competition to Verizon for our competitiveness test to act as an effective deterrent to Verizon's potential exercise of market power. A local exchange area, however, is sufficiently small so that we can be reasonably confident that the competitiveness test adopted herein will act as an effective deterrent to the exercise of market power by Verizon for BLETS.

We believe that this market test will deter the exercise of market power in exchanges declared competitive. We have a duty under Subsection G, however, to monitor continually our determinations. For example, if evidence comes to this Commission that Verizon is charging higher prices for BLETS to customers in an exchange who do not have access to a facilities-based competitor to Verizon than is charged to customers in that exchange who do, that evidence would be relevant to the question of whether Verizon still retains – and is exercising – market power in that exchange.⁹³ Under Subsection G, this Commission retains the authority to act as it deems necessary in such a situation.

In contrast to Verizon's request for statewide deregulation, we find that the "two competitor" test we adopt herein, as applied to a telephone exchange area, satisfies the statutory requirement for finding that "competition or the potential for competition" can be an effective regulator of price, as set forth in Subsection F, and is more likely to meet Subsection F's injunction that consumers will have options from competitors that "reasonably" meet their needs and that potential competitors will not face substantial barriers to entry.

We also find that this test satisfies the statutory requirement to encourage the offering of competitive products and services as set forth in Va. Code § 56-235.5:1.

Findings of Competitiveness

We find the following exchanges, categorized below by MSA for ease of reference, meet the competitiveness test for residential BLETS outlined herein:

⁸⁹ The facilities-based competitor is potentially a third competitor if it is available to at least 50% but less than 75% of the households in the exchange.

⁹⁰ See Exhs. 52, 53, and 308. Texas uses a "three competitor" test, but Texas has no requirement that most consumers' households in the GMA have access to all three competitors. Canada requires two competitors to the ILEC, with availability of each to at least 75% of households in the GMA. We find that the Canadian requirement of 75% availability is a more accurate indicator of actual or potential competition in the GMA as required by § 56-235.5(F) than the Texas "three competitor" test, with no such availability requirement.

⁹¹ See Eisenach, Tr. at 1678-82, 1735-44.

⁹² Verizon's Post-Hearing Brief at 92-93 (citing the Cable Act of 1992). See also 47 U.S.C. § 543(1)(I).

⁹³ Historically, Verizon has offered basic dial tone service (and other BLETS) at the same tariffed price(s) in a given exchange. Therefore, all customers in an exchange are able to obtain service at the same price even if all customers do not have all the same options. While we would expect that the "tariffed" price in an exchange would likely remain uniform at least in the near term, it is possible some customers could receive lower prices under promotions, which would not necessarily raise concern about market power.

Richmond MSA

- Ashland
- Bethia
- Chester
- Manakin
- Mechanicsville
- Midlothian
- Old Church
- Providence Forge
- Richmond
- Sandston
- Rockville
- Varina

Roanoke MSA

- Roanoke
- Bent Mountain

Virginia Beach-Norfolk-Newport News MSA

- Gloucester
- Great Bridge
- Hayes
- Hickory
- Hampton
- Princess Anne
- Newport News
- Norfolk/Virginia Beach
- Peninsula
- Poquoson
- Portsmouth
- Toano
- Williamsburg

Washington-Arlington-Alexandria MSA

- Alexandria-Arlington
- Braddock
- Engleside
- Fairfax-Vienna
- Falls Church-McLean
- Haymarket
- Herndon
- Independent Hill
- Lorton
- Manassas
- Nokesville
- Occoquan

We have identified these telephone exchanges using various exhibits presented in this proceeding.⁹⁴ Our findings of competitiveness for these exchanges, however, do not represent findings that other telephone exchange areas in Verizon's service territory in Virginia do not meet the competitiveness test set forth above. Additional exchanges will be considered on a case-by-case basis under the administrative process outlined herein when and/or if Verizon submits specific tariffs with supporting data formatted and responsive to the competitiveness test described herein for additional exchanges.

We note that the telephone exchanges listed above and found competitive represent collectively approximately 62% – a majority – of Verizon's residential lines in Virginia, as measured by Verizon's total residential access lines.⁹⁵

We further note that, while the evidence in this proceeding demonstrates that each exchange listed above currently meets our competitiveness test, should Verizon merge with, purchase, or be purchased by, a major competitor in any of these exchanges, or if this Commission receives credible evidence that the exchange cited above no longer meets the competitiveness test established herein, we will re-evaluate our findings of competitiveness in the telephone exchanges potentially affected by such events, consistent with our statutory duty under Subsection G to monitor our findings of competitiveness. Should this Commission decide that an exchange area previously declared to be competitive no longer meets our test, such services in that area shall go back to being regulated under Verizon's Alternative Regulatory Plan.

Competitiveness Test for Business BLETS

Large businesses who comprise the so-called "enterprise market" have the purchasing power to attract numerous competitors for their telephone business, and they typically have the legal and financial resources to protect their interests once a contract with a telecommunications provider has been

⁹⁴ See, e.g., Exhs. 16C, 17, 18C, 19, 20, 21C, 22C, 23C, 24C, 25, 28, 29, 30C, 31C, 32C, 33C, 34C, 35C, 36C, 37C, 38C, 39C, 40C, 41C, 42C, 43C, 44C, 45C, 94C, 95C, 96C, 170C; Harris, Exh. 188C, Attachment CH-4.

⁹⁵ This calculation was derived from Staff Witness Harris' direct testimony, Exh. 188C, Attachment CH-4.

executed. We are concerned, and we believe the General Assembly is equally concerned, about the tens of thousands of small businesses who make up the backbone of Virginia's economy, and who do not have the purchasing power or the legal or financial resources of the largest telephone customers.

Further, CLECs may use T-1 or DS-1 lines to serve small and medium-sized businesses and may provision those by purchasing wholesale special access lines from Verizon or another provider. We found in Case No. PUC-2005-00051 (Verizon-MCI merger case) that Verizon's purchase of MCI would eliminate the largest competitor to Verizon in Virginia for wholesale special access and would thus reduce the competitiveness of the wholesale special access market in Virginia.⁹⁶ To mitigate the impact of this significant reduction in competition, we attached a condition to our approval of the Verizon purchase of MCI.⁹⁷ We also ruled that this condition would be lifted immediately upon receiving sufficient proof from Verizon that the wholesale special access market in Virginia had become competitive.⁹⁸ To date, Verizon has not attempted to prove that the wholesale special access market in Virginia is competitive. In this proceeding, Verizon acknowledged, however, that the competitiveness of the wholesale special access market affects the retail price of certain business services such as T-1 and DS-1 lines.⁹⁹

Consistent with these concerns, we believe that caution in deregulating business BLETs and OLETs is required. We believe that the test for competitiveness below – and the price caps during the transition period discussed *infra* – will give Virginia's small and medium-sized business customers the ability to protect themselves during the transition to a more competitive telephone market place statewide.

We do not find that "competition or the potential for competition in the market place is or can be an effective regulator of the price"¹⁰⁰ for business BLETs on a statewide basis. Rather, based on the record developed in this case, we find that competition or the potential for competition can be an effective regulator of the price for business BLETs in a telephone exchange area if the competitiveness test below is met. That is, we find that a similar "two competitor" test for competitiveness as established herein for mass market residential BLETs should also apply to the mass market business BLETs offered by Verizon, using the same GMA described above, *i.e.*, telephone exchange area, as follows:

- a. A minimum of 75% of the businesses in the telephone exchange area can choose local telephone service from among at least two (2) competitors to Verizon;
- b. A minimum of two (2) of the competitors to Verizon in part "a" must offer local telephone service that may be purchased by the business customer without a corresponding requirement to purchase non-telecommunications services (e.g., video or broadband internet service) from that competitor; and
- c. At least 50% of the businesses in the telephone exchange area can choose a facilities-based competitor that owns its own wireline network facilities.

The limitations on the competitors that qualify under this test are the same as the limitations found above regarding residential BLETs. For "over the top" VoIP to count as a competitor, broadband penetration, defined as businesses who have purchased a broadband internet service, must be at least 75% in the telephone exchange area.

In addition, for purposes of this business BLETs competitiveness test, the following services are treated as separate business BLETs: (1) Individual Line; (2) PBX Trunk; and (3) Centrex services.¹⁰¹ Accordingly, the above competitiveness test must be separately applied to each of these three business BLETs in order for that business BLETs to be declared competitive in a telephone exchange. For example, if a specific telephone exchange satisfies the above test for Individual Line service but not for Centrex services, then only Individual Line services can be declared competitive in that exchange.

Findings of Competitiveness

We find the following telephone exchange areas, categorized below by MSA for ease of reference, meet the competitiveness test for Individual Line business BLETs:

Roanoke MSA

- Roanoke

Virginia Beach-Norfolk-Newport News MSA

- Great Bridge
- Hampton
- Newport News
- Norfolk/Virginia Beach
- Peninsula

⁹⁶ See *Joint Petition of Verizon Communications, Inc. and MCI, Inc. for approval of agreement and plan of merger*, Case No. PUC-2005-00051, 2005 S.C.C. Ann. Rept. 260, 268 (October 6, 2005).

⁹⁷ The Commission required MCI to "continue to offer to wholesale customers in Virginia its available intrastate and interstate special access, private line or its equivalent, and high capacity loop and transport facilities, without undue discrimination, at pre-merger terms and conditions and at prices that do not exceed pre-merger rates." *Id.*

⁹⁸ *Id.*

⁹⁹ Verizon Witness West, answering question from Commissioner Christie, Tr. at 439.

¹⁰⁰ Va. Code § 56-235.5(F).

¹⁰¹ Such distinctions can be found in Exh. 13 and in the tariff cited therein by Verizon.

- Poquoson
- Portsmouth
- Princess Anne
- Williamsburg

Washington-Arlington-Alexandria MSA

- Alexandria-Arlington
- Braddock
- Engleside
- Falls Church-McLean
- Fairfax-Vienna
- Herndon

We have identified these telephone exchanges using various exhibits presented in this proceeding and tariffs previously filed with the Commission.¹⁰² Our findings of competitiveness for Individual Line business BLETS in these exchanges, however, do not represent findings that other business BLETS in those exchanges, or other telephone exchange areas in Verizon's Virginia service territory, do not meet the competitiveness test set forth above for any of the three separate business BLETS. Additional geographic market areas will be considered on a case-by-case basis under the administrative process outlined herein when and/or if Verizon submits specific tariffs with supporting data formatted and responsive to the competitiveness test described herein for additional exchanges and/or business BLETS.

We also note that the telephone exchanges listed above and found competitive for Individual Line business BLETS collectively represent approximately 57% – a majority – of Verizon's individual business lines in Virginia, as measured by Verizon's total business access lines.¹⁰³

Administrative Process

We do not intend to require Verizon to initiate an entirely new formal proceeding for each telephone exchange area for which it intends to submit evidence that it believes meets the competitiveness tests for mass market residential and business BLETS that we have set forth in this Order. Rather, Verizon may submit tariffs with supporting data to the Commission's Division of Communications, which will determine administratively if such submissions are in accordance with this Order.

In this regard, we direct the Staff to implement an administrative process by which Verizon may submit tariffs to the Division of Communications it believes meet the competitiveness tests set forth in this Order for each exchange. The process shall include the following requirements: (1) Verizon shall file proposed tariffs with supporting data and an effective date 45 days from the date of filing with the Division for each telephone exchange and applicable services that it requests to be declared competitive;¹⁰⁴ (2) the Division shall accept or reject the proposed tariff(s) within 45 days unless both Verizon and the Division agree to extend the effective date for an additional 45 days; (3) if the Division accepts the proposed tariff(s), the tariff(s) shall go into effect on the initial or extended effective date; (4) if the Division rejects the proposed tariff(s), the Division must notify Verizon of the rejection and describe the reasons for such rejection within 45 days of the date of filing or extension; (5) any tariff(s) rejected by the Division are rejected without prejudice; (6) Verizon may challenge the Division's determination by filing a petition within 30 days of the Division's determination with the Commission pursuant to the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*; (7) any interested person may challenge the Division's acceptance of a tariff pursuant to the Commission's Rules of Practice and Procedure; and (8) the Commission's website (and any other means deemed appropriate by the Division) shall be used to provide information to the public of each tariff filing by Verizon and the Division's determination.¹⁰⁵

This administrative process will ensure that Verizon's proposed tariffs are handled in a timely and efficient manner, and that all interested persons have a reasonable opportunity for notice of the filing and determination, as well as an opportunity subsequently to challenge the Division's acceptance or rejection of the tariff pursuant to the Commission's Rules of Practice and Procedure.

Deregulation of Residential and Business BLETS and Price Ceilings in Geographic Market Areas Deemed Competitive

In telephone exchanges determined to be characterized by competition or the potential for competition under the tests set forth above, residential and/or business BLETS shall be deregulated as to price.

To protect *residential* consumers from the possibility of large rate increases for basic telephone service during the transition to a more deregulated, competitive market, we apply the following safeguard, pursuant to Subsection H: The price of residential BLETS as defined herein shall not increase more than one dollar (\$1.00) per year, on a per-line basis, during a transition period that shall run from January 1, 2008 through December 31, 2012, or five years.¹⁰⁶

¹⁰² See, e.g., Exhs. 16C, 17, 18C, 19, 20, 21C, 22C, 23C, 24C, 25, 28, 29, 30C, 31C, 32C, 33C, 34C, 35C, 36C, 37C, 38C, 39C, 40C, 41C, 42C, 43C, 44C, 45C, 94C, 95C, 96C, 170C; Harris, Exh. 188C, Attachment CH-4.

¹⁰³ This calculation was derived from Staff Witness Harris' direct testimony, Exh. 188C, Attachment CH-4. This percentage may be understated because it does not include individual line services purchased by enterprise customers in exchanges not declared competitive.

¹⁰⁴ For those BLETS and OLETS in exchanges determined to meet the competitiveness test pursuant to this Order, it is only necessary for Verizon to file the applicable tariff revisions.

¹⁰⁵ We expect the Division to make such available as quickly as possible, recognizing that it may be necessary to develop procedures to do so.

¹⁰⁶ We also note that, in reference to a price cap, Verizon Witness Woltz stated as follows: "If you don't believe three years is long enough . . . you could make it five." Tr. at 2186.

To protect *business* consumers during the transition to a more deregulated, competitive market, we apply the following safeguard pursuant to Subsection H: The price of business BLETS as defined herein shall not increase more than three dollars (\$3.00) per year, on a per-line basis, during a transition period that shall run from January 1, 2008 through December 31, 2012, or five years.¹⁰⁷

To fulfill our statutory monitoring duties discussed below, we direct that Verizon shall continue to file tariffs for residential and business BLETS offered in telephone exchanges determined to be competitive. Verizon shall make such tariff filings in a manner comparable to those for CLECs as set forth in the CLEC regulations.¹⁰⁸

Finally, we have considered other safeguards proposed by participants in this proceeding for BLETS and for other services, and we find that such additional safeguards are not necessary at this time "to protect consumers and competitive markets" under Subsection H.

OLETS

As noted above, Verizon identifies over 150 OLETS that the Company requests be declared competitive on a statewide basis. As with individual "wireline a la carte" BLETS, Verizon argues that the Commission should not treat individual "wireline a la carte" OLETS as a product market separate and apart from bundled wireline services.¹⁰⁹ As with BLETS, however, we find that individual OLETS represent specific "telephone services" (as that term is used in Subsections E and F) provided to Virginia consumers, and that it is reasonable to apply the standards required in Subsections E and F to individual OLETS. We find that there is insufficient evidence – if any – in the record on each specific OLETS for us to conclude that competition or the potential for competition in the market place is or can be an effective regulator of the price for each individual OLETS on a stand-alone basis.¹¹⁰

OLETS, however, are often provided in association – direct or indirect – with BLETS. In this regard, we find that competition or the potential for competition can be an effective regulator of price for residential and business services designated as OLETS by Verizon in a telephone exchange area for which BLETS (residential or business) has been declared competitive – *if the OLETS is offered by Verizon in association with a BLETS that is declared competitive (i.e., can only be purchased if the customer already purchases the BLETS)*. Therefore, if a residential or business BLETS is declared competitive in an exchange under the competitiveness tests above, then we find that an OLETS, offered in association with that competitive BLETS, shall also be declared competitive and price deregulated in that same exchange.

In this regard, based on a review and analysis of Verizon's tariffs on file with the Commission, we find that the following OLETS can be offered in association with the applicable residential and/or business BLETS:¹¹¹

Verizon Virginia - Residential

- Community Choice Plan
- Custom Calling Services
- Call Gate Service
- Call Mover Service
- Do Not Disturb Service
- Fixed Call Forwarding
- FX/FZ/FCO Services
- ISDN-BRI
- Maintenance Visit
- Non-List and Non Published Numbers
- Operator Call Completion Services
- Operator Service – Emergency & Troubles
- Operator Verification
- Operator Verification with Interrupt
- Optional Intercept Arrangements
- Preferred Telephone Number Service
- Remote Call Forwarding
- Repeat Dialing (Busy Redial)
- Select Forward
- 700/900 Blocking
- Temporary Suspension of Service
- White pages additional and bold listings

¹⁰⁷ The average business BLETS price is approximately three times the residential BLETS price, so this increase represents a comparable increase to the residential BLETS price increase of one dollar per year during the transition period. For example, in the Norfolk-Virginia Beach exchange, the monthly business individual line price is \$53.18, and the monthly residential individual line price is \$16.37. See Verizon Virginia Inc. Local Exchange Services Tariff, S.C.C.-Va.-No. 202, Section 2 at 7, 30c, and 31.

¹⁰⁸ See 20 VAC 5-417-10 *et seq.*

¹⁰⁹ See Verizon's September 14, 2007 Post-Hearing Brief at 78-80.

¹¹⁰ This discussion of OLETS excludes Directory Assistance Services, which are further addressed below.

¹¹¹ An individual OLETS may be associated with only a specific BLETS or in many instances more than one BLETS. This is particularly true for business BLETS since there are several different line products (*i.e.*, individual line, PBX trunk, and Centrex). For example, Break Rotary Hunt may be associated with all three types of business BLETS but will be made competitive only for the specific business BLETS that is made competitive in a given exchange. On the other hand, a service such as Direct Inward Dialing is associated with PBX Trunks, therefore would only be considered competitive in an exchange where PBX trunks are made competitive.

Verizon Virginia – Business

- Break Rotary Hunt
- Call Gate Service
- Call Mover Service
- Call Screening
- Centrex Extend
- Community Choice Calling Plan
- Custom Calling Services
- Custom Redirect Service
- Direct Inward Dialing
- Fixed Call Forwarding
- Four wire Service Terminating Arrangements
- FX/FZ/FCO
- Home Business Service
- Hunting Arrangement
- Identified Outward Dialing
- Line Side Answer Supervision
- Local Conference Service
- Maintenance Visit
- Make Busy Arrangements
- Messaging Services Interface and Premier Messaging Services Interface
- Non-List and Non Pub Numbers
- Number to Number Referral Service
- Operator Call Completion Services
- Operator Service – Emergency and Trouble
- Operator Verification
- Operator Verification and Interrupt
- Optional Intercept Arrangements
- PBX Night, Sunday, Etc. Arrangement
- Preferred Telephone Number Service
- Remote Call Forwarding
- Repeat Dialing (Busy Redial)
- Select Forward
- Selective Call Screening
- Split Supervisor Drop
- Switched 56 Kilobit Service
- Switched Redirect Service
- Temporary Suspension of Service
- Transfer Arrangements
- Unlimited Local Usage for Business
- White Page Additional and Bold Listings
- Work-At-Home Billing Service

Verizon South - Residential

- Anonymous Call Block
- Automatic Busy Redial
- Automatic Call Return
- Call Forwarding
- Call Tracing
- Call Waiting (all types)
- Caller ID-Name and Number5
- Caller ID – Number
- Calling Number ID/Anonymous Call Rejection
- Customized Number
- Customized Personal Intercept
- Detail Message Billing
- Dial DataLink
- Distinctive Ring
- Do Not Disturb
- Duplicate Bill Charge
- FX/FCO Services
- Intercept
- ISDN- SL and BRI
- Line Status Verification
- Maintenance Visit
- Metro Additive
- Non-List & Non-pub Numbers
- Operator Call Completion Services

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- Operator Service- Emergency & troubles
- Operator Verification
- Optional Calling Plans
- Phone Number Referral Service
- Priority Call
- Referral Service
- Reminder Service
- Selective Call Screening
- Service Performance Guarantee
- Three Way Calling
- Toll Restriction Service
- Verification with Call Interrupt
- White Pages Additional Listings & Bold Type

Verizon South - Business

- Anonymous Call Block
- Automatic Busy Redial
- Automatic Call return
- Automatic Line Service
- Call Forwarding
- Call Block
- Call Waiting
- Caller ID-Name & Number
- Caller ID Number
- Caller ID/Anonymous Call Rejection
- Custom Redirect Service
- Custom Routing Service
- Customized Code Restrictions
- Customized Number
- Customized Personal Intercept
- Detail message Billing
- Dial DataLink
- Direct Inward-Outward Dialing Service (DIOD) (only with PBX trunks)
- Direct Inward Dialing (only with trunks)
- Distinctive Ring
- Do Not Disturb
- Duplicate Bill Charges
- Enhanced Call Forwarding
- FX/FCO service
- ISDN- SL & BRI
- Line Status Verification
- Maintenance Visit
- Metro Additive
- Non List & Non pub numbers
- Off premise extensions
- Operator Call Completion Services
- Operator Service- Emergency & Troubles
- Operator Verification
- Optional Calling Plans
- Phone number Referral
- Priority Call Redirect Service
- Referral Service
- Reminder Service
- Remote Call Forwarding
- Selective Call Screening
- Service Performance Guarantee
- Single Line Intercom
- Three Way Calling
- Toll Restriction Service
- Verification with Call Interrupt
- White Pages Additional Listings and Bold Type

We do not find that it is in the public interest to detariff OLETS at this time; rather, the tariff requirements applicable to CLECs under 20 VAC 5-417-50 shall apply to Verizon for OLETS deregulated as to price hereunder. In addition, as required above with BLETS, Verizon shall file revised tariffs, if necessary, for residential and business OLETS applicable in the telephone exchanges determined to be competitive. Verizon shall make such tariff filings in a manner comparable to those for CLECS set forth in the CLEC regulations.¹¹²

¹¹² See 20 VAC 5-417-10 *et seq.*

Bundled Services

As noted above, Verizon lists eight bundled services for Verizon Virginia and six bundled services for Verizon South that the Company requests be declared competitive.¹¹³ We find that the market for bundled services is characterized by either competition or the potential for competition throughout Verizon's service territory in Virginia. Not only do Verizon's bundled services face competition or the potential for competition from other providers of bundled telephone services in the various geographic market areas of Virginia found to be competitive under the tests we adopt herein, but just as importantly, Verizon's bundled services face pricing constraints in its entire service territory from the pricing of Verizon's individual BLETs and OLETs offerings. We find that the Attorney General's proposal to find bundles competitive only in the four largest MSAs does not account for the pricing constraints on Verizon's bundles from its individually priced and available BLETs and OLETs. We also find that the Attorney General's proposed advertising restrictions are not necessary since we have defined the geographic market area as smaller than an MSA.¹¹⁴

Subsection F reads in part:

... The Commission may also determine bundles composed of a combination of competitive and noncompetitive services to be competitive if the noncompetitive services are available separately pursuant to tariff or otherwise...

We find that competition or the potential for competition in the market place is or can be an effective regulator of the price – on a statewide basis – for Verizon's bundled services. Accordingly, we deregulate bundled services as to price effective immediately throughout Verizon's service territory in Virginia. We do not find, however, that it is in the public interest to detariff these services. Verizon shall continue to file tariffs for bundled services in a manner comparable to the tariff requirements for bundled services contained in the CLEC regulations.¹¹⁵

Enterprise Market Services

The enterprise market can colloquially be described as the "big business" market. Enterprise customers are those which represent a large enough volume of business that they can negotiate their own deal with Verizon or another telephone provider, usually through a competitive bid or procurement process. We find that (i) an appropriate GMA is statewide, and (ii) in the enterprise market, competition exists throughout Verizon's Virginia service territory.¹¹⁶ Even if a large corporate customer is located or has locations in a rural area, there is no shortage of telecommunications providers willing to compete for what may be a multimillion-dollar account.¹¹⁷ Enterprise customers also generally have more legal and financial resources with which to protect their interests and enforce their contractual agreements with Verizon than do small business or residential consumers.

We find that competition or the potential for competition in the market place is or can be an effective regulator of the price – on a statewide basis – for telephone services in the enterprise market. For purposes of this Order, we adopt Verizon's definition that "the enterprise market consists of medium-sized and large business customers that typically procure services through a formal or informal competitive procurement or bidding process that solicits multiple bids."¹¹⁸ We find that the presence of other providers reasonably meeting the needs of these medium-sized and large business customers through a formal or informal competitive procurement or bidding process that solicits multiple bids can serve as an effective regulator of the price for these telephone services.

We also find that it is in the public interest to allow Verizon to offer its services on a contractual basis in the enterprise market on a statewide basis.¹¹⁹ These contracts would not be regulated under Verizon's Alternative Regulatory Plan. As noted above, however, Subsections G and H require the Commission to "monitor the competitiveness of any telephone service previously found by it to be competitive" and to "adopt safeguards to protect consumers and competitive markets" that "[a]t a minimum . . . ensure that there is no cross subsidization of competitive services by monopoly services." Accordingly, Verizon is ordered: (1) to retain records regarding services provided to customers under contract in the enterprise market; and (2) to make such records and any agreements or contracts available to the Commission's Division of Communications upon request.

Construction Charges

The Staff contends that Verizon's construction charges are not competitive. We do not herein declare such services as competitive and likewise do not deregulate or detariff such charges. Indeed, at the hearing and on brief, Verizon clarified that it "is not seeking to have [construction] services declared competitive."¹²⁰

¹¹³ See Exh. 13.

¹¹⁴ See Attorney General's September 14, 2007 Post-Hearing Brief at 20-23.

¹¹⁵ See 20 VAC 5-417-50.

¹¹⁶ See, e.g., Taylor, Exh. 99C at 97-104.

¹¹⁷ See, e.g., Roycroft, Tr. at 1048-1050.

¹¹⁸ Verizon's September 14, 2007 Post-Hearing Brief at 73 (citing Calnon, Tr. at 2145).

¹¹⁹ Enterprise customers, however, would not be precluded from purchasing services available pursuant to tariffs.

¹²⁰ Verizon's September 14, 2007 Post-Hearing Brief at 15 n.16.

Directory Assistance

Verizon states that its "Directory Assistance Services ('DAS') enable customers to obtain local telephone numbers and listings of residential and business customers of Verizon, independent companies and CLECs."¹²¹ Verizon asserts that "DAS should be part of the same product market as all of its other retail services (BLETS, OLETS and Bundles)" and that "[c]ompetition to provide local exchange service necessarily entails competition to provide related DAS."¹²² Verizon also contends that "[e]ven if DAS were a separate product market, however, it should be declared competitive."¹²³

We find that DAS is a sufficiently distinct product to warrant treatment by the Commission as a separate "telephone service" under the provisions of the Code set forth above. In this regard, we find that competition or the potential for competition in the market place is or can be an effective regulator of the price – on a statewide basis – for DAS. We also find that, with the exception of the current three free call allowance, it is in the public interest to deregulate the price of DAS on a statewide basis. Specifically, we take judicial notice of our recent proceeding involving widespread errors and omissions in Verizon's directories, both for business and residential listings.¹²⁴ While we expect Verizon to do better in the future, to protect consumers, we find that it is reasonable to continue to require Verizon to offer the first three directory assistance calls per month at no cost to the consumer.

Price Floors and Cross-Subsidization

First, we find that the price floor restrictions set forth in Section K 2 of Verizon's Alternative Regulatory Plan shall no longer apply to the services declared competitive pursuant to this Order. As argued by Verizon, the price floor requirement does not apply to any of Verizon's competitors.¹²⁵ In addition, since the residential and business market test requires there to be a facilities-based carrier serving at least 50% of households or businesses in an exchange, we believe that the price floor requirement is no longer warranted because Verizon's ability to exercise market power has been greatly diminished and it should be allowed to respond adequately to pricing signals from other competitors. We note that the significantly lowered intrastate switched access charges of both Verizon and the CLECs are an important component in this assessment as well.

Next, Subsection H requires the Commission to "adopt safeguards to protect consumers and competitive markets. At a minimum these safeguards must assure that there is no cross subsidization of competitive services by monopoly services." To be sure, and as explained by the Company, "Verizon is not asking the Commission to totally eliminate prohibitions on cross-subsidies, as it cannot change the Code."¹²⁶ Indeed, cross-subsidy prohibitions apply to both ILECs and CLECs and shall continue to apply to Verizon. Verizon notes that the Commission's CLEC rules, at 20 VAC 5-417-60(E), state as follows:

Should the commission determine that a new entrant has a monopoly over any of its services, whether or not those services are telephone services, it may order the new entrant to file annually with the Division of Communications data to demonstrate that its revenues from local exchange telecommunications services cover the long run incremental costs of such services in the aggregate.¹²⁷

Based on Verizon's position as the largest provider of telephone services in the Commonwealth, along with our removal of Verizon's current price floor requirement for competitive services in exchanges that are determined to be competitive, we find that it is reasonable – and a minimum safeguard to "ensure that there is no cross subsidization of competitive services by monopoly services" as required by Subsection H – to require Verizon to continue to file annually with the Division of Communications data to demonstrate that its revenues from competitive local exchange telecommunications services in the aggregate cover the direct incremental costs of such services, as it is currently required to do under Section K 3 of its Alternative Regulatory Plan.

Future Proceeding to Monitor the Status of Competition

Subsection G states:

The Commission shall monitor the competitiveness of any telephone service previously found by it to be competitive under any provision of subsection F above and may change that conclusion, if, after notice and opportunity for hearing, it finds that competition no longer effectively regulates the price of that service.

To fulfill our statutory duty under this provision, we intend to initiate a proceeding on or before March 1, 2012. This proceeding will take place prior to the removal of the price caps on mass market residential and business BLETS in those telephone exchange areas previously found to meet the competitiveness tests for residential and business BLETS set forth in this Order and deregulated. We agree with Verizon that the telecommunications market is dynamic, not static. This future proceeding will give the Commission and all interested parties and the public an opportunity to review the status of the telecommunications market in Virginia at that time, to review the economic and technological changes that will undoubtedly have taken place during

¹²¹ *Id.* at 146. Verizon explains that "[t]hese services include: (1) local directory assistance or '411', which enables customers to obtain assistance in determining telephone numbers and listings of customers who are located in Verizon's service area; (2) Connect Request, which provides local directory assistance customers with the option of having the requested telephone number automatically dialed for them; and (3) List Service, which provides telephone numbers in written form." *Id.* at n.154.

¹²² *Id.* at 146-147.

¹²³ *Id.* at 147.

¹²⁴ See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the Matter of Investigating Directory Errors and Omissions of Verizon Virginia Inc. and Verizon South Inc.*, Case No. PUC-2005-00007, Order Approving Offer of Settlement (February 13, 2007).

¹²⁵ See Verizon's September 14, 2007 Post-Hearing Brief at 197.

¹²⁶ *Id.* at 198.

¹²⁷ *Id.* at n.235 (quoting 20 VAC 5-417-60(E)).

the next four years, and to make any changes deemed appropriate to the findings, conclusions and directions contained in this Order or any subsequent order on this topic, as well as any tariffs accepted under the administrative process established herein. It will provide one additional and essential layer of protection for Virginia's telephone consumers prior to moving into a much more extensively deregulated telephone market place.

Intrastate Switched Access Charges

Ensuring reliable, easy and low-cost interconnection of calls between competing providers is an essential element of promoting competitive offerings from all telecommunications providers, as Va. Code § 56-235.5:1 requires us to do. We acknowledge the testimony from Sprint Nextel that the issue of Verizon's intrastate switched access charges needs to be addressed.¹²⁸ While the specific cost levels of Verizon's intrastate access charges are not before us in this proceeding, we find that as we move towards a much more competitive and deregulated telecommunications market in Virginia, the access charge levels of Verizon and other ILECs in Virginia should be reviewed and, where and if found appropriate, access charges should be adjusted, to promote increased competition. Accordingly, we subsequently will initiate an appropriate regulatory proceeding to review the intrastate access charges currently charged by Verizon Virginia and Verizon South.¹²⁹

Service Quality Rules

The Staff raised a concern in this case with regard to the continued applicability of the Commission's service quality rules and the Commission's continued oversight of service quality under § 56-247 of the Code.¹³⁰ In addition, CWA asserted that "there are service quality problems under the current form of regulation, and so it is extremely difficult to conclude that deregulation will result in improved service quality" and that "[m]arket forces alone cannot protect all classes of customers from poor service, and therefore the Commission should continue to regulate service quality to protect customers from further deterioration of service quality and escalating rates."¹³¹ Verizon, however, acknowledges that the Commission "could simply clarify in its Order in this case that [service quality] rules continue to apply to specific detariffed services until it expressly rules otherwise."¹³² Because we have not detariffed any of Verizon's services herein, the Commission's service quality rules will continue to apply to Verizon.

Furthermore, Verizon states that even if the Commission granted Verizon the relief it seeks in this proceeding, "the Commission would retain its broad authority to review the market and any complaints over Verizon's rates or services, and take corrective action should the market fail to protect either consumers or competitors[.]" and, "[I]ikewise, the Commission would retain authority to enforce its generic rules applicable to public service companies and local exchange carriers."¹³³ Indeed, the Commission's rules on service quality will continue to apply to Verizon, and Verizon will still be subject to the Commission's broad authority to enforce Verizon's basic statutory duties by taking corrective action in the event that market forces fail to provide sufficient protections.¹³⁴

Verizon's Alternative Regulatory Plan

Services declared competitive pursuant to this Order are no longer regulated under Verizon's Alternative Regulatory Plan. Such services shall remain tariffed consistent with the rules for CLECs, and so that this Commission can fulfill its statutory duties under Subsection G. In addition, services previously classified as competitive under Verizon's Alternative Regulatory Plan are no longer subject to such plan. All future tariff filings for previously classified competitive services shall be made in a manner consistent with the CLEC regulations, although the present tariffing status shall remain unchanged for such services.

Provider of Last Resort

Finally, we clarify that nothing in this Order modifies Verizon's statutory and regulatory obligations as the provider of last resort in its service territory, and we note that Verizon has not requested otherwise.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Application is granted in part and denied in part as set forth herein.
- (2) Retail services of Verizon Virginia and Verizon South are declared competitive and deregulated as set forth herein.
- (3) This matter is dismissed.

¹²⁸ See Appleby, Exh. 133.

¹²⁹ We take judicial notice of the recent proceeding initiated by Sprint Nextel to lower Embarq's intrastate access rates. See Case No. PUC-2007-00108. Thus we do not need to, in this Order, direct a review of Embarq's access rates.

¹³⁰ See Bradley, Exh. 187P at 4.

¹³¹ CWA's September 12, 2007 Post-Hearing Brief at 18.

¹³² Verizon's September 14, 2007 Post-Hearing Brief at 186 n.222.

¹³³ *Id.* at 186 (citing Va. Code §§ 56-235.5(G) and 56-247) (footnote omitted).

¹³⁴ See, e.g., Va. Code §§ 56-234 and 56-235.

**CASE NO. PUC-2007-00009
JUNE 7, 2007**

APPLICATION OF
LMK COMMUNICATIONS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On January 29, 2007, LMK Communications, LLC ("LMK" or the "Company"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated February 27, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On April 9, 2007, LMK filed proof of publication and proof of service as required by the February 27, 2007 Order. LMK requested a waiver of the bond requirement in its application since it did not plan to provide basic local exchange services.

On May 2, 2007, the Staff filed its Report finding that LMK's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of LMK's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services, subject to the following conditions:

- (1) When LMK files a tariff for review and acceptance with the Division of Communications, a \$50,000 bond should be required at that time.
- (2) Once a bond is on file, LMK should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) LMK Communications, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-232A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) LMK Communications, LLC, is hereby granted a certificate of public convenience and necessity, No. T-666, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (3) Prior to the provisioning of any basic local exchange telecommunications services, the Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.
- (4) At such time as LMK Communications, LLC, files a Virginia tariff for review and acceptance with the Division of Communications, LMK Communications, LLC, shall provide a \$50,000 bond to the Division of Economics and Finance, as specified by the Staff.
- (5) LMK shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.
- (7) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00010
FEBRUARY 2, 2007**

APPLICATION OF
CITYNET TELECOM OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated January 16, 2001, in Case No. PUC -2000-00229, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-531, permitting the provision of local exchange telecommunications services, and No. TT-126A, permitting the provision of interexchange telecommunications services, to CityNet Telecom of Virginia, Inc. ("CityNet" or "Company").

By communication to the Division of Communications of the Commission on January 25, 2007, CityNet advised that the Company had been "absorbed" by another entity and requested cancellation of its certificates.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificates No. T-531 and TT-126A, previously issued to CityNet.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2007-00010.
- (2) Certificate Nos. T-531 and TT-126A, issued to CityNet Telecom of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2007-00012
MARCH 6, 2007**

APPLICATION OF
NEW ACCESS COMMUNICATIONS LLC

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER

By Order dated September 20, 2001, in Case No. PUC-2001-00076, the State Corporation Commission ("Commission") granted New Access Communications LLC ("New Access" or the "Company") Certificate No. T-567 to provide local exchange telecommunications services in Virginia.

By letter application filed February 13, 2007, and amended February 23, 2007, New Access requested that its Certificate T-567 be cancelled. The application stated that substantially all of the assets of New Access are being sold to First Communications LLC and New Access wishes to surrender its Certificate No. T-567 immediately. The Company has no customers and does not have an accepted tariff on file with the Division of Communications.

NOW THE COMMISSION, having considered the matter, is of the opinion that New Access's certificate to provide local exchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00012.
- (2) Certificate No. T-567 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00014
MARCH 28, 2007**

JOINT PETITION OF
EUREKA BROADBAND CORPORATION,
EUREKA TELECOM OF VA, INC.,
INFOHIGHWAY OF VIRGINIA, INC.,
and
BROADVIEW NETWORKS HOLDINGS, INC.

For approval of the indirect transfer of control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka Broadband Corporation, to Broadview Networks Holdings, Inc.

ORDER GRANTING APPROVAL

On March 2, 2007, Eureka Broadband Corporation ("Eureka Parent"), Eureka Telecom of VA, Inc. ("Eureka-VA"), InfoHighway of Virginia, Inc. ("InfoHighway-VA"), and Broadview Networks Holdings, Inc. ("Broadview Holdings"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the transfer of indirect control of Eureka-VA and InfoHighway-VA from Eureka Parent to Broadview Holdings. Eureka Parent, Eureka-VA, InfoHighway-VA, and Broadview Holdings are referred to herein collectively as "Petitioners."

Eureka Parent is a Delaware corporation with business offices in New York, New York. Eureka Parent's operating subsidiaries provide integrated communications solutions, including end-to-end voice and data communications solutions primarily to business customers in major markets in the northeastern United States and areas of Texas. Eureka Telecom, Inc., and Eureka-VA are wholly owned subsidiaries of Eureka Parent. In Virginia, Eureka-VA is authorized to provide local exchange and interexchange telecommunications services pursuant to authority granted by the Commission in Case Nos. PUC-2001-00151 and PUC-2005-00114, respectively.

A.R.C. Networks, Inc., and InfoHighway-VA (collectively, "InfoHighway") are wholly owned subsidiaries of InfoHighway Communications Corporation which, in turn, is a wholly owned subsidiary of Eureka Parent. InfoHighway offers local and long distance telephone services, point-to-point data services, high-speed Internet services, network design, and wiring. InfoHighway's primary operations are located in the New York City, Boston, and Washington D.C. Metropolitan areas. InfoHighway holds authority to provide regulated telecommunications services in approximately thirty-four states. In Virginia, InfoHighway-VA is authorized to provide local exchange telecommunications services pursuant to authority granted by the Commission in Case No. PUC-2001-00079.¹

Broadview Holdings is a privately held Delaware corporation with its principal business office located in Rye Brook, New York. Broadview Holdings is the corporate parent of Broadview Networks, Inc. ("Broadview"), a New York corporation, which, in turn, is the parent of Broadview Networks of Virginia, Inc. ("Broadview-VA"), a Virginia corporation. Both Broadview's and Broadview-VA's offices are located in Rye Brook, New York. Broadview and Broadview-VA are network-based electronically integrated communications providers, which serve small and medium-sized businesses in the northeastern and mid-Atlantic United States. Broadview is authorized to provide competitive telecommunications services in approximately 20 states and is authorized by the Federal Communications Commission ("FCC") to provide international and interstate services. In Virginia, Broadview-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to authority granted by the Commission in Case No. PUC-2000-00063.

Broadview Holdings also is the parent company of Broadview NP Acquisition Corp. ("Broadview NP"), BridgeCom International, Inc. ("BridgeCom"), and TruCom Corporation ("TruCom"). Broadview NP, BridgeCom, and TruCom hold authorizations to provide competitive telecommunications services in multiple states and authority from the FCC to provide international and interstate services. Broadview Holdings is also the parent company of ATX Licensing, Inc. ("ATX"), which, in turn, is the parent company of ATX Telecommunications Services of Virginia, Inc. ("ATX-VA"). ATX-VA is a Virginia corporation with its business offices in King of Prussia, Pennsylvania. In Virginia, ATX-VA is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to authority granted by the Commission in Case No. PUC-2000-00228.

On February 23, 2007, Broadview Holdings and Eureka Parent entered into an Agreement and Plan of Merger whereby a newly created subsidiary of Broadview Holdings will merge with Eureka Parent, with Eureka Parent surviving. As a result, Broadview Holdings will acquire indirect control of Eureka-VA and InfoHighway-VA. After the proposed transfer, Eureka-VA and InfoHighway-VA will remain wholly owned subsidiaries of Eureka Parent and will continue to provide service to its customers under the same name, rates, and terms and conditions. In connection with the proposed transaction, Eureka-VA's and InfoHighway-VA's existing debt will be paid off at closing, and both companies will pledge their assets and enter into a guarantee for existing indebtedness of Broadview Networks.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of indirect control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka Broadband Corporation to Broadview Networks Holdings, Inc., as described herein.

¹ The joint petition states that InfoHighway-VA has authority to provide interexchange telecommunications services in Virginia, however, InfoHighway-VA's certificate of public convenience and necessity only provides authority for local exchange services.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00015
AUGUST 30, 2007**

APPLICATION OF
BANDWIDTH.COM CLEC, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER DISMISSING WITHOUT PREJUDICE

On March 8, 2007, Bandwidth.com CLEC, LLC ("Bandwidth" or "Applicant"), filed an application for certificates of public convenience and necessity ("certificate") with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

The Commission entered its Order for Notice and Comment ("Order") on April 25, 2007. Among other things, the Order directed Bandwidth to publish newspaper notice to the general public and to furnish direct notice to other carriers. By Motion filed May 18, 2007, Bandwidth filed its request that the deadline for publication be extended to June 15, 2007. On June 8, 2007, Bandwidth filed its Motion for Continuance requesting that this case be continued generally until Bandwidth is able to advise the Commission about business developments that could affect the Applicant's need for certification. The Commission entered its Order Placing Matter in Abeyance on June 18, 2007.

As yet, Bandwidth has not been able to advise the Commission regarding its business future and its need for certification. The initial period of 180 days allowed by Va. Code § 56-265.4:4.B.2 for the Commission to issue a final order is due to expire on September 4, 2007. That Code section does allow the Commission to extend the decision deadline by additional 30-day increments, not to exceed a total of ninety (90) days. Rather than extend this matter which has been held in abeyance for an extended period, the Commission has determined that Bandwidth would be better served by our dismissing this matter without prejudice. Once Bandwidth ultimately determines whether it needs local exchange and interexchange certificates, it can refile its application, updating information as necessary. This process will allow Bandwidth to assess its business needs without being concerned with regulatory deadlines.

NOW THE COMMISSION, having considered the applicable law is of the opinion and finds that this matter should be dismissed without prejudice to Bandwidth's refiling in the future.

Accordingly, IT IS ORDERED THAT this matter is dismissed without prejudice to the refiling of same. The record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00016
APRIL 26, 2007**

APPLICATION OF
AMELIA TELEPHONE COMPANY,
NEW CASTLE TELEPHONE COMPANY,
VIRGINIA TELEPHONE COMPANY,
TDS TELECOMMUNICATIONS CORPORATION,
TELEPHONE AND DATA SYSTEMS, INC.,
and

OTHER AFFILIATES AND SUBSIDIARIES OF TDS TELECOMMUNICATIONS CORPORATION

For approval of a tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On March 8, 2007, Amelia Telephone Company ("Amelia"), New Castle Telephone Company ("New Castle"), Virginia Telephone Company ("VA Telephone"), TDS Telecommunications Corporation ("TDS Telecom"), Telephone and Data Systems, Inc. ("TDS"), and other affiliates and subsidiaries of TDS Telecom (collectively "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a tax allocation arrangement ("Tax Arrangement") among affiliates pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

Amelia is a Virginia public service corporation that provides local exchange services to approximately 6,446 residential and commercial customers in and around Amelia County, Virginia.

New Castle is a Virginia public service corporation that provides local exchange services to approximately 2,523 residential and commercial customers in and around New Castle, Virginia.

VA Telephone is a Virginia public service corporation that provides local exchange services to approximately 2,567 residential and commercial customers in and around Hot Springs, Virginia.

Amelia, New Castle and VA Telephone ("VA Companies") are subsidiaries of TDS Telecom.

TDS Telecom, a Delaware corporation and a wholly owned subsidiary of TDS, is a telecommunications company whose incumbent local exchange carrier and competitive local exchange carrier ("CLEC")¹ subsidiaries provide local, long distance, broadband, and entertainment services to rural and suburban communities in 30 states.

TDS, a Delaware corporation headquartered in Chicago, Illinois, is a diversified telecommunications service company that serves more than 6 million wireless and local telephone customers in 36 states and employs approximately 11,500 people primarily through its TDS Telecom and U.S. Cellular subsidiaries.

Amelia, New Castle, VA Telephone, TDS Telecom, TDS and the other affiliates and subsidiaries of TDS Telecom are considered affiliated interests under § 56-76 of the Code. As such, the VA Companies must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The Application seeks approval of an unincorporated supplement to the TDS Master Affiliate Transaction Agreement ("MATA") in the form of the Tax Arrangement, which is a formal written arrangement that describes the detailed procedures for the computation, allocation, and payment of consolidated and/or combined federal, state, and local taxes among the members ("Members") of the TDS Affiliated Group ("TDS Group"). The Application lists 121 TDS affiliates and subsidiaries, including the Applicants, as Members of the TDS Group.

The VA Companies and TDS Telecom participate with TDS in filing a consolidated federal income tax return in accordance with Title 26, Subtitle A, Chapter 6, Subchapter A, §§ 1501 *et seq.* and Subchapter B, § 1552 of the Internal Revenue Code ("IRC"), and in accordance with Title 26, Chapter 1, Subchapter A, Part 1, §§ 1.1502-0 *et seq.* and § 1.1552-1 of the Treasury Regulations in order to reduce TDS' total federal corporate tax liability. The VA Companies participate with thirteen other TDS affiliates in filing a nexus combined Virginia state income tax return in accordance with §§ 58.1-300 *et seq.* of the Code.

The Tax Arrangement requires TDS Telecom and its subsidiaries to participate with TDS and the TDS Group in filing consolidated federal income tax returns unless TDS requests otherwise or the Tax Arrangement is terminated per the MATA. The Tax Arrangement states that each TDS subsidiary: "will compute its regular federal taxable income in accordance with the [IRC] and Treasury Regulations on a stand alone basis as if it were to file a separate return. Federal income tax for each subsidiary [will be] computed at the appropriate marginal tax rate for corporations under the Code." The computed tax will be remitted to TDS via TDS Telecom. The Tax Arrangement also gives TDS the authority to take action on behalf of TDS Telecom and its subsidiaries in such matters as minimum tax payments, IRS notices of deficiency, contests, claims for refund, and reimbursements. The Tax Arrangement provides for state and local taxes to be computed, prepared, filed, allocated, and paid, to the extent practicable, in the same manner as federal taxes.

The Applicants represent that no Virginia taxes are allocated to other jurisdictions. Likewise, no non-Virginia state or local taxes are allocated to the VA Companies. Any tax burdens or benefits arising from filing a consolidated or combined return are retained by TDS.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that the Applicants' request for approval of the Tax Arrangement is in the public interest and should be approved. The Tax Arrangement adequately documents the procedures that are utilized to compute and allocate federal, state and local taxes among the members of the TDS Group, which includes the VA Companies. Under the Tax Arrangement, the VA Companies will owe and pay the equivalent federal, state and local taxes that they would pay as stand alone companies.

We will subject our approval to certain requirements, as outlined below, in order to clarify the limits of our approval in this case and to ensure the appropriate monitoring of the Tax Arrangement. First, the approval granted herein will have no ratemaking implications. In particular, our approval does not guarantee the recovery of any costs directly or indirectly related to the Tax Arrangement. Second, we will reserve the right to reflect ratemaking adjustments to Amelia's, New Castle's, and VA Telephone's income taxes in the course of our analysis and review of the VA Companies' cost of service in the future. Third, we will require Amelia, New Castle, and VA Telephone to prepare an annual schedule, to be included in their Annual Report of Affiliate Transactions ("ARAT"), providing a detailed reconciliation of any differences between their actual allocation of consolidated or combined federal and state tax liabilities to what such liabilities would have been on a separate return basis.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Amelia Telephone Company, New Castle Telephone Company, and Virginia Telephone Company are hereby granted approval of the Tax Arrangement as described herein, consistent with the findings above.
- 2) The approval granted herein shall have no ratemaking implications. In particular, this approval does not guarantee the recovery of any costs directly or indirectly related to the Tax Arrangement.
- 3) The Commission reserves the right to reflect ratemaking adjustments to Amelia Telephone Company's, New Castle Telephone Company's, and Virginia Telephone Company's income taxes in the course of the Commission's review and analysis of the VA Companies' cost of service in the future.
- 4) Commission approval shall be required for any changes in the terms and conditions of the Tax Arrangement.
- 5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

¹ TDS and TDS Telecom do not have any CLEC subsidiaries in Virginia.

6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

7) Amelia Telephone Company, New Castle Telephone Company, and Virginia Telephone Company shall include the transactions associated with the Tax Arrangement approved herein in its ARAT submitted to the Director of Public Utility Accounting of the Commission by May 1 of each year, subject to administrative extension by the Director of Public Utility Accounting. The VA Companies shall also prepare an annual schedule providing a detailed reconciliation of any differences in their actual allocation of consolidated federal, state, and local tax liabilities with what such liabilities would have been on a separate return basis, and submit this tax schedule with their ARAT.

8) In the event that any rate filings are not based on a calendar year, then the VA Companies shall include the affiliate information contained in the ARAT in such filings.

9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00017
MAY 2, 2007**

APPLICATION OF
TIME WARNER TELECOM OF VIRGINIA LLC

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated November 6, 2006, in Case No. PUC-2006-00090, the State Corporation Commission ("Commission") granted Time Warner Telecom of Virginia LLC ("Time Warner" or the "Company"), Certificates No. T-661 to provide local exchange telecommunications services and TT-227A to provide interexchange telecommunications services in Virginia.

By letter application filed March 9, 2007, Time Warner requested that its Certificates T-661 and TT-227A be cancelled.¹ The application stated that based on changed circumstances, Time Warner does not intend to offer telecommunications services in Virginia.²

The application also requested that Time Warner's \$50,000 bond, on file with the Commission in compliance with 20 VAC 5-417-20 G 1 b be returned to the Company.

NOW THE COMMISSION, having considered the matter, is of the opinion that Time Warner's certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00017.
- (2) Certificate No. T-661 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-227A granting authority to provide interexchange telecommunications services is hereby cancelled.

(4) The Commission's Division of Economics and Finance shall forward to counsel for Time Warner the original bond so that Time Warner may effectuate the cancellation of the bond.

(5) The captioned matter is hereby dismissed.

¹ Time Warner does not have an accepted tariff on file.

² A sister company, Xspedius Management Co. of Virginia LLC will continue to provide services in Virginia.

**CASE NO. PUC-2007-00018
APRIL 3, 2007**

APPLICATION OF
XSPEDIUS MANAGEMENT CO. OF VIRGINIA, INC.

For amendment of its certificates of public convenience and necessity to reflect applicant's new name, Xspedius Management Co. of Virginia LLC

ORDER

On March 9, 2007, Xspedius Management Co. of Virginia, Inc., filed its application requesting the State Corporation Commission ("Commission") change the name reflected on its certificates of public convenience and necessity to reflect its corporate conversion to Xspedius Management Co. of Virginia LLC.

On October 23, 2002, the Commission awarded Certificate No. T-592, authorizing the provision of local exchange telecommunications services, and Certificate No. TT-182A, authorizing the provision of interexchange telecommunications services, to Xspedius Management Co. of Virginia, LLC, in Case No. PUC-2002-00122.

On March 10, 2005, in Case No. PUC-2005-00036, the Commission cancelled Certificate Nos. T-592 and TT-182A issued to Xspedius Management Company of Virginia, LLC, and reissued certificates T-592a and TT-182B to Xspedius Management Co. of Virginia, Inc.

On December 28, 2006, Xspedius Management Co. of Virginia, Inc., completed its conversion from a Virginia corporation into a Virginia limited liability company, to be known as Xspedius Management Co. of Virginia LLC. The Staff requested an amendment to the bond currently held for the Commission pursuant to 20 VAC 5-417 20 G 1 b, reflecting the name change as a result of the corporate conversion. Xspedius provided a Name Change Rider on March 19, 2007.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services identified above should be cancelled and reissued reflecting the new corporate name, Xspedius Management Co. of Virginia LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed and assigned Case No. PUC-2007-00018.
- (2) Certificate No. T-592a is cancelled and Certificate No. T-592b shall be issued in the name of Xspedius Management Co. of Virginia LLC.
- (3) Certificate No. TT-182B is cancelled and Certificate No. TT-182C shall be issued in the name of Xspedius Management Co. of Virginia LLC.
- (4) Xspedius Management Co. of Virginia LLC shall provide revised tariffs reflecting the new corporate name to the Commission's Division of Communications within thirty (30) days of the date of this Order.
- (5) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUC-2007-00019
APRIL 9, 2007**

PETITION OF
SBC LONG DISTANCE, LLC d/b/a AT&T LONG DISTANCE

For partial discontinuance of local exchange telecommunications services

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On March 12, 2007, SBC Long Distance, LLC d/b/a AT&T Long Distance ("SBC Long Distance" or "Company"), filed a Petition for Partial Discontinuance of Service ("Petition") with the State Corporation Commission ("Commission") requesting approval to discontinue its provision of local exchange telecommunications services to residential customers in Virginia as of May 9, 2007.¹

According to the Petition, the Company currently provides local exchange telecommunications services to 59 residential customers in Virginia. SBC Long Distance states that its decision to discontinue provisioning local exchange services to residential customers was made to consolidate resources and ensure that the Company is operating in a manner that is most efficient and cost effective.

Pursuant to Rule 20 VAC 5-423-30 of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Discontinuance Rules"), a competitive local exchange carrier must furnish a minimum of 30 days' notice to customers in the prescribed manner before any services may be discontinued. The Commission's primary concern with authorizing discontinuance

¹ The Company will continue to offer local exchange telecommunications services to business customers. In addition, the Company plans to continue to offer interexchange services in Virginia.

is providing adequate notice to the affected customers. It appears that SBC Long Distance has provided notice in the form of letters mailed directly to the affected subscribers on March 8, 2007.² The notice appears to be adequate in substance and, because it appears to have been mailed on March 8, 2007, timely for purposes of approving discontinuance effective May 9, 2007. The Company represents that it will provide affected customers with a second notice on or around April 3, 2007. Rule 20 VAC 5-423-30 B of the Discontinuance Rules provides that "[c]ustomers shall be provided at least 30 days' written notice of the proposed partial discontinuation of service."

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds SBC Long Distance's Petition to partially discontinue local exchange telecommunications services should be granted with the limitations discussed herein.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2007-00019.
- (2) SBC Long Distance's request to discontinue local exchange telecommunications services to its residential customers in Virginia effective May 9, 2007, is hereby granted.
- (3) SBC Long Distance shall provide to the Division of Communications a dated copy of the second notice letter provided to the affected customers.
- (4) On or before May 7, 2007, SBC Long Distance shall report to the Commission's Division of Communications the number of any remaining residential local exchange customers in Virginia.
- (5) SBC Long Distance shall provide to the Commission's Division of Communications, within thirty (30) days after the date of this Order, revised tariffs reflecting the discontinuance of residential local exchange telecommunications services in Virginia.
- (6) SBC Long distance shall provide a copy of this Petition upon written request by any interested parties to the Company's representative, Michelle Painter, Esquire, Painter Law Firm, PLLC, 13017 Dunhill Drive, Fairfax, Virginia 22030. The Petition is also available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (7) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

² A copy of the notice letter was provided to the Division of Communications.

**CASE NO. PUC-2007-00020
JULY 20, 2007**

APPLICATION OF
DUKENET COMMUNICATIONS, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On March 12, 2007, DukeNet Communications, LLC ("DukeNet" or the "Company"), filed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.¹

By Order for Notice and Comment dated April 20, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On June 1, 2007, the Company filed proof of publication and proof of service as required by the April 20, 2007 Order.

On June 28, 2007, the Staff filed its Report finding that DukeNet's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* Based upon its review of DukeNet's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following condition:

DukeNet should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

¹ DukeNet holds a certificate to provide interexchange telecommunications services. Final Order dated April 19, 2007, Certificate No. TT-230A issued in Case No. PUC-2006-00157.

Accordingly, IT IS ORDERED THAT:

(1) DukeNet Communications, LLC is hereby granted a certificate of public convenience and necessity, No. T-670, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) DukeNet shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00023
APRIL 3, 2007**

APPLICATION OF
BLONDER TONGUE TELEPHONE, LLC

For cancellation of its certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER

By Order dated February 7, 2005, in Case No. PUC-2004-00110, the State Corporation Commission ("Commission") granted Blonder Tongue Telephone, LLC ("Blonder Tongue" or the "Company"), Certificate No. T-637 to provide local exchange telecommunications services in Virginia.

By letter application filed March 19, 2007, Blonder Tongue requested that its Certificate No. T-637 be cancelled. The application stated that Blonder Tongue has no customers and is no longer doing business in Virginia. Blonder Tongue did not request that its bond, held by the Commission pursuant to 20 VAC 5-417-20 G(1)(b), be returned.

NOW THE COMMISSION, having considered the matter, is of the opinion that Blonder Tongue's certificate to provide local exchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUC-2007-00023.

(2) Certificate No. T-637 granting authority to Blonder Tongue Telephone, LLC, to provide local exchange telecommunications services is hereby cancelled.

(3) The tariff associated with Blonder Tongue Telephone, LLC, and Certificate No. T-637 for the provisioning of local exchange telecommunications services is hereby cancelled.

(4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00024
MAY 2, 2007**

APPLICATION OF
FIBERGATE, LLC

For amendment of its certificate of public convenience and necessity to reflect applicant's new name, FiberGate of Virginia, LLC

ORDER

On March 20, 2007, FiberGate, LLC, filed its application requesting the State Corporation Commission ("Commission") change the name reflected on its certificate of public convenience and necessity to reflect its new name, FiberGate of Virginia, LLC.

On September 13, 2000, the Commission awarded Certificate No. T-504, authorizing the provision of local exchange telecommunications services to FiberGate, LLC, in Case No. PUC-1999-00177.

On January 5, 2007, the Commission issued a Certificate of Amendment changing the name of FiberGate, LLC to FiberGate of Virginia, LLC.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificate of public convenience and necessity to provide local exchange services identified above should be cancelled and reissued reflecting the new corporate name, FiberGate of Virginia, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed and assigned Case No. PUC-2007-00024.
- (2) Certificate No. T-504 is cancelled and Certificate No. T-504a shall be issued in the name of FiberGate of Virginia, LLC.
- (3) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUC-2007-00026
JULY 12, 2007**

APPLICATION OF
MOBILITIE, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On April 12, 2007, Mobilitie, LLC ("Mobilitie" or the "Company"), completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated April 20, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On May 31, 2007, the Company filed proof of publication and proof of service as required by the April 20, 2007 Order.

On June 14, 2007, the Staff filed its Report finding that Mobilitie's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 et seq., and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 et seq. Based upon its review of Mobilitie's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Mobilitie should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) Mobilitie, LLC is hereby granted a certificate of public convenience and necessity, No. TT-234A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) Mobilitie, LLC is hereby granted a certificate of public convenience and necessity, No. T-668, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.
- (4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.
- (5) Mobilitie shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00027
JULY 3, 2007**

APPLICATION OF
VERIZON SOUTH INC.

For exemption from physical collocation at its Harmony Heights and Westgate central offices

ORDER GRANTING EXEMPTION

On March 29, 2007, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation in its Harmony Heights and Westgate central offices. In its Application, Verizon South stated that the information provided to support the request fulfills the requirements set out in the Commission's rules governing collocation exemptions, 20 VAC 5-421-10 and 20 VAC 5-421-20. On April 9, 2007, Verizon South provided to all Certified Local Exchange Carriers and Interexchange carriers in Virginia notice of its request for an exemption for these central offices.

On April 12, 2007, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon South's request and further directed the Commission's Staff to investigate the request for exemption and file a Report.

On May 24, 2007, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon South's requested exemption from the requirement to provide physical collocation in these two central offices should be granted, provided that the exemption for these locations terminates once space becomes available through the removal of equipment or when a building addition is completed.

No comments were received, and Verizon South did not respond to the Staff Report.

NOW THE COMMISSION, having considered the Application, the Staff Report, and the applicable law, is of the opinion and finds that Verizon South's request for exemption from the requirement to provide physical collocation at its Harmony Heights and Westgate central offices should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Verizon South's request for exemption from the requirement to provide physical collocation at its Harmony Heights and Westgate central offices is hereby granted, provided that the exemption for these locations may be terminated if space becomes available.

(2) This case shall remain open for any subsequent requests to terminate the exemptions that may be necessary in the future.

**CASE NO. PUC-2007-00028
AUGUST 2, 2007**

APPLICATION OF
NEON VIRGINIA CONNECT, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On March 30, 2007, NEON Virginia Connect, LLC ("NEON" or the "Company"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated May 2, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On June 4, 2007, NEON filed proof of publication and proof of service as required by the May 2, 2007 Order.

On June 28, 2007, the Staff filed its Report finding that NEON's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of NEON's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following conditions: NEON should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

On July 11, 2007, NEON filed a response to the Staff Report stating that it concurs with the Staff's conclusion as to the granting of certificates to NEON.¹

¹ NEON also advised the Commission that on June 25, 2007, NEON's parent, NEON Communications Group, Inc., had entered into an agreement that parent will be acquired by RCN Corporation. It is expected that the transaction will close sometime during the fourth quarter of 2007, subject to regulatory approvals. NEON is aware that the transaction will require approval by the Commission.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) NEON Virginia Connect, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-235A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) NEON Virginia Connect, LLC, is hereby granted a certificate of public convenience and necessity, No. T-669, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(5) NEON shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00031
AUGUST 2, 2007**

PETITION OF
VERIZON ACCESS TRANSMISSION SERVICES INC.

For Arbitration of an Interconnection Agreement with Central Telephone Company of Virginia d/b/a Embarq and United Telephone – Southeast, Inc. d/b/a Embarq, under Section 252(b) of the Telecommunications Act of 1996

ORDER OF DISMISSAL

On April 11, 2007, MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services ("Verizon Access") filed a Petition for Arbitration ("Petition") with the State Corporation Commission ("Commission") pursuant to 47 U.S.C. § 252(b)(1), asking the Commission to resolve disputes arising from Verizon Access's negotiation of an interconnection agreement ("ICA") with Central Telephone Company of Virginia d/b/a Embarq and United Telephone – Southeast, Inc. d/b/a Embarq (collectively "Embarq").

In its Petition, Verizon Access requests that the Commission arbitrate the disputed issues identified in the attachments to its Petition¹, adopt Verizon Access's proposed contract language on those issues and order the parties to sign an interconnection agreement reflecting Verizon Access's proposed language and the parties' agreed-upon language.

On May 7, 2007, Embarq filed its response to Verizon Access's Petition ("Response"). Embarq's Response was accompanied by several attachments including Embarq's counter-statement of disputed issues, a counter-matrix that reflects Embarq's position on the unresolved issues, and a section of the ICA. Embarq also requests the Commission conduct a hearing in this matter, adopt Embarq's proposed contract language on the disputed issues, and order the parties to enter into an interconnection agreement reflecting Embarq's proposed language and the language agreed upon by the parties.

No comments on the Petition or Response were filed.

NOW THE COMMISSION, upon consideration of the pleadings and the applicable statutes and rules, finds that the Petition should be dismissed.

Section 56-265.4:4 B 4 of the Code of Virginia provides that the Commission shall discharge the responsibilities of state commissions pursuant to the Telecommunications Act and applicable law and regulations, including, but not limited to, the arbitration of interconnection agreements. However, the statute goes on to provide that the Commission may exercise its discretion to defer selected issues. In this case, some of the unresolved issues may be subject to the jurisdiction of, and are involved in matters pending before, the Federal Communications Commission ("FCC"). As a result, based upon the potential conflict that may arise should the Commission attempt to determine the rights and responsibilities of the parties under state law or through application of the federal standards embodied in the Telecommunications Act, we find that this arbitration proceeding should be deferred to the FCC.

Accordingly, IT IS ORDERED THAT the Petition is hereby dismissed. There being nothing further to come before the Commission, the papers shall be transferred to the files for ended causes.

¹ Verizon Access identified four disputed issues in Attachment A to the Petition.

**CASE NO. PUC-2007-00033
SEPTEMBER 27, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: Amendment of Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers

FINAL ORDER

On April 30, 2007, the State Corporation Commission ("Commission") issued an Order that established this proceeding for the purpose of amending the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("CLECs"), 20 VAC 5-417-10 *et seq.* ("CLEC Rules"). The proposed rules in this case amend 20 VAC 5-417-10 (Definitions) and 20 VAC 5-417-50 (Regulation of new entrants providing local exchange telecommunications services).¹

On June 20, 2007, the following interested persons submitted comments on the proposed rules: NTELOS Network Inc.; Level 3 Communications, LLC ("Level 3"); AT&T Communications of Virginia, LLC and TCG Virginia, Inc.; Cox Virginia Telcom, Inc.; Verizon Virginia Inc., Verizon South Inc., and MCImetro Access Transmission Services of Virginia, Inc.; and the Office of the Attorney General's Division of Consumer Counsel.

On July 19, 2007, the Commission's Staff ("Staff") filed comments on the proposed rules that, among other things, summarized the comments filed by interested persons and recommended changes to 20 VAC 5-417-50 C, E2, E4, and G.

On August 1, 2007, Level 3 filed a Motion for Leave to File Reply to Staff Comments ("Motion for Leave") and a Reply to Staff Comments. No objection was filed to the Motion for Leave.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the revisions to the CLEC Rules approved herein are just and reasonable.

The revisions to 20 VAC 5-417-10 (Definitions) provide appropriate clarification for implementing and administering the CLEC Rules and are reasonable.

The revisions to 20 VAC 5-417-50 (Regulation of new entrants providing local exchange telecommunications services), including the additional language recommended by the Staff, provide CLECs with appropriate requirements and flexibility regarding pricing, services, notice, and filings and are reasonable.

The revisions to 20 VAC 5-417-50 (Regulation of new entrants providing local exchange telecommunications services), including the additional language recommended by the Staff, appropriately allow CLECs to request pricing structures or rates that do not conform to the rules and are reasonable. In addition, we further modify section K thereof to clarify that a CLEC may offer individual customer pricing in a competitive bid or a competitive procurement situation.

The revisions to 20 VAC 5-417-50 (Regulation of new entrants providing local exchange telecommunications services), including the additional language recommended by the Staff, appropriately addresses the disparity between Verizon's intrastate access rates and CLECs' intrastate access rates and result in just and reasonable intrastate access rates for CLECs. Furthermore, we find that it is reasonable to remove the second sentence from proposed rule 20 VAC 5-417-50 E.1.c. This particular subsection establishes a just and reasonable intrastate access rate of \$.029 per minute for a transition period from December 1, 2007 through March 30, 2008. We conclude that, as with the other parts of the rules adopted today, this transition rate should apply to all CLECs.

Also, our Order establishing this proceeding did not provide for replies to the Staff Report, and we deny Level 3's Motion for Leave.

Finally, as noted in our April 13, 2007 Order establishing this proceeding, the fact that the changes to intrastate access rates required herein are limited to CLECs does not represent a finding that no changes are warranted for ILECs' intrastate access rates. Indeed, any proposed changes to intrastate access rates for ILECs will be considered in one or more separate proceedings.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) We hereby adopt the revised Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers (Chapter 417), appended hereto as Attachment A, effective on and after October 9, 2007.

(2) The Commission's Division of Information Resources shall forward this Final Order and the rules adopted herein to the Registrar of Virginia for publication in the Virginia Register of Regulations.

(3) Level 3's Motion for Leave is hereby denied.

(4) This case is dismissed.

NOTE: A copy of Attachment A entitled "Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

¹ The Commission published notice of the proposed rules as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia and forwarded the proposed rules to the Registrar of Virginia for publication in the Virginia Register of Regulations.

**CASE NO. PUC-2007-00034
MAY 22, 2007**

JOINT PETITION OF
SUNESYS OF VIRGINIA, INC.,
INFRASOURCE SERVICES, INC.,
and
QUANTA SERVICES, INC.

For approval of the transfer of ultimate control of Sunesys of Virginia, Inc., from InfraSource Services, Inc., to Quanta Services, Inc.

ORDER GRANTING APPROVAL

On April 24, 2007, Sunesys of Virginia, Inc. ("Sunesys VA"), InfraSource Services, Inc. ("IFS"), and Quanta Services, Inc. ("Quanta"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the transfer of Sunesys VA from IFS to Quanta. Sunesys VA, IFS, and Quanta are referred to herein collectively as the "Petitioners."

Sunesys VA is a corporation organized and existing under the laws of the Commonwealth of Virginia with its principal business office located in Warrington, Pennsylvania. Sunesys VA is certificated to provide local exchange telecommunications services in Virginia pursuant to Final Order dated June 10, 2002, in Case No. PUC-2002-00017. Sunesys VA is a wholly owned subsidiary of Sunesys, Inc., which, in turn, is a wholly owned subsidiary of InfraSource Incorporated ("InfraSource"). Sunesys VA has not yet commenced operations in Virginia and, therefore, does not currently serve any customers in Virginia.

InfraSource is a corporation organized and existing under the laws of the State of Delaware with its principal business office in Media, Pennsylvania. InfraSource is an electric, telecommunications, and gas utility engineering, construction, and maintenance company with a national scope. InfraSource does not provide public utility services in Virginia and does not hold a certificate of public convenience and necessity ("CPCN").

IFS is the ultimate corporate parent of Sunesys VA. IFS is a Delaware corporation with its principal business office in Media, Pennsylvania. IFS' common stock is listed on the New York Stock Exchange. IFS does not provide public utility services or hold a CPCN in Virginia.

Quanta, a Delaware corporation, provides specialized contracting services delivering end-to-end network solutions for the electric power, gas, telecommunications, and cable television industries. These services include designing, installing, repairing, and maintaining network infrastructure nationwide. Quanta's principal business office is located in Houston, Texas. Quanta's common stock is listed on the New York Stock Exchange. Neither Quanta nor any of its subsidiaries provides public utility services or hold a CPCN in Virginia.

Quanta MS Acquisition, Inc. ("Merger Sub"), a wholly owned subsidiary of Quanta, is a Delaware corporation with its principal business office in Houston, Texas. Merger Sub does not provide public utility services or hold a CPCN in Virginia.

On March 18, 2007, IFS, Merger Sub, and Quanta entered into an Agreement and Plan of Merger, wherein Merger Sub will merge with IFS with IFS surviving and Merger Sub ceasing to exist. After consummation of the proposed merger, IFS will become a wholly owned subsidiary of Quanta and, therefore, Quanta will become the new ultimate corporate parent of Sunesys VA. After the proposed transfer, Sunesys will continue to operate under the same name and authority. The Petitioners state that, since Sunesys VA has yet to begin providing services in Virginia, and, therefore, has no customers, there will be no disruption, impairment, or other change in the service or the rates, terms, and conditions of such services as a result of the proposed transfer.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of ultimate control of Sunesys of Virginia, Inc., from InfraSource Services, Inc., to Quanta Services, Inc., as described herein.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00036
MAY 17, 2007**

APPLICATION OF
360NETWORKS (USA) OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated May 5, 2000, in Case No. PUC-1999-00144, the State Corporation Commission ("Commission") granted Worldwide Fiber Networks of Virginia, Inc. ("Worldwide Fiber"), Certificate No. TT-91A to provide interexchange telecommunications services in Virginia. Worldwide Fiber's name was changed on November 2, 2000, in Case No. PUC-2000-00239 to 360networks (USA) of Virginia, inc. ("360networks"). At that time its Certificate No. was updated to TT-91B. On May 18, 2001, in Case No. PUC-2001-00035, the Commission granted 360networks Certificate No. T-557 to provide local exchange telecommunications services.

By application filed April 30, 2007, 360networks requested that its Certificates, T-557 and TT-91B, be cancelled. The application stated that 360networks did not currently provide telecommunications services in Virginia and did not anticipate entering the Virginia market.

NOW THE COMMISSION, having considered the matter, is of the opinion that 360networks (USA) of Virginia, inc.'s certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00036.
- (2) Certificate No. T-557 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-91B granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00037
JULY 27, 2007**

PETITION OF
SBC LONG DISTANCE, LLC D/B/A AT&T LONG DISTANCE

For approval to partially discontinue local exchange service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On May 4, 2007, SBC Long Distance, LLC d/b/a AT&T Long Distance ("SBC Long Distance" or "Company"), filed a Petition for Approval to Partially Discontinue Local Exchange Service ("Petition") with the State Corporation Commission ("Commission") requesting approval to discontinue its provision of local exchange telecommunications services to business customers in Norfolk, Virginia as of August 31, 2007.¹

According to the Petition, the Company currently provides local exchange telecommunications services to five business customers in Norfolk. SBC Long Distance states that its decision to discontinue provisioning local exchange services to the affected customers was made to consolidate resources and ensure that the Company is operating in a manner that is most efficient and cost effective. The Company states that, subject to regulatory approval by the Commission, any remaining business customers in Norfolk, Virginia will be migrated to AT&T Communications of Virginia, LLC prior to August 31, 2007.

Pursuant to Rule 20 VAC 5-423-30 of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Discontinuance Rules"), a competitive local exchange carrier must furnish a minimum of thirty days' notice to customers in the prescribed manner before any services may be discontinued. The Commission's primary concern with authorizing discontinuance is providing adequate notice to the affected customers. It appears that SBC Long Distance has provided notice in the form of letters mailed directly to the affected subscribers on April 20, 2007.² The notice appears to be adequate in substance and, because it appears to have been mailed on April 20, 2007, timely for purposes of approving discontinuance effective August 31, 2007. The Company represents that it will provide affected customers with a second notice approximately twenty days prior to discontinuance of service³. Rule 20 VAC 5-423-30 B of the Discontinuance Rules provides that "[c]ustomers shall be provided at least 30 days' written notice of the proposed partial discontinuation of service."

¹ The Company will continue to offer local exchange telecommunications services to its remaining business customers. In addition, the Company plans to continue to offer interexchange services in Virginia. The Commission previously approved the Company's discontinuance of local exchange service to residential customers in Virginia, effective May 9, 2007. SBC Long Distance, LLC, Case No. PUC-2007-00019.

² A copy of the notice letter was provided to the Commission and attached to the Petition as an exhibit.

³ A copy of the second notice has been provided to Staff.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds SBC Long Distance's Petition to partially discontinue local exchange telecommunications services should be granted with the limitations discussed herein.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2007-00037.
- (2) SBC Long Distance's request to discontinue local exchange telecommunications services to its business customers in Norfolk, Virginia, effective August 31, 2007, is hereby granted.
- (3) On or before August 23, 2007, SBC Long Distance shall report to the Commission's Division of Communications the number of any remaining business customers in Norfolk, Virginia.
- (4) SBC Long Distance shall provide to the Commission's Division of Communications, within thirty (30) days after the date of this Order, revised tariffs reflecting the discontinuance of business local exchange telecommunications services in Norfolk, Virginia.
- (5) SBC Long Distance shall provide a copy of this Petition upon written request by any interested parties to the Company's representative, Michelle Painter, Esquire, Painter Law Firm, PLLC, 13017 Dunhill Drive, Fairfax, Virginia 22030. The Petition is also available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (6) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00038
AUGUST 21, 2007**

APPLICATION OF
RNK VA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On May 11, 2007, RNK VA, LLC ("RNK" or "Applicant") completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its services competitively, pursuant to § 56-481.1 of the Code of Virginia.

By Order dated May 31, 2007, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and invited requests for a public hearing to receive evidence relevant to RNK's application. No requests were received. The Staff filed its report on August 3, 2007, finding that the Company's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, as codified at 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, as codified at 20 VAC 5-411-10. The Staff recommended issuance of both requested certificates, subject to the following condition:

RNK should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

On August 16, 2007, RNK submitted a response to the Staff Report and agreed to the above condition. Having considered the application and the Staff report, the Commission finds that RNK should be granted certificates to provide interexchange and local exchange telecommunications services, subject to the above stated condition. Further, the Commission finds the Company should be authorized to price its interexchange services competitively.

Accordingly, IT IS ORDERED that:

- (1) RNK VA, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-236A to provide interexchange services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) RNK VA, LLC, is hereby granted a certificate of public convenience and necessity, No. T-671, to provide local exchange telecommunications services subject to the restrictions set out in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (3) RNK VA, LLC, shall file tariffs with the Commission's Division of Communications that conform with all applicable Commission rules and regulations.
- (4) Pursuant to § 56-481.1 of the Code of Virginia, RNK VA, LLC, may price its interexchange services competitively.

(5) RNK VA, LLC, shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this matter is dismissed and the papers transferred to the file for ended causes.

**CASE NO. PUC-2007-00042
SEPTEMBER 24, 2007**

APPLICATION OF
TELCOVE OPERATIONS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER DISMISSING WITHOUT PREJUDICE

On May 11, 2007, TelCove Operations, LLC ("TelCove" or "Applicant"), filed an application for certificates of public convenience and necessity ("certificate") with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

In its Application, TelCove stated that it had not provided proof of its authority to transact business in Virginia as required by 20 VAC 5-417 E 2, and that such documents would not be available until after Commission consideration of its application. TelCove requested a waiver of this requirement, or in the alternative, that the Commission approve TelCove's application contingent on submission of the required corporate documents.

On August 20, 2007, TelCove filed a Motion seeking to withdraw its application, stating that "[d]ue to recent changes in internal business plans, and after discussions with the Commission Staff, TelCove Operations has determined that it would be appropriate to withdraw its application." TelCove further stated that it understands that such withdrawal will be without prejudice and that TelCove would be permitted to file a new application for certificates of public convenience and necessity in the future.

NOW THE COMMISSION, having considered the applicable law is of the opinion and finds that this matter should be dismissed without prejudice to TelCove's refile in the future.

Accordingly, IT IS ORDERED THAT this matter is dismissed without prejudice to the refile of same. The record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00043
JUNE 28, 2007**

JOINT PETITION OF
TELCOVE OF VIRGINIA, LLC,
and
TELCOVE OPERATIONS, LLC

For approval of an internal reorganization and direct transfer of control of TelCove of Virginia, LLC, to TelCove Operations, LLC

ORDER GRANTING APPROVAL

On May 11, 2007, TelCove of Virginia, LLC ("TelCove-VA"), and TelCove Operations, LLC ("TelCove Operations"), filed a Joint Petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of an internal reorganization and direct transfer of control of TelCove-VA to TelCove Operations. TelCove-VA and TelCove Operations are referred to herein collectively as the "Petitioners."

TelCove-VA is a Virginia limited liability company with its principal business office in Canonsburg, Pennsylvania. TelCove-VA is a wholly owned direct subsidiary of TelCove Operations¹ and an indirect subsidiary of Level 3 Communications, Inc. ("Level 3"). In Virginia, TelCove-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to certificate of public convenience and necessity ("CPCN") Nos. T-433c and TT-63D, issued on June 11, 2004, by the Commission in Case No. PUC-2004-00071.

TelCove Operations, currently known as TelCove Operations, Inc., after becoming a limited liability company, will continue to be a Delaware company. TelCove Operations is a direct wholly owned subsidiary of Eldorado Acquisition Three, LLC, which is, in turn, ultimately owned by Level 3. TelCove Operations does not currently hold a CPCN; however, it has, concurrently with the filing of this Joint Petition, filed with the Commission an application for CPCNs to provide local exchange and interexchange telecommunications services in Virginia, Case No. PUC-2007-00042.

¹ TelCove Operations, LLC, is currently known as TelCove Operations, Inc. Before the proposed transaction is consummated, TelCove Operations, Inc., will become a limited liability company, and its name will be changed to TelCove Operations, LLC.

The Petitioners request approval from the Commission for an internal reorganization in which control of TelCove-VA will be transferred to TelCove Operations. The Petitioners propose to consummate a series of internal transactions whereby all of the assets and customers of TelCove-VA will be consolidated and merged with and into TelCove Operations.

Prior to the transfer taking place, TelCove Operations, Inc., will change to a limited liability company and its name will be changed to TelCove Operations, LLC. TelCove Operations, LLC, will then file and receive a license to conduct business in Virginia. In addition, TelCove Operations will obtain the necessary CPCNs to provide telecommunications services in the Commonwealth of Virginia. The Petitioners will then transfer the customers and assets of TelCove-VA to TelCove Operations. TelCove-VA will relinquish its CPCN and will be dissolved. Ultimate ownership of TelCove Operations will remain with Level 3. The Petitioners state that, because all transactions are intra-corporate, and ultimate ownership is not changing, the proposed transaction will not have an adverse impact on rates or services.

NOW THE COMMISSION, upon consideration of the Joint Petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. However, to ensure a seamless transfer of customers from TelCove-VA to TelCove Operations and to ensure that there will be no interruption in service, prior to the transfer taking place, TelCove Operations should obtain a license to conduct business in Virginia as a limited liability company and obtain the necessary CPCNs to provide telecommunications services in Virginia or receive interim operating authority during the processing of its certification request.² In addition, TelCove-VA should be required to complete Case No. PUC-2007-00025 to relinquish its CPCNs.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of control of TelCove of Virginia, LLC, to TelCove Operations, LLC, as described herein, conditioned upon the following as described in ordering paragraph (2).

(2) Prior to the transfer of control, TelCove Operations, LLC, shall obtain a license to conduct business in the Commonwealth of Virginia; TelCove Operations, LLC, shall obtain a certificate of public convenience and necessity to provide telecommunications services in the Commonwealth of Virginia or receive interim operating authority during the processing of its certification request as requested in pending Case No. PUC-2007-00042; and TelCove of Virginia, LLC, shall complete Case No. PUC-2007-00025 to relinquish its certificate of public convenience and necessity.

(3) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

² Pursuant to Case No. PUC-2007-00042, TelCove Operations, LLC, has requested interim operating authority to allow it to provide services to TelCove-VA's customers during the processing of its request for CPCNs. This case is currently pending.

**CASE NO. PUC-2007-00046
JUNE 7, 2007**

APPLICATION OF
QWEST INTERPRISE AMERICA OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated October 14, 1999, in Case No. PUC-1999-00063, the State Corporation Commission ("Commission") granted U S WEST Interprise of America of Virginia, Inc. ("U S WEST"), Certificate Nos. TT-79A to provide interexchange telecommunications services and T-464 to provide local exchange telecommunications services in Virginia. U S WEST's name was changed on October 22, 2003, in Case No. PUC-2003-00149 to Qwest Interprise America of Virginia, Inc. ("Qwest VA"). At that time its Certificate Nos. were updated to TT-79B and T-464a.

By letter application filed May 17, 2007, Qwest VA requested that its Certificates TT-79B and T-464a be cancelled. The application stated Qwest VA had no customers nor does it intend to offer telecommunications services in Virginia.

NOW THE COMMISSION, having considered the matter, is of the opinion that Qwest Interprise America of Virginia, Inc. Certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00046.
- (2) Certificate No. T-464a granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-79B granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00047
JULY 30, 2007**

JOINT PETITION OF
FAIRPOINT COMMUNICATIONS, INC.,
PEOPLES MUTUAL TELEPHONE COMPANY,
and
FAIRPOINT COMMUNICATIONS SOLUTIONS CORP. - VIRGINIA

Pursuant to the Utility Transfers Act, Va. Code §§ 56-88 *et seq.*

ORDER GRANTING APPROVAL

On May 18, 2007, FairPoint Communications, Inc. ("FairPoint"), and Peoples Mutual Telephone Company ("Peoples Mutual") filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code") for approval of the transfer of control of Peoples Mutual or a determination that the Utility Transfers Act does not apply to the proposed transaction. The joint petition was complete as of May 30, 2007.¹ On July 13, 2007, FairPoint Communications Solutions Corp. - Virginia ("Solutions") filed a motion to amend the joint petition by moving to join the joint petition. The Commission finds the joint petition should be so amended and Solutions joined. FairPoint, Peoples Mutual, and Solutions are referred to herein collectively as the "Joint Petitioners."

FairPoint is a publicly-traded Delaware business corporation with its principal business office located in Charlotte, North Carolina. FairPoint was formed to acquire and operate rural and small urban telecommunications companies and currently owns 31 companies serving approximately 310,180 access lines in 18 states as of March 31, 2007. Solutions is a Virginia corporation and a wholly owned subsidiary of FairPoint. Solutions was originally certificated to provide telecommunications services on August 29, 2000, as FairPoint Communications Corporation - Virginia, and that certification was reissued in its current name on August 2, 2002, in Case No. PUC-2002-00125. Solutions assists rural independent telephone companies and other wholesale clients in establishing and maintaining their retail long distance business, including providing outbound long distance service via dedicated or switched access, toll-free service and calling cards, as well as other products. MJD Ventures, Inc. ("MJD Ventures"), also is a wholly owned subsidiary of FairPoint that owns all of the common equity of Peoples Mutual. Peoples Mutual is an incumbent local exchange carrier providing telecommunications services in Pittsylvania, Virginia. MJD Ventures obtained the approval of the Commission to purchase all of the common equity of Peoples Mutual in Case No. PUA-1999-00081. Peoples Mutual is thus an indirect subsidiary of FairPoint.

The Joint Petitioners propose to consummate a transaction whereby control of FairPoint will be shared by FairPoint's current shareholders and Verizon Communications Inc.'s ("Verizon") shareholders following a merger of FairPoint and Northern New England Spinco Inc. ("Spinco"), a Verizon spinoff. The proposed transaction involves a series of internal reorganizations within Verizon. Verizon New England Inc., an operating subsidiary of Verizon that provides local exchange and interexchange telecommunications services in the New England states, will transfer its assets and operations associated with the provision of local exchange and intrastate interexchange telecommunications services in Maine, New Hampshire, and Vermont to Northern New England Telephone Operations Inc. ("Telco"). Following the transfer of assets, Telco will become a wholly owned subsidiary of Spinco. In addition, other Verizon subsidiaries, through a series of steps, will transfer certain additional long distance customers in the same three states to Enhanced Communications of Northern New England Inc. ("Newco"), which also will become a wholly owned subsidiary of Spinco.

After Telco and Newco become direct wholly owned subsidiaries of Spinco, Verizon will then distribute the stock of Spinco directly to Verizon shareholders, such that Spinco, and, therefore, Telco and Newco, will no longer be a subsidiary of Verizon. Following the distribution of stock, and pursuant to the Agreement and Plan of Merger dated January 15, 2007, and as amended by Amendment No. 1 dated as of April 20, 2007, Spinco will be merged with and into FairPoint. FairPoint will be the surviving company and will own all of the stock of Telco and Newco. Upon closing, Verizon shareholders, who became shareholders of Spinco, will own approximately 60% of FairPoint, and the shareholders of FairPoint will own approximately 40% of FairPoint. Following these transactions, FairPoint will continue to own and control 100% of the common stock of Solutions and Peoples Mutual.

After the merger of Spinco and FairPoint, existing FairPoint management will continue to manage FairPoint. Verizon will have the right to nominate initially up to six of the nine members of the FairPoint Board of Directors as it will be constituted immediately after the merger.²

The Joint Petitioners represent that the Commission should approve the proposed transaction as it will not have an impact upon the services provided by both Solutions and Peoples Mutual or upon the rates, terms, and conditions of such services. The Joint Petitioners further represent that FairPoint should be in a stronger financial position following the proposed transaction and that the proposed transaction should inure to the benefit of Solutions and Peoples Mutual. The Joint Petitioners further represent that the proposed transfer will be transparent to customers of Solutions and Peoples Mutual as they will both remain a subsidiary of FairPoint and will continue to operate as before.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transaction is subject to Commission approval under the Utility Transfers Act. However, we find that the proposed transaction, as it pertains to the transfer of ownership of FairPoint and the transfer of control of Solutions and Peoples Mutual, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of control of FairPoint Communications Solutions Corp. - Virginia and Peoples Mutual Telephone Company, as described herein.

¹ See Staff's memorandum of completeness issued May 31, 2007.

² Assuming Mr. David L. Hauser (a current FairPoint director) is reelected by FairPoint's shareholders at the annual meeting, Verizon will then only name five of the nine directors. None of these nominees may be employed by Verizon or its affiliates, making FairPoint independent of Verizon. Once these directors are nominated by Verizon, Verizon will have no further obligation to these directors, and the directors will have no obligation to Verizon.

(2) The Joint Petitioners Motion to Amend Joint Petition to include FairPoint Communications Solutions Corp. - Virginia as a Joint Petitioner, filed on July 13, 2007, is hereby accepted.

(3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days following consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00048
JULY 17, 2007**

APPLICATION OF
GLOBAL CONNECTION INC. OF VIRGINIA

For designation as an eligible telecommunications carrier pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended

ORDER GRANTING WITHDRAWAL

On May 29, 2007, Global Connection Inc. of Virginia ("Global") filed with the State Corporation Commission ("Commission") the above-captioned application ("Application").

On July 12, 2007, Global filed a Request to Withdraw Application without prejudice. Global requests the withdrawal so that it may correct inconsistencies and file a new application at a later date.

NOW UPON CONSIDERATION of the matter, the Commission finds that Global's request to withdraw its Application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Global's request to withdraw its Application is hereby granted.
- (2) This matter shall be dismissed without prejudice.
- (3) There being nothing further to be done, the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2007-00049
JUNE 21, 2007**

PETITION OF
COMTEL VIRGINIA LLC

For approval of an indirect change of control of Comtel Virginia LLC

ORDER GRANTING APPROVAL

On May 30, 2007, Comtel Virginia LLC ("Comtel-VA" or "Petitioner") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of an indirect change of control of Comtel-VA.

Comtel-VA is a Virginia limited liability company with its principal business office located in Irving, Texas. Comtel-VA is a wholly owned, direct subsidiary of Comtel Telcom Assets LP ("Comtel"). Comtel is indirectly controlled by Sowood GP III LLC ("Sowood"), which is, in turn, directly owned by Mr. Jeff Larson ("Mr. Larson"), Mr. Stuart Porter ("Mr. Porter"), and Ms. Megan Kelleher ("Ms. Kelleher"). Mr. Larson is the managing member of Sowood and, therefore, has ultimate control over Comtel and Comtel-VA. Even though ultimate control is held by Mr. Larson, through various ownership interests, the majority of the equity of Comtel-VA is ultimately owned by the President and Fellows of Harvard College ("PFHC").

Comtel and Comtel-VA completed the acquisition of VarTec Telecom, Inc., and certain of its subsidiaries in June 2006 and continue to operate those assets. Comtel provides intrastate, interstate, and international long distance services throughout the United States, and Comtel-VA provides, either directly or indirectly through Comtel, intrastate, interstate, and international long distance services in Virginia. Comtel is authorized to provide local exchange and exchange access services in every state except Alaska, Hawaii, and Virginia. Comtel-VA is certificated to provide local exchange services in Virginia pursuant to certificate of public convenience and necessity ("CPCN") No. T-653, issued in Case No. PUC-2005-00141, on April 10, 2006.

The Petitioner requests approval for a change in ultimate control. The proposed change in control is a result of certain management changes being made in Sowood and its successive general partners. Mr. Larson and Ms. Kelleher intend to exit the business, leaving Mr. Porter to become the managing member and sole owner of Sowood. As a result, Mr. Porter will ultimately control Comtel and, therefore, Comtel-VA. In addition, Sowood will change its name to Denham GP III LLC, and its successive general partners will be renamed "Denham." The majority of the equity of Comtel-VA will continue to be ultimately owned by PFHC.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Petitioner represents that the proposed transaction is in the public interest as it will enable Sowood and its subsidiaries to implement an improved business, financial, and management structure. The Petitioner states that, because the transaction will be intra-corporate in nature, the transfer will be seamless and transparent to Virginia customers. As stated in the petition, following the proposed transfer, Comtel-VA will continue to operate as before with no change in its rates, terms, or conditions of service, and direct ownership of Comtel-VA will not change as a result of the transaction.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, Comtel Virginia LLC is hereby granted approval to consummate the transaction to allow for the transfer of indirect control of Comtel Virginia LLC, as described herein.

(2) The Petitioner shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00051
OCTOBER 5, 2007**

JOINT APPLICATION OF
TRINISIC COMMUNICATIONS OF VIRGINIA, INC.,
TOUCH 1 COMMUNICATIONS, INC., and
ANY SUCCESSOR IN INTEREST, INCLUDING A CHAPTER 7 BANKRUPTCY TRUSTEE
and
MATRIX TELCOM, INC.

For approval of a transfer of control

ORDER GRANTING APPROVAL

On June 6, 2007, Trinsic Communications of Virginia, Inc. ("Trinsic Virginia"), Touch I Communications, Inc. ("Touch I"), and any successor in interest, including a Chapter 7 Bankruptcy Trustee, and Matrix Telecom, Inc. ("Matrix") (collectively, the "Applicants"), filed a joint application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of control. Specifically, the Applicants request approval to transfer control of Trinsic Virginia to Matrix. The joint application was deemed complete on July 9, 2007.

Trinsic, Inc., is a Delaware corporation which was founded in January 1998 as Z-Tel Technologies, Inc. Trinsic, Inc., is the parent company of Trinsic Communications, Inc. ("Trinsic Communications"), Trinsic Virginia, and Touch I (collectively, "Trinsic"). Trinsic provides circuit-switched local and long distance telecommunications services in 49 states and the District of Columbia. Trinsic service offerings include residential and business local and long distance telecommunications services in combination with enhanced communications features accessible through the telephone, the Internet, and certain personal digital assistants. In Virginia, Trinsic Virginia is authorized to provide local exchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN") No. T-417a granted in Case No. PUC-2005-00001.

Matrix, a Texas corporation, is an indirect wholly owned subsidiary of Platinum Equity, LLC ("Platinum Equity"). Platinum Equity is a global firm specializing in the merger, acquisition, and operation of companies that provide services and solutions to customers in a broad range of business markets, including telecommunications, information technology, logistics, manufacturing, and entertainment distribution. Since its founding in 1995, Platinum Equity has acquired more than 60 businesses with more than \$12 billion in aggregate revenue. Matrix provides competitive, integrated communications services, including local, long distance, and toll-free voice services plus a wide range of data services to mainly enterprise customers throughout the United States. In Virginia, Matrix's wholly owned subsidiary, Matrix Telecom of Virginia, Inc. ("Matrix Virginia"), is authorized to provide local exchange service pursuant to CPCN No. T-646 granted in Case No. PUC-2005-00088.

On February 7, 2007, Trinsic and its affiliates filed a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Alabama. Trinsic ultimately determined that a successful business reorganization would not be possible and, following a court supervised auction, entered into an Asset Purchase Agreement ("APA"). On March 21, 2007, Trinsic and Tide Acquisition Corporation ("Tide") entered into the APA, under which Tide would acquire the stock of Trinsic Virginia, the assets of Trinsic Communications in other states used to provide telecommunications services, as well as Trinsic's customer accounts across the nation, including Virginia. Tide subsequently assigned its rights under the APA to Matrix.

Pursuant to the APA, the Applicants propose to transfer 100 percent of the stock of Trinsic Virginia and its entire local and long distance customer base to Matrix. Following the proposed transaction, Matrix will provide service to Trinsic Virginia's customers using the Trinsic name. The Applicants state that there will be no discontinuance, reduction, or impairment to service as a result of the proposed transaction and that there will be no change in the rates, terms, or conditions of service to Virginia customers. The Applicants represent that the proposed transaction will ensure that Trinsic's customers continue to receive high quality telecommunications services without interruption. The Applicants further represent that without the proposed transaction Trinsic Virginia would no longer be able to provide service and its customers would be forced to find a new carrier that offers similar services.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the joint application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

We note, however, that § 56-88.1 of the Code requires our prior approval for transfer of control. Such approval was not sought or obtained prior to the above-referenced transfer. While we believe that no further action is warranted in this instance, the Applicants should be more diligent in seeking and obtaining prior approval from this Commission for any future transfers.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted approval to consummate the transaction to allow for the transfer of control of Trinsic Virginia to Matrix, as described herein.

(2) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00052
JULY 3, 2007**

APPLICATION OF
ONFIBER CARRIER SERVICES-VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity and associated tariffs

ORDER

By Order dated September 19, 2000, in Case No. PUC-2000-00133, the State Corporation Commission ("Commission") granted OnFiber Carrier Services-Virginia, Inc. ("OnFiber" or the "Company"), Certificate Nos. T-506 to provide local exchange telecommunications services and TT-109A to provide interexchange telecommunications services in Virginia.

By letter application filed June 8, 2007, OnFiber requested that its Certificate Nos. T-506 and TT-109A be cancelled. The application also requested to withdraw its tariff on file with the Commission. OnFiber stated that it does not provide any intrastate telecommunications services to any customers in Virginia and does not intend to offer services in the future.

NOW THE COMMISSION, having considered the matter, is of the opinion that OnFiber's certificates to provide local exchange and interexchange telecommunications services and any associated tariffs should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00052.
- (2) Certificate No. T-506 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-109A granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) All tariffs in the name of OnFiber Carrier Services-Virginia, Inc., are hereby cancelled.
- (5) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00053
JULY 30, 2007**

PETITION OF
PPL TELCOM, LLC,
PPL PRISM, LLC,
PPL ENERGY SERVICES GROUP, LLC,
and
CII HOLDCO, INC.

For approval of the transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc."

ORDER GRANTING APPROVAL

On June 13, 2007, PPL Telcom, LLC ("Telcom"), PPL Prism, LLC ("Prism"), PPL Energy Services Group, LLC ("PPL-Parent"), and CII Holdco, Inc. ("CII"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the transfer of control of Telcom and Prism from PPL-Parent to CII. Telcom, Prism, PPL-Parent, and CII are referred to herein collectively as the "Petitioners."

Telcom is a Delaware limited liability company and a wholly-owned subsidiary of PPL-Parent, also a Delaware limited liability company. Prism also is a Delaware limited liability company whose sole member is Telcom. Telcom, Prism, and PPL-Parent have a principal business office located in Allentown, Pennsylvania. Telcom and Prism provide broadband connectivity for telecommunications companies, wireless and Internet service providers, and large businesses and institutions. Telcom's and Prism's network has more than 4,000 route miles of fiber with advanced optical systems and provides service to customers throughout the northeastern United States from New York to Washington, D.C. In Virginia, both Telcom and Prism are certificated to provide interexchange telecommunications services pursuant to certificate of public convenience and necessity Nos. TT-197A¹ and TT-193A,² respectively. In addition, Telcom and Prism are authorized by the FCC to provide interstate telecommunications services, and Telcom is authorized by the FCC to provide international telecommunications services.

CII is a Delaware corporation that is wholly owned by Communications Infrastructure Investments, LLC ("CII-Parent") (CII and CII-Parent are referred to as the "Companies"), a Delaware limited liability company. The Companies' principal business office is located in Boulder, Colorado. The Companies were recently organized to acquire and support fiber-based bandwidth solutions-oriented businesses and have received a capital commitment from their investors.

The Petitioners request approval from the Commission to consummate a transaction in which CII will acquire control of Telcom and Prism. PPL-Parent, CII-Parent, and CII have entered into a Purchase Agreement dated as of May 23, 2007, whereby CII will purchase from PPL-Parent all of the membership interests in Telcom. As a result, CII will become the direct parent company of Telcom and the indirect parent company of Prism. Within 30 days of completion of the proposed transfer, Telcom and Prism will change their names to a name to be selected by CII.³ The Petitioners state that, following the closing of the proposed transaction, Telcom and Prism will continue to operate as before with no change in their services provided or the rates, terms, or conditions of such services.

The Petitioners represent that, under new ownership, Telcom and Prism will continue to provide high-quality telecommunications services to Virginia consumers, while gaining access to the additional resources and operational expertise of the Companies and the Companies' management. The Petitioners state that, in May 2007, the ultimate parent company of Telcom and Prism announced that it intended to sell its telecommunications operation in order to sharpen its focus on its core business of energy supply and delivery. The Petitioners represent that the proposed transaction will allow Telcom and Prism to be under ownership focused on and committed to the telecommunications industry.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc., as described herein.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

¹ Issued on September 23, 2003, in Case No. PUC-2003-00095.

² Issued on June 20, 2003, in Case No. PUC-2003-00035.

³ The Petitioners state that once the new name has been chosen, Telcom and Prism will file an application to request that the Commission authorize the name change. In addition, the Petitioners state that Telcom and Prism will provide their customers at least 30 days prior notice of such name change.

**CASE NO. PUC-2007-00055
NOVEMBER 13, 2007**

APPLICATION OF
BETTERWORLD TELECOM, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER DISMISSING WITHOUT PREJUDICE

On July 30, 2007, BetterWorld Telecom, LLC ("BetterWorld" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order issued September 24, 2007, the Commission directed BetterWorld to provide public notice of its application; required BetterWorld to post a surety bond; and established further procedures for this proceeding. On October 16, 2007, BetterWorld requested an extension of time in which "BetterWorld Telecom must notice, provide proof of that notice, serve that notice on Virginia carriers, provide proof of that service, and provide a performance or surety bond." On October 23, 2007, BetterWorld requested that it be permitted to withdraw its application.

NOW THE COMMISSION, having considered the applicable law, is of the opinion and finds that this matter should be dismissed without prejudice to BetterWorld's refiling in the future.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is dismissed without prejudice to the refiling of same.
- (2) The record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00060
AUGUST 16, 2007**

APPLICATION OF
PAC-WEST TELECOMM OF VIRGINIA, INC.

For authority to discontinue telecommunications services in Virginia

ORDER

By Order dated December 20, 2005, in Case No. PUC-2005-00115, the State Corporation Commission ("Commission") granted Pac-West Telecomm of Virginia, Inc. ("Pac-West" or the "Company"), Certificates No. T-644 and No. TT-214A to provide local exchange and interexchange telecommunications services, respectively, in Virginia.

By letter application filed on July 25, 2007, Pac-West requested that the Commission grant approval for the Company to discontinue providing all telecommunications services in Virginia on or about August 23, 2007.¹ Pac-West Telecomm, Inc., Pac-West's parent, filed for protection under Chapter 11 of the U.S. Bankruptcy Laws on April 30, 2007. Pac-West Telecomm, Inc., has determined that to successfully reorganize and emerge from bankruptcy it must exit its eastern regional footprint, which includes Virginia.² Pac-West provides services to 17 Virginia customers.³ The Company furnished those customers notice of its discontinuance of such services by a mailing on July 24, 2007.⁴

The Commission's primary concern with authorizing discontinuance is providing adequate notice to affected customers. Pursuant to 20 VAC 5-423-20, a competitive local exchange carrier must provide at least 30 days written notice of the proposed disconnection of service. The Commission finds that Pac-West's proposed discontinuance date, as modified, of August 26, 2007, meets the required 30 days' notice to customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that Pac-West's application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00060.
- (2) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of August 26, 2007.
- (3) Pac-West, on August 22, 2007, shall report to the Commission's Division of Communications the number of its remaining customers in Virginia and the types of services those remaining customers provide.
- (4) Pac-West is authorized to cease service to its remaining Virginia customers as of August 26, 2007.
- (5) This matter is hereby dismissed.

¹ Pac-West has recently advised that the Bankruptcy Court has extended this date until August 26, 2007.

² Pac-West is not requesting cancellation of its Certificates No. T-644 and No. TT-214A.

³ These customers, such as Internet service providers and enhanced service providers (including VoIP providers), tend to use multiple and redundant underlying carriers for provisioning of their services.

⁴ The Staff has been advised that in addition to the July 24, 2007 letters, Pac-West contacted each customer by telephone.

**CASE NO. PUC-2007-00062
NOVEMBER 13, 2007**

APPLICATION OF
RCN NEW YORK COMMUNICATIONS LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On July 27, 2007, RCN New York Communications LLC ("RCN" or "Applicant") filed an application¹ with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order dated August 15, 2007, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file its report on the application, and invited interested parties to file comments on the application and requests for a public hearing to receive evidence relevant to RCN's application. The Applicant filed proof of notice on August 23, 2007, and proof of publication on September 21, 2007. No comments or requests for hearing were received.

The Staff filed its Report on October 31, 2007, finding that the Company's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, as codified at 20 VAC 5-417-10 *et seq.*, and the Rules Governing Certification of Interexchange Carriers, as codified at 20 VAC 5-411-10 *et seq.* ("IXC Rules"). The Staff recommended issuance of both requested certificates, subject to the following condition:

RCN should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

On November 2, 2007, RCN, by counsel, submitted a letter response ("response") to the Staff Report and advised that the Applicant concurred with the Staff's conclusions regarding RCN's requested certificates.

NOW THE COMMISSION, having considered the application, the Staff Report, and RCN's response thereto, finds that RCN should be granted certificates to provide interexchange and local exchange telecommunications services, subject to the foregoing condition. Further, the Commission finds that RCN should be authorized to price its interexchange services competitively.

Accordingly, IT IS ORDERED THAT:

(1) RCN New York Communications LLC is hereby granted a certificate of public convenience and necessity, No. TT-237A, to provide interexchange services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) RCN New York Communications LLC is hereby granted a certificate of public convenience and necessity, No. T-672, to provide local exchange telecommunications services subject to the restrictions set out in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) RCN New York Communications LLC shall file tariffs with the Commission's Division of Communications that conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, RCN New York Communications LLC may price its interexchange services competitively.

(5) RCN New York Communications LLC shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be transferred to the Commission's file for ended causes.

¹ The application and certain attachments thereto refer to RCN as RCN New York Communications, LLC. The registration documentation provided to the Office of the Clerk of the Commission and resulting certificate of registration to transact business in Virginia do not include a comma in the Applicant's name. This Order refers to RCN by the name appearing on the certificate of registration to transact business issued by the Clerk of the Commission.

**CASE NO. PUC-2007-00063
NOVEMBER 6, 2007**

JOINT APPLICATION OF
YTV, INC.,
YIPES ENTERPRISE SERVICES, INC.,
and
FLAG TELECOM GROUP SERVICES LIMITED

For approval of transfer of control of YTV, Inc., from Yipes Holdings, Inc., to FLAG Telecom Group Services Limited"

ORDER GRANTING APPROVAL

On July 30, 2007, Yipes Enterprise Services, Inc ("Yipes"), and FLAG Telecom Group Services Limited ("FLAG") submitted a joint application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the transfer of control of YTV, Inc. ("YTV") from Yipes to FLAG. On August 2, 2007, YTV, the entity certificated in Virginia, was included as a Joint Applicant. YTV, Yipes, and FLAG are collectively referred to as the "Joint Applicants." The joint application was deemed complete and accepted for filing on September 7, 2007.

Yipes Holdings, Inc. ("Yipes Holdings"), is a Delaware corporation with its principal business office located in San Francisco, California. Yipes Holdings was founded in July 2002 when it acquired the assets of Yipes Communications. Yipes Holdings is a venture backed, privately held company, primarily owned by a number of institutional investors, the largest of which include Norwest Venture Partners, JP Morgan Partners Investing Funds, and Sprout Group, a venture capital affiliate of Credit Suisse. YTV is a direct, wholly owned subsidiary of Yipes, which, in turn, is a direct, wholly owned subsidiary of Yipes Holdings. Yipes provides private data communications transport services offering businesses flexible, high-speed data links to connect their Local Area Networks to the Internet YTV provides managed Ethernet and Notification delivery services for enterprise customers on an individual contract basis. In Virginia, YTV is certificated to provide local exchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN") No T-516a issued in Case No. PUC-2003-00013.¹

FLAG is a privately held Bermuda corporation that is headquartered in Hamilton, Bermuda. FLAG is a wholly owned subsidiary of FLAG Telecom Group Limited (together with its subsidiaries, "FLAG Telecom"). Through a series of ownerships in investment companies, FLAG Telecom Group Limited is ultimately owned by two individuals, Mr. Anil Ambani and Mrs. Kokilaben Ambani, both residing in India. FLAG Telecom provides international network transport and data services to telecommunications operators, content providers, and ISPs, with operations in 19 countries. FLAG Telecom owns and manages a high-speed fiber-optic and MPLS/IP based network that connects key business markets in Asia, Europe, the Middle East, and the United States. FLAG Telecom also holds submarine cable landing licenses from the Federal Communications Commission ("FCC") and Reliance Communications, Inc., a FLAG affiliate, holds an international Section 214 authorization from the FCC. FLAG is part of Reliance Communications, which is, in turn, part of the Reliance Group. The Reliance Group is the largest business group in India, with a market capitalization of over \$45 billion.

On July 14, 2007, FLAG, Flag Telecom USA Ltd. ("Merger Subsidiary"), and Yipes entered in an Agreement and Plan of Merger ("Agreement"). Pursuant to the Agreement, Merger Subsidiary, a wholly owned subsidiary of FLAG created specifically for the purposes of the proposed transaction, will merge with and into Yipes with Yipes being the surviving corporation. Upon closing of the proposed transaction, FLAG will have acquired control of Yipes and, therefore, YTV. The Joint Applicants state that the proposed transaction will not result in the transfer of any operating authority, assets, or customers. The Joint Applicants further state that, following the proposed transaction, YTV will continue to operate as before offering the same services with the same rates, terms, and conditions as at present pursuant to existing authorizations, tariffs, contracts, and published rates and charges.

Approval of the proposed transaction is required by seven other states and the FCC. The proposed transaction also is being reviewed by the Department of Homeland Security ("DHS") and the Department of Justice ("DOJ").

NOW THE COMMISSION, upon consideration of the joint application and representations of the Joint Applicants, and having been advised by its Staff, is of the opinion and finds that only after such approvals from the FCC, DHS, and DOJ have been granted can we be assured that the transfer of ownership of YTV to FLAG, as described herein, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. This finding is consistent with past Chapter 5 applications under review by the FCC, DHS, and DOJ.² We, therefore, find that our approval of the proposed transaction should be conditioned upon approval by the FCC, DHS, and DOJ and that the Joint Applicants should keep the Staff aware of any developments regarding such reviews.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Applicants are hereby granted approval to consummate the transaction as described herein to allow for the transfer of control of YTV from Yipes to FLAG conditioned upon approval by the FCC, DHS, and DOJ.

(2) The Joint Applicants shall file with the Commission proof of approval by the FCC, DHS, and DOJ of the proposed transfer of control within ten (10) days of such approvals.

¹ Application of Yipes Transmission Virginia, Inc., To cancel existing certificates and reissue certificates reflecting new name, Case No. PUC-2003-00013, 2003 S.C.C. Ann. Rept. 234, (Final Order, February 14, 2003).

² Joint petition of CTC Communications of Virginia, Inc., CTC Communications Group, Inc., Choice One Communications of Virginia, Inc., Choice One Communications Inc., and Columbia Ventures Broadband, LLC, For approval of a change in ownership of CTC Communications of Virginia, Inc., and Choice One Communications of Virginia Inc., Case No. PUC-2006-00032, 2006 S.C.C. Ann Rept. 247 (Order Granting Approval, May 5, 2006); Petition of Global Crossing Ltd (Debtor-in-Possession) and GC Acquisition Limited, For approval of the transfer of control of Global Crossings Ltd.'s Virginia operating subsidiaries to GC Acquisition Limited, Case No. PUC-2003-00094, 2003 S.C.C. Ann Rept. 270 (Order Granting Approval, August 13, 2003).

(3) Should approval not be granted by the FCC, DHS, and DOJ, the Joint Applicants shall promptly file proof of denial with the Commission. Should the proposed transfer of control be terminated by any of the Joint Applicants, notification of such shall be promptly filed with the Commission.

(4) This matter shall be continued until the requirements of ordering paragraphs (2) and (3) have been met.

**CASE NO. PUC-2007-00064
DECEMBER 10, 2007**

APPLICATION OF
NORSTAR TELECOMMUNICATIONS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER DISMISSING WITHOUT PREJUDICE

On August 2, 2007, Norstar Telecommunications, LLC ("Norstar" or "Applicant"), filed an application for certificates of public convenience and necessity ("certificate") with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

The Commission entered its Order for Notice and Comment ("Order") on August 24, 2007. Among other things, the Order directed Norstar to publish newspaper notice to the general public and to furnish direct notice to other carriers. By Motion filed September 17, 2007, Norstar filed its request that the procedural schedule be extended. That request was granted by Order entered October 17, 2007. On November 27, 2007, Norstar filed its Motion to Withdraw Application ("Motion") requesting that this case be dismissed without prejudice to its reapplying at sometime in the future.

NOW THE COMMISSION, having considered the Motion and the applicable law is of the opinion and finds that this matter should be dismissed without prejudice to Norstar's refilling for certificates of public convenience and necessity in the future.

Accordingly, IT IS ORDERED THAT this matter is dismissed without prejudice to the refilling of the same. The record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00071
SEPTEMBER 12, 2007**

APPLICATION OF
XSPEDIUS MANAGEMENT CO. OF VIRGINIA LLC

For amendment of its certificates of public convenience and necessity to reflect the applicant's new name, Time Warner Telecom of Virginia LLC

ORDER

On August 8, 2007, Xspedius Management Co. of Virginia LLC ("Xspedius" or the "Company") filed an application requesting that the State Corporation Commission ("Commission") change the name on the Company's certificates of public convenience and necessity to reflect a change in Xspedius' name to Time Warner Telecom of Virginia LLC. In support of its application, Xspedius filed a copy of the Certificate of Amendment issued by the Clerk of the Commission on June 20, 2007, that changed the name of the limited liability company from Xspedius Management Co. of Virginia LLC to Time Warner Telecom of Virginia LLC. Xspedius represented that following approval of its application, replacement tariffs would be filed with the Division of Communications to reflect the most recent name change.

On October 23, 2002, the Commission awarded Certificate No. T-592, authorizing the provision of local exchange telecommunications services, and Certificate No. TT-182A authorizing the provision of interexchange telecommunications services to Xspedius Management Co. of Virginia LLC, in Case No. PUC-2002-00122.

On March 10, 2005, in Case No. PUC-2005-00036, the Commission cancelled Certificate Nos. T-592 and TT-182A issued to Xspedius Management Company of Virginia, LLC, and issued Certificate Nos. T-592a and TT-182B to Xspedius Management Co. of Virginia, Inc.

On December 28, 2006, Xspedius Management Co. of Virginia, Inc., completed its conversion from a Virginia corporation into a Virginia limited liability company, to be known as Xspedius Management Co. of Virginia LLC.

On April 3, 2007, the Commission cancelled Certificate Nos. T-592a and TT-182B issued to Xspedius Management Co. of Virginia, Inc., and reissued Certificate Nos. T-592b and TT-182C to Xspedius Management Co. of Virginia LLC in Case No. PUC-2007-00018.

In the captioned case (Case No. PUC-2007-00071), the Commission Staff has requested an amendment to the bond currently held for the Commission pursuant to 20 VAC 5-417-20 G 1 b, as a result of the latest name change referenced in the application. Time Warner Telecom of Virginia LLC provided a new bond to Staff on September 11, 2007.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that certificates of public convenience and necessity to provide the local exchange and interexchange telecommunications services identified above should be cancelled and reissued reflecting the new corporate name, Time Warner Telecom of Virginia LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00071.
- (2) Certificate No. T-592b is cancelled, and Certificate No. T-592c shall be issued in the name of Time Warner Telecom of Virginia LLC.
- (3) Certificate No. TT-182C is cancelled, and Certificate No. TT-182D shall be issued in the name of Time Warner Telecom of Virginia LLC.
- (4) Time Warner Telecom of Virginia LLC shall provide revised tariffs reflecting the new corporate name to the Commission's Division of Communications within thirty (30) days of the date of this Order.
- (5) There being nothing further to be done in this proceeding, this matter is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's files for ended causes.

**CASE NO. PUC-2007-00072
OCTOBER 29, 2007**

JOINT PETITION OF
NEON VIRGINIA CONNECT, LLC,
and
RCN CORPORATION

For approval of a transfer of control

ORDER GRANTING APPROVAL

On August 15, 2007, NEON Virginia Connect, LLC ("NEON"), and RCN Corporation ("RCN") filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of control of NEON to RCN. The joint petition was deemed complete on August 30, 2007. NEON and RCN are referred to herein collectively as the "Joint Petitioners."

NEON is a Delaware limited liability corporation with its principal business office located in Westborough, Massachusetts. NEON is a wholly owned subsidiary of NEON Communications, Inc. ("NEON Communications"), which, in turn, is a wholly owned subsidiary of NEON Communications Group, Inc. ("NEON Group"), a publicly traded Delaware corporation. NEON Communications is a facilities-based communications provider, supplying high bandwidth fiber optic capacity and comprehensive end-to-end telecommunications services to communications companies and enterprise customers through its subsidiaries in the Northeast and Mid-Atlantic region. In Virginia, NEON is certificated to provide local exchange and interexchange telecommunications services pursuant to its certificates of public convenience and necessity granted in Case No. PUC-2007-00028. NEON does not currently serve any customers in Virginia.

RCN is a publicly traded Delaware corporation with its principal business office in Herndon, Virginia. RCN is a facilities-based competitive provider of bundled phone, cable, and high speed Internet services, which it delivers over its own fiber-optic local network to consumers in densely populated markets. RCN has subsidiaries authorized to provide telecommunications services in 12 states and the District of Columbia. In Virginia, RCN's subsidiary Starpower Communications, LLC ("Starpower"), is certificated to provide local exchange and interexchange telecommunications services pursuant to Case No. PUC-1998-00004. The Commission approved RCN's acquisition of Starpower on November 14, 2004, in Case No. PUC-2004-00133.¹

On June 24, 2007, RCN and NEON Group entered into an Agreement and Plan of Merger ("Agreement") wherein RCN would acquire the stock of NEON Group and, therefore, control of NEON. Pursuant to the Agreement, NEON Group will merge with and into Raven Acquisition Corporation, a subsidiary of RCN created specifically for the purposes of the proposed transaction. NEON Group will be the surviving entity and will then become a wholly owned subsidiary of RCN. As a result, RCN will acquire indirect control of NEON. The Joint Petitioners state that, following the proposed transaction, NEON will continue to operate as before with no change in its rates, terms, or conditions of service and that the proposed transaction will be seamless and transparent to consumers in Virginia.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of control of NEON Virginia Connect, LLC, to RCN Corporation as described herein.

¹ RCN New York Communications, LLC, currently has an application pending for certification to provide local exchange and interexchange telecommunications services in Virginia, Case No. PUC-2007-00062. In addition, RCN Telecom Services of Virginia, Inc., previously held certification to provide telecommunications services in Virginia. Those certifications were canceled at the request of the company in PUC-2004-00062.

(2) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00073
DECEMBER 21, 2007**

APPLICATION OF
BALDWIN COUNTY INTERNET/DSS1 SERVICE, L.L.C.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On September 6, 2007, Baldwin County Internet/DSS1 Service, L.L.C. ("Baldwin County" or the "Company"), completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated September 28, 2007, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On October 31, 2007, the Company filed proof of publication and proof of service as required by the September 28, 2007 Order.

On November 28, 2007, the Staff filed its Report finding that Baldwin County's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Baldwin County's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Baldwin County should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Baldwin County is hereby granted a certificate of public convenience and necessity, No. TT-238A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Baldwin County is hereby granted a certificate of public convenience and necessity, No. T-673, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Baldwin County shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2007-00074
OCTOBER 15, 2007**

APPLICATION OF
PPL TELCOM, LLC
and
PPL PRISM, LLC

For Amended and Reissued Certificates of Public Convenience and Necessity to Reflect Their Changed Names

ORDER

On September 6, 2007, PPL Telcom, LLC ("Telcom"), and PPL Prism, LLC ("Prism") (collectively, "Applicants"), filed an application with the State Corporation Commission ("Commission") requesting that the Commission amend and reissue their Certificates of Public Convenience and Necessity ("Certificates") to reflect the name change of Telcom to "Zayo Bandwidth Northeast, LLC," and the name change of Prism to "Zayo Bandwidth Northeast Sub, LLC." These name changes are the last step of the transfer of control of Telcom and Prism to CII Holdco, Inc., which was approved by the Commission on July 30, 2007, in Case No. PUC-2007-00053, and which was completed on August 24, 2007. Applicants have notified their customers of the name changes.

In Virginia, Telcom (Certificate No. TT-197A) and Prism (Certificate No. TT-193A) are authorized to provide interexchange telecommunications services pursuant to the Certificates granted by the Commission in Case Nos. PUC-2003-00095 (September 23, 2003) and PUC-2003-00035 (June 20, 2003), respectively. Applicants have filed documents showing that Delaware's Secretary of State has approved each name change and that Applicants have amended their authority to transact business in Virginia to reflect their new names.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Applicants' Certificates for interexchange telecommunications services should be updated to reflect the Companies' new names.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2007-00074.
- (2) Certificate No. TT-193A authorizing Prism to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled and shall be reissued as amended Certificate No. TT-193B in the name of Zayo Bandwidth Northeast Sub, LLC.
- (3) Certificate No. TT-197A authorizing Telcom to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled and shall be reissued as amended Certificate No. TT-197B in the name of Zayo Bandwidth Northeast, LLC.
- (4) The Companies shall provide revised tariffs to the Division of Communications reflecting their new names within forty-five (45) days of the issuance of this Order.
- (5) There being nothing further to be done, this matter shall be dismissed from the Commission docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2007-00075
OCTOBER 9, 2007**

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
UNITED TELEPHONE-SOUTHEAST, INC.

For Waiver of Rule 20 VAC 5-413-20 A of the Commission's Rules Governing Disconnection of Local Exchange Telephone Service

ORDER GRANTING WAIVER

On September 9, 2007, Central Telephone Company of Virginia and United Telephone-Southeast, Inc. (collectively "Embarq" or "Applicant"), filed with the State Corporation Commission ("Commission") its Application for Waiver of Commission Rules Governing Disconnection of Local Exchange Telephone Service ("Request"). Embarq's Request was filed pursuant to 20 VAC 5-413-50, requesting relief from the specific billing disclosure requirements of 20 VAC 5-413-20 A of the Commission's Rules Governing Disconnection of Local Exchange Telephone Service.

Embarq requests waiver of Commission Rule 20 VAC 5-413-20 A so that Embarq may be allowed to offer its customers an optional Summary Bill format as an alternative to the traditional bill customers currently receive. Embarq states that the optional Summary Bill was developed in response to customer preference. Embarq states that use of the Summary Bill¹ is completely optional and that customers may switch back to traditional billing without charge. Embarq notes that the Summary Bill does not utilize symbols to flag line items for which service can be disconnected for failure to pay. However, the Summary Bill does include an extended bill message which includes an explanation of and the exact amount that a customer must pay to retain local service. Embarq asserts that the proposed Summary Bill complies with the intent of the Commission's Rules set out in 20 VAC 5-413-10 et seq.

¹ There is no charge to the customer for the Summary Bill.

NOW THE COMMISSION, having considered Embarq's Request, the Commission's Rules Governing Disconnection of Local Exchange Telephone Service, and applicable law, is of the opinion and finds that a waiver should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The request by Embarq for waiver of Commission Rule 20 VAC 5-413-20 A is hereby granted for purposes of offering the optional Summary Bill format to its customers as described in its application.

(2) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2007-00081
NOVEMBER 30, 2007**

JOINT PETITION OF
MCG CAPTIAL CORPORATION,
BROADVIEW NETWORKS HOLDINGS, INC.,
BROADVIEW NETWORKS OF VIRGINIA, INC.,
ATX TELECOMMUNICATIONS SERVICES OF VIRGINIA, LLC,
EUREKA TELECOM OF VA, INC.,
and
INFOHIGHWAY OF VIRGINIA, INC.

For approval of the indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc.

ORDER

On October 1, 2007, MCG Capital Corporation, Broadview Networks Holdings, Inc. ("Broadview Holdings"), Broadview Networks of Virginia, Inc. ("Broadview-VA"), ATX Telecommunications Services of Virginia, LLC ("ATX-VA"), Eureka Telecom of VA, Inc. ("Eureka-VA"), and InfoHighway of Virginia, Inc. ("InfoHighway-VA") (Broadview-VA, ATX-VA, Eureka-VA, and InfoHighway-VA are collectively referred to as the "Licensees") (MCG Capital Corporation, Broadview Holdings, and the Licensees are collectively referred to as the "Joint Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the indirect transfer of control of the Licensees. The joint petition was filed concurrently with an application with the Federal Communications Commission ("FCC") for approval of the same proposed transaction. The FCC application was filed and accepted under the FCC's guidelines for streamlined review. As such, the instant joint petition was filed requesting streamlined treatment pursuant to the *Guidelines for Streamlined Review of Certain Applications by Telephone Companies Under Title 56, Chapter 5 of the Code of Virginia*. On November 1, 2007, the Joint Petitioners informed the Commission that on October 31, 2007, the FCC issued its Notice of Removal of Domestic Section 214 Application from Streamlined Treatment indicating that it had removed the application from streamlined review. On November 6, 2007, the Staff filed a second Memorandum of Completeness, a copy of which was sent to counsel for the Joint Petitioners, advising that, as a result of such action by the FCC, the joint petition filed with the Commission was being removed from streamlined review. The application filed with the FCC is still pending.

As stated in the joint petition, Broadview Holdings is a privately held Delaware corporation with its principal business office in Rye Brook, New York. Broadview Holdings is the ultimate parent company of the Licensees. The Licensees are competitive carriers certificated to provide telecommunications services in Virginia. Broadview Holdings is also the ultimate parent company of Broadview Networks, Inc., Broadview NP Acquisition Corp., BridgeCom International, Inc., TruCom Corporation, ATX Licensing, Inc., A.R.C. Networks, Inc., and Eureka Telecom, Inc., each of which provides telecommunications services in multiple states.

Broadview-VA is a subsidiary of Broadview Networks, Inc., which is a network-based electronically integrated communications provider that serves small and medium sized businesses. Broadview-VA is certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity ("CPCN") Nos. T-490 and TT-96A, respectively, granted in Case No. PUC-2000-00063.

ATX-VA is directly owned by ATX Licensing, Inc., which is a facilities-based integrated communications provider of local exchange and interexchange telecommunications services as well as Internet, e-business, and high-speed data services to business and residential customers in the Mid-Atlantic and select areas of Texas. In Virginia, ATX-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to CPCNs Nos. T-3 88a and TT-217A issued in Case Nos. PUC-2000-00228 and PUC-2005-00105, respectively.

InfoHighway-VA is an affiliate of A.R.C. Networks, Inc., which provides integrated communications solutions, including end-to-end voice and data communications solutions primarily to business customers in major markets in the Northeastern United States and areas of Texas. InfoHighway-VA is certificated to provide local exchange telecommunications services in Virginia pursuant to CPCN No. T-562 issued in Case No. PUC-2001-00079.

Eureka-VA is an affiliate of Eureka Telecom, Inc., which provides integrated communications solutions, including end-to-end voice and data communications primarily to business customers in major markets in the Northeastern and Mid-Atlantic states. In Virginia, Eureka-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to CPCN Nos. T-575a and TT-16713, respectively, issued in Case No. PUC-2005-00114.

The largest of the current owners of Broadview Holdings are Baker Capital, which controls approximately 15%, and MCG Capital Corporation, which controls approximately 47%. No other current shareholder owns or controls 10% or greater of Broadview Holdings. MCG Capital Corporation controls more than 50% of the voting stock and is contractually entitled to appoint a majority of the Board of Directors of Broadview Holdings.

The Joint Petitioners request approval to consummate a financial transaction that would result in the transfer of control of Broadview Holdings and the transfer of indirect control of the Licensees. Broadview Holdings plans to issue new stock in an aggregate amount of up to \$500 million through either a private placement or public offering of Broadview Holdings stock. As a result of the proposed stock issuance, control of Broadview Holdings and, therefore, the Licensees, will be dispersed among multiple new shareholders. The proceeds may be used for a variety of reasons including network expansion, technological upgrades, and other capital investments, as well as to provide working capital and defray transaction costs. The proceeds may also be used to repurchase outstanding stock, providing Broadview Holdings' current investors with a potential liquidity event.

The Joint Petitioners state that, following the stock issuance, it is not anticipated that any new shareholder would own 10% or more of Broadview Holdings, although Baker Capital and MCG Capital Corporation may each retain a 10% or greater stake in Broadview Holdings. Although MCG Capital Corporation may retain a 10% ownership in Broadview Holdings, it may fall below 25%, which constitutes a disposition of control pursuant to § 56-88.1 of the Code. The Joint Petitioners represent that the proposed transaction will be entirely transparent to customers and will not affect the day-to-day operations of the Licensees. The Joint Petitioners farther represent that, following the proposed transaction, the Licensees will continue to operate as before without a change in their rates, terms, or conditions of service.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners, and having been advised by its Staff, is of the opinion and finds that only after the FCC has completed its review and granted its final approval can we be assured that the transfer of control of the Licensees as described herein, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. This finding is consistent with past Chapter 5 applications under review by the FCC. We, therefore, believe that our approval of the proposed transaction should be conditioned upon approval by the FCC and that the Joint Petitioners should keep the Staff aware of any developments regarding such review.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the transaction as described herein to allow for the transfer of control of the Licensees conditioned upon approval by the FCC.
- (2) The Joint Petitioners shall file with the Commission proof of approval by the FCC of the proposed transfer of control within ten (10) days of such approval.
- (3) Should approval not be granted by the FCC, the Joint Petitioners shall promptly file proof of denial with the Commission. Should the proposed transfer of control be terminated by any of the Joint Petitioners, notification of such shall be promptly filed with the Commission.
- (4) This matter shall be continued until the requirements of ordering paragraphs (2) and (3) have been met.

**CASE NO. PUC-2007-00085
DECEMBER 18, 2007**

PETITION OF
NTELOS TELEPHONE INC.,
ROANOKE & BOTETOURT TELEPHONE COMPANY,
NTELOS NETWORK INC.,
NA COMMUNICATIONS INC.,
R&B NETWORK, INC.,
NTELOS HOLDINGS CORP.,
QUADRANGLE NTELOS HOLDINGS II LP,
and
QUADRANGLE CAPITAL PARTNERS LP

For approval of an indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital Partners LP and Quadrangle NTELOS Holdings II LP

ORDER GRANTING APPROVAL

On October 5, 2007, NTELOS Telephone Inc. ("NTELOS Telephone"), Roanoke & Botetourt Telephone Company ("R&B Telephone"), NTELOS Network Inc. ("NTELOS Network"), NA Communications Inc. ("NA Communications"), R&B Network, Inc. ("R&B Network"), NTELOS Holdings Corp. ("NTELOS Holdings"), Quadrangle NTELOS Holdings II LP ("Quadrangle Holdings"), and Quadrangle Capital Partners LP ("QCP I") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of an indirect transfer of control of NTELOS Telephone, R&B Telephone, NTELOS Network, NA Communications, and R&B Network to Quadrangle Holdings and QCP I (together, "Quadrangle Funds"), both of which are private investment firms. NTELOS Telephone, R&B Telephone, NTELOS Network, NA Communications, R&B Network, NTELOS Holdings, and Quadrangle Funds are referred to herein collectively as the "Petitioners."

NTELOS Holdings, a Delaware corporation, owns 100 percent of the equity of NTELOS Inc. ("NTELOS"). NTELOS is a Virginia business corporation headquartered in Waynesboro, Virginia. NTELOS Telephone, a subsidiary of NTELOS, is a Virginia public service company providing incumbent local exchange telecommunications services ("ILEC") in Alleghany and Augusta Counties, the City of Covington, the Town of Clifton Forge, and the City of Waynesboro.

R&B Telephone also a subsidiary of NTELOS, is a Virginia public service company providing ILEC services in and around Botetourt County, Virginia, including Danville, Troutville, and Fincastle. R&B Telephone and NTELOS Telephone are collectively known as the "NTELOS ILECs."

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

R&B Network, NTELOS Network, and NA Communications (collectively, the "NTELOS CLECs") offer competitive local exchange telecommunications services ("CLEC") in several Virginia cities. In addition to CLEC services, NTELOS Network and R&B Network provide long distance telecommunications services within the ILEC and CLEC service areas in Virginia. The NTELOS CLECs are either direct or indirect subsidiaries of NTELOS. The NTELOS ILECs and NTELOS CLECs are collectively known as the "Telephone Companies."

In an Order issued on April 19, 2005, in Case No. PUC-2005-00024, the Commission granted Citigroup Venture Capital Equity Partners, L.P. ("CVC") and QCP I the authority to acquire control of NTELOS from NTELOS' previous controlling stockholders, Capital Research and Management Company and Morgan Stanley & Co. Pursuant to that Order, CVC and QCP I each acquired a 46.29% controlling interest in the common stock of NTELOS Holdings, which became the owner of NTELOS. The final stage of the transaction in which CVC and QCP I acquired control of NTELOS closed on May 2, 2005.

On February 9, 2006, NTELOS Holdings became a publicly-traded company through an Initial Public Offering ("IPO") of its shares of common stock. As a result of the issuance of NTELOS Holdings shares, the respective ownership of CVC and QCP I each was reduced to 29.29%. Following the IPO, CVC and QCP I contractually agreed not to sell any of their shares of NTELOS Holdings for six months.

After the six month period, however, CVC and QCP I wanted the flexibility to sell shares from time to time in the open market, to third parties in private transactions, or in a Securities and Exchange Commission ("SEC") "secondary offering," any of which could result in either CVC or QCP I dropping below the 25% ownership threshold, and therefore disposing of control, pursuant to § 56-88.1 of the Code. Consequently, CVC, QCP I, NTELOS Holdings, and the Telephone Companies filed a petition with the Commission on July 13, 2006, for approval of a possible disposition of control by CVC and QCP I. Such approval was granted in the Commission's Order Granting Approval issued September 29, 2006. On April 4, 2007, CVC and QCP I completed a secondary offering in which they sold an aggregate of 12,650,000 shares of NTELOS Holdings stock. With the completion of the secondary offering, each entity's ownership interest in NTELOS Holdings fell below 25%.

Quadrangle Holdings has offered to purchase the remaining stock of NTELOS Holdings held by CVC. This purchase would result in Quadrangle Funds' ownership of approximately 27% of NTELOS Holdings, and, therefore, an indirect acquisition of control of the Telephone Companies.

The Petitioners further request authority for Quadrangle Funds to dispose of control of the Telephone Companies, subsequent to Quadrangle Holdings purchasing CVC's stocks, through the selling of NTELOS Holdings stock. The Petitioners ask that such authority be granted through December 31, 2008. The Petitioners state that the proposed transactions will not have an adverse effect on service quality or cause any increase in customers' rates.

The proposed purchase of NTELOS Holdings stock by Quadrangle Holdings will result in Quadrangle Holdings owning approximately 13% of NTELOS Holdings. QCP I currently owns approximately 14% of the stock of NTELOS Holdings and, thus, the combined ownership of Quadrangle Funds of NTELOS Holdings would rise above the 25% threshold and constitute an acquisition of control pursuant to the Utility Transfers Act. The Petitioners represent that the resulting acquisition of control of the Telephone Companies is incidental to the investment objectives of QCP I and Quadrangle Holdings. The Petitioners state that Quadrangle Funds, either separately or jointly, does not intend to gain operational control of NTELOS Holdings.

After the proposed acquisition of NTELOS Holdings by Quadrangle Funds, the Petitioners state that Quadrangle Funds each want the flexibility to manage individual investments by being able to sell shares of NTELOS Holdings from time to time in the open market, to third parties in private transactions, or in a "secondary offering" registered with the SEC. A relatively small sale of NTELOS Holdings stock by either company could result in a disposition of control. The Petitioners further represent that, like the above-mentioned proposed acquisition of control, the proposed disposition of control is incidental to the companies' investment objectives.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transactions to allow for the acquisition and disposition of indirect control of NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network, Inc., NA Communications Inc., and R&B Network, Inc., as described herein.

(2) The approval for disposition of control shall extend through December 31, 2008.

(3) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the acquisition of control and subsequent disposition of control, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00086
DECEMBER 21, 2007**

PETITION OF
AMERICAN FIBER NETWORK OF VIRGINIA, INC.,
CLOSECALL AMERICA, INC. OF VIRGINIA,
MOBILEPRO CORP.,
AMERICAN FIBER NETWORK, INC.,
CLOSECALL AMERICA, INC.,
and
UNITED SYSTEMS ACCESS, INC.

For approval of a transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.

ORDER GRANTING APPROVAL

On October 9, 2007, MobilePro Corp. ("MobilePro"), American Fiber Network, Inc. ("AFN"), CloseCall America, Inc. ("CloseCall"), and United Systems Access, Inc. ("USAI") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of control of AFN and CloseCall to USAI. The petition was deemed complete as of November 21, 2007.

In response to Staff inquires, on December 21, 2007, American Fiber Network of Virginia, Inc. ("AFN-VA"), CloseCall America, Inc. of Virginia ("CloseCall-VA"), MobilePro, AFN, CloseCall, and USAI (collectively, the "Petitioners") filed an amendment ("Amendment") to the petition to include AFN-VA and CloseCall-VA as petitioners and to correct the names of the Virginia entities that will be transferred to USAI. With the Amendment, the Petitioners request Commission approval to transfer control of AFN-VA and CloseCall-VA from MobilePro to USAI.

MobilePro is a Delaware corporation with its principal business office located in Bethesda, Maryland. MobilePro is a widely-held publicly-traded corporation that offers telecommunications services through its wholly owned subsidiaries: Affinity Telecom, Inc., Davel Communications, Inc., AFN, AFN-VA, CloseCall, and CloseCall-VA. AFN-VA is a wholly owned subsidiary of MobilePro that is certificated to provide local exchange telecommunications services in Virginia pursuant to certificate of public convenience and necessity ("CPCN") No. T-493 issued in Case No. PUC-1999-00221. CloseCall-VA is a wholly owned subsidiary of CloseCall that is certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to CPCN Nos. T-665 and TT-231A, respectively, issued in Case No. PUC-2006-00087.

USAI is a privately held Delaware corporation with a principal business office in Kennebunk, Maine. USAI is the parent company of United Systems Access Telecom, Inc., which is authorized to provide competitive local and/or long distance telecommunications services in Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

On June 30, 2007, MobilePro and USAI entered into an agreement under which USAI will purchase 100 percent of the stock of both AFN and CloseCall and, thereby, acquiring indirect ownership of AFN-VA and CloseCall-VA. Following the proposed transaction, AFN-VA and CloseCall-VA will become wholly owned subsidiaries of USAI. MobilePro will receive a combination of cash and USAI stock as part of the proposed transaction. The Petitioners state that, following the proposed transfer, AFN-VA and CloseCall-VA's customers will continue to receive services under the same rates, terms, and conditions as those services are currently provided. The Petitioners further state that the proposed transfer will not cause any service interruptions or have any impact on AFN-VA or CloseCall-VA's day-to-day operations in Virginia.

The Petitioners represent that the operations of the Petitioners are highly complementary and that the proposed transfer will enhance the ability of the companies to expand their respective operations both in terms of service area coverage and offering customers more products and services. The Petitioners further represent that the proposed transaction will be conducted in a manner that will be transparent to customers of AFN-VA and CloseCall-VA, and it will not result in a change of carrier for customers or any transfer of authorizations.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transaction to allow for the transfer of control of AFN-VA and CloseCall-VA from MobilePro to USAI, as described herein.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2007-00089
NOVEMBER 1, 2007**

PETITION OF
EAST TENNESSEE NETWORK, LLC

For Authority to Discontinue Telecommunications Services in Virginia and Cancellation of Certificate and Tariffs

**ORDER PERMITTING DISCONTINUANCE OF SERVICE AND
CANCELLATION OF CERTIFICATE AND TARIFFS**

On October 10, 2007, East Tennessee Network, LLC ("East Tennessee" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting Commission approval to discontinue its interexchange telecommunications services in Virginia. In addition, the Company is requesting that its certificates of public convenience and necessity to provide interexchange and local exchange telecommunications services¹ along with all tariffs also be canceled.

East Tennessee states that it currently does not have any customers that receive local exchange services but does provide service to 19 DSL and long distance customers in Virginia. The Company requests that it be allowed to discontinue service on November 10, 2007.

The Company states that it furnished notice to its Virginia customers by mail on October 5, 2007.² The Commission's primary concern with authorizing discontinuance of any telecommunications services is providing adequate notice to the affected customers. We have reviewed the notice provided by the Company and find that it provides customers with 30 days' notice of the discontinuance of service.

NOW THE COMMISSION, having considered the pleading and the applicable statutes and rules, is of the opinion and finds that this matter should be docketed and assigned Case No. PUC-2007-00089.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2007-00089.
- (2) East Tennessee Network, LLC, on November 5, 2007, shall report to the Commission's Division of Communications the number of its remaining customers in Virginia.
- (3) East Tennessee Network, LLC, is authorized to cease providing its interexchange telecommunications services in Virginia as of November 10, 2007.
- (4) Certificate Nos. TT-184A authorizing the provision of interexchange telecommunications services and T-596 authorizing the provision of local exchange telecommunications services are hereby cancelled as of November 10, 2007.
- (5) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of November 10, 2007.
- (6) There being nothing further to come before the Commission, this case is hereby closed.

¹ Certificate Nos. TT-184A and T-596, respectively.

² A copy of the letter was attached to the application.

**CASE NO. PUC-2007-00092
NOVEMBER 1, 2007**

PETITION OF
CAT COMMUNICATIONS INTERNATIONAL, INC.

For Authority to Discontinue All Local Exchange Telecommunications Services in Virginia and Cancellation of Certificate and Tariffs

**ORDER PERMITTING DISCONTINUANCE OF SERVICE AND
CANCELLATION OF CERTIFICATE AND TARIFFS**

On October 17, 2007, CAT Communications International, Inc. ("CCI" or the "Company"), filed a petition with the State Corporation Commission ("Commission") requesting Commission approval to discontinue all of its local exchange services in Virginia. In addition, the Company is requesting that its certificate of public convenience and necessity to provide local exchange telecommunications services and tariffs also be canceled.

CCI states that the discontinuance of service is the result of changes in business circumstances. The Company requests that it be allowed to discontinue service on November 30, 2007. The discontinuance of service will affect approximately 430 customers located in the Embarq service territory.

Pursuant to Rule 20 VAC 5-423-30 of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Discontinuance Rules"), a competitive local exchange carrier must furnish notice to customers in the prescribed manner before any services may be discontinued. The Commission's primary concern with authorizing discontinuance is providing adequate

notice to the affected customers. Notice must meet the requirements of the Discontinuance Rules and provide, at a minimum, 30 days' notice. CCI represents that it furnished its customers notice of its discontinuance of service by a mailing on October 16, 2007. We have reviewed the notice and found that it is adequate and meets the minimum requirements of the Discontinuance Rules.

NOW THE COMMISSION, having considered the pleading and the applicable statutes and rules, is of the opinion and finds that this matter should be docketed and assigned Case No. PUC-2007-00092.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2007-00092.
- (2) CAT Communications International, Inc. is authorized to cease providing its local exchange services in Virginia as of November 30, 2007.
- (3) Certificate No. T-471 authorizing the provision of local exchange telecommunications services is hereby cancelled as of November 30, 2007.
- (4) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of November 30, 2007.
- (5) There being nothing further to come before the Commission, this case is hereby closed.

**CASE NO. PUC-2007-00096
NOVEMBER 29, 2007**

APPLICATION OF
CNT TELECOM SERVICES, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated February 10, 2005, in Case No. PUC-2004-00079, the State Corporation Commission ("Commission") granted CNT Telecom Services, Inc. ("CNT" or the "Company"), Certificates No. T-638 to provide local exchange telecommunications services and TT-211A to provide interexchange telecommunications services in Virginia.

By letter application filed October 19, 2007, CNT requested that its Certificates T-638 and TT-211A be cancelled. The application stated that CNT does not currently provide any regulated intrastate services in Virginia. CNT requests cancellation of its tariff on file with the Commission. In a letter dated October 29, 2007, the Company asked to amend its application to request the return of the Letter of Credit issued by Wells Fargo and on file with the Commission, in accordance with 20 VAC 5-417-20 G 1 b, on behalf of CNT.

NOW THE COMMISSION, having considered the matter, is of the opinion that CNT's certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00096.
- (2) Certificate No. T-638 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-211A granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The Commission's Division of Economics and Finance shall forward to counsel for CNT the original Letter of Credit held on behalf of CNT.
- (5) Any tariffs associated with the certificates mentioned above are hereby cancelled.
- (6) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00111
DECEMBER 28, 2007**

APPLICATION OF
PATHNET OPERATING OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

ORDER

By Order dated January 24, 2001, in Case No. PUC-2000-00197, the State Corporation Commission ("Commission") granted Pathnet Operating of Virginia, Inc. ("Pathnet" or the "Company"), Certificates No. T-534 to provide local exchange telecommunications services and TT-129A to provide interexchange telecommunications services in Virginia.

A letter application filed November 21, 2007, submitted by legal counsel for the bankruptcy trustee for Pathnet, whose bankruptcy is presently pending in the United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division, requested that Pathnet's Certificates T-534 and TT-129A be cancelled. The application stated that Pathnet is no longer an operating entity, having ceased all operations on or about July 24, 2001. As such, Pathnet is no longer providing local, interexchange, or any other telecommunication services in the Commonwealth of Virginia. The Company has no tariffs on file with the Commission.

NOW THE COMMISSION, having considered the matter, is of the opinion that Pathnet's certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2007-00111.
- (2) Certificate No. T-534 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-129A granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2007-00113
DECEMBER 21, 2007**

JOINT PETITION OF
LEVEL 3 COMMUNICATIONS, INC.,
LEVEL 3 COMMUNICATIONS, LLC,
WILTEL COMMUNICATIONS OF VIRGINIA, INC.,
LOOKING GLASS NETWORKS OF VIRGINIA, LLC,
TELCOVE OF VIRGINIA, LLC,
BROADWING COMMUNICATIONS, LLC,
and
SOUTHEASTERN ASSET MANAGEMENT, INC., on behalf of its advisory clients

For approval of an increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC

ORDER GRANTING APPROVAL

On November 29, 2007, Level 3 Communications, LLC ("Level 3"), Level 3 Communications, Inc. ("Level 3 Inc."), and Southeastern Asset Management, Inc. ("Southeastern"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of an increase in the aggregate beneficial ownership of shares of common stock of Level 3 Inc. by Southeastern, resulting in the indirect acquisition of control of Level 3. The joint petition was made complete as of December 4, 2007.¹

On December 14, 2007, Level 3 Inc., Level 3, Southeastern, WilTel Communications of Virginia, Inc. ("WilTel"), Looking Glass Networks of Virginia, LLC ("Looking Glass"), TelCove of Virginia, LLC ("TelCove"), and Broadwing Communications, LLC ("Broadwing"), filed a Motion to Amend Joint Petition ("Motion") by adding WilTel, Looking Glass, TelCove, and Broadwing as petitioners to the joint petition. Level 3 Inc., Level 3, WilTel, Looking Glass, TelCove, Broadwing, and Southeastern are referred to herein collectively as the "Joint Petitioners."

Level 3 Inc. is a publicly traded Delaware corporation headquartered in Broomfield, Colorado. Through its wholly owned subsidiaries, Level 3, WilTel, WilTel Communications, LLC, WilTel Local Network, LLC, Progress Telecom, LLC, Looking Glass, Looking Glass Networks, Inc., ICG Telecom Group, Inc., various operating companies of Telcove, Inc., and Broadwing, Level 3 Inc. provides voice and data services to carriers, ISPs, and other business customers over its IP-based network. The Level 3 operating subsidiaries are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration, or tariff requirements, or on a deregulated basis.

¹ See Staff's memorandum of completeness issued December 7, 2007.

Level 3 is certificated to provide competitive local exchange and interexchange telecommunications services pursuant to certificates of public convenience and necessity ("CPCN") Nos. T-409 and TT-49A, respectively, issued in Case No. PUC-1997-00197 on March 31, 1998. WiTel is certificated to provide competitive local exchange and interexchange services pursuant to CPCN Nos. T-473A and TT-42C, respectively, issued in Case No. PUC-2004-00019 on February 24, 2004. Looking Glass is certificated to provide local exchange and interexchange telecommunications services pursuant to CPCN Nos. T-526 and TT-122A, respectively, issued in Case No. PUC-2000-00175 on January 4, 2001. TelCove is certificated to provide local exchange and interexchange telecommunication services pursuant to CPCN Nos. T-433c and TT-63D, respectively, issued in Case No. PUC-2004-00071 on June 11, 2004. Broadwing is certificated to provide interexchange telecommunications services pursuant to CPCN No TT-195B issued in Case No. PUC-2003-00119 on September 16, 2003, and local exchange telecommunications pursuant to CPCN No. T-635 issued in Case No. PUC-2004-00106 on December 21, 2004. Level 3, WiTel, Looking Glass, TelCove, and Broadwing (collectively, the "Virginia Ops") are all wholly owned subsidiaries of Level 3 Inc.

Southeastern Asset Management, Inc. ("Southeastern") is an investment adviser, registered under the U.S. Investment Advisers Act of 1940, as amended, and manages accounts on behalf of registered investment companies as well as separate institutional managed accounts. Southeastern's principal place of business is located in Memphis, Tennessee.

The Joint Petitioners request approval to allow Southeastern, as investment adviser on behalf of its institutional clients, including without limitation Longleaf Partners Fund and Longleaf Partners Small-Cap Fund, to increase its clients' aggregate beneficial ownership of shares of common stock of Level 3 Inc. from approximately 24.9 percent to no more than 29.9 percent. The increase in ownership may result in Southeastern's ownership percentage of Level 3 Inc. to rise above 25 percent, which constitutes an acquisition of control and, therefore, an acquisition of indirect control of the Virginia Ops.

On November 17, 2007, Level 3 Inc. and Southeastern entered into a Standstill Agreement ("Agreement"). The Agreement placed certain restrictions on the transfer provisions agreed to by Level 3 Inc. and Southeastern in February 2005 in connection with the purchase by Southeastern's clients of Level 3 Inc.'s 10% Convertible Senior Notes due in 2011. In addition to placing certain restrictions on Southeastern's ability to convert the notes into common stock for its clients, the Agreement allows Southeastern to purchase for its clients existing shares on the market but places an upper limit on Southeastern's clients' aggregate ownership of shares at 459,500,000, or 29.9 percent of the common stock of Level 3 Inc.'s outstanding stock as of November 2, 2007.

The Joint Petitioners state that neither Southeastern nor any of its investment advisory clients will have any involvement in the day-to-day operations of Level 3 Inc. as a result of the proposed transaction. The Joint Petitioners further state that, after the proposed transaction, the Virginia Ops will operate in Virginia pursuant to their existing certificates under the same rates, terms, and conditions of service as present.

The Joint Petitioners represent that there will be no changes in management of the Virginia Ops and that the proposed transaction will be seamless and transparent to customers in Virginia. The Joint Petitioners state that the service, rates, and conditions of service provided to the customers of the Virginia Ops will remain subject to the jurisdiction of the Commission to the same extent as before the proposed transaction and that the Virginia Ops will continue to file tariffs, notices, and reports with the Commission, as appropriate, regarding all of their intrastate services.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the Joint Petitioners' Motion should be accepted and that the above-described transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Petitioners' Motion is hereby accepted.
- (2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted approval to consummate the transaction to allow for the acquisition of indirect control of the Virginia Ops by Southeastern, as described herein.
- (3) The Joint Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

DIVISION OF ENERGY REGULATION

**CASE NO. PUE-2000-00551
FEBRUARY 6, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: In the matter concerning the application of Virginia Electric and Power Company d/b/a Dominion Virginia Power for approval of a plan to transfer functional and operational control of certain transmission facilities to a Regional Transmission Entity

ORDER ON JOINT MOTION TO AMEND STIPULATION

On November 10, 2004, the State Corporation Commission ("Commission") entered its Order Granting Approval in this matter, in which it approved the request of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP") to transfer functional and operational control of its transmission facilities in Virginia to a regional transmission organization, PJM Interconnection LLC ("PJM"), subject to the terms and conditions of a Partial Stipulation entered into among, and signed by, many of the parties to the case.

Among its provisions, the Partial Stipulation provided that PJM would file annual reports on certain topics with the Commission, commencing in 2006 and ending with a report filed in 2010. Such reports were to be filed on or before May 1 of each year.

On January 11, 2007, the Staff of the Commission ("Staff") and PJM filed their Joint Motion to Amend Stipulation ("Motion"), requesting that the filing date for these reports be changed from May 1 of each calendar year, beginning in 2007, to July 15 of each calendar year. The Motion advised that none of the signatories to the Partial Stipulation had noted any objection to the proposed amendment.

NOW THE COMMISSION, being sufficiently advised, is of the opinion that the relief requested by Motion should be GRANTED.

Accordingly, IT IS ORDERED THAT:

(1) Paragraph No. 2 of the Partial Stipulation approved by previous order herein shall be amended to add, at the end of the current wording, the following: "Beginning in calendar year 2007, such reports will be filed on or before July 15 of each year for which they are due."

(2) This matter is continued generally.

**CASE NO. PUE-2001-00588
SEPTEMBER 11, 2007**

IN THE MATTER OF
SHANNON FOREST WATER CORPORATION

Appointment of a Receiver

DISMISSAL ORDER

On October 30, 2001, customers of Shannon Forest Water Corporation ("Shannon Forest" or "Company") filed a petition with the State Corporation Commission ("Commission") requesting that a receiver be appointed to take over the operations of the Company. The petition alleged that Shannon Forest was unable or unwilling to provide adequate water service and requested that a receiver be appointed to operate the Company, as authorized by § 56-265.13:6.1 of the Small Water or Sewer Public Utility Act, Chapter 10.2:1 (§ 56-265.13:1 *et seq.*) of Title 56 of the Code of Virginia (the "Act").

On November 16, 2001, the Commission issued an Initial Order finding that Shannon Forest was subject to the Commission's jurisdiction under the Act, and that the requisite two-thirds of the Company's customers joined in the petition, as required by § 56-265.13:6.1 A of the Act. The Commission therefore docketed the petition, directed the Company to file a response to the petition, and allowed the Commissioner of Health and other interested persons to file a notice of participation as a respondent, as provided by Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure.

On February 8, 2002, Shannon Forest filed its answer to the petition denying that it was unwilling or unable to provide adequate service. The answer further stated that the Company was insolvent and had filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. The Company also represented that it would attempt to continue operating the water system until a suitable purchaser of the system was located.

On February 19, 2002, the Commission entered an Order continuing any further action on the petition in light of the Company's decision to file a petition in bankruptcy. The Commission Staff was further directed to monitor the bankruptcy proceeding and maintain contact with the parties. If it appeared that the Commission could proceed in this matter in conformity with Federal and State law, the Staff and parties were invited to file a motion for entry of an Order directing further proceedings.

On June 29, 2002, the Bankruptcy Court entered an Order dismissing Shannon Forest's petition in bankruptcy in In re: Shannon Forest Water Corporation, Case No. 7-02-00422-RKR (Bankruptcy Court W.D. Va.). In response to the Bankruptcy Court's Order, the Commission entered an Order for Notice and Hearing on October 23, 2002, which assigned the petition to a hearing examiner for all further proceedings, established a procedural schedule for

the filing of testimony and comments, and scheduled a local hearing to receive evidence on the petition at 1:00 p.m. on December 5, 2002, in the Franklin County Courthouse, Rocky Mount, Virginia.

On November 20, 2002, the Virginia Department of Health ("VDH") filed a Motion for Continuance, requesting that the December 5, 2002 hearing date be continued generally. In support of its Motion, the VDH indicated that a viable receiver for the water system no longer existed, and that to proceed with the hearing would be a waste of resources for everyone involved. By Ruling dated November 21, 2002, the Commission's Hearing Examiner granted VDH's Motion and continued the matter generally pending further Ruling of the Examiner.

After over of two years of inactivity in the case, the Commission's Office of General Counsel filed a Motion to Discontinue Proceeding on May 2, 2005, requesting that the proceeding be discontinued without prejudice. By Rulings entered on May 3, 2005 and May 4, 2005, the Hearing Examiner directed interested parties to file any responses to the Motion to Discontinue Proceeding by May 19, 2005.

On May 19, 2005, Charles Jordan¹ sent an e-mail to Staff counsel objecting to the Motion to Discontinue Proceeding. Through a series of e-mail exchanges and a telephone conversation between Staff counsel and Mr. Jordan, the Staff requested that Mr. Jordan provide the Hearing Examiner with proposed dates on which a local hearing could be held to receive comments from Mr. Jordan and the Company's customers on their petition. However, Mr. Jordan did not provide the Staff with any dates on which a local hearing could be held. As a result, the case remained inactive for an additional two years before any other action was taken in this proceeding.

On June 7, 2007, the Office of General Counsel filed a Motion to Dismiss the proceeding for the failure of Mr. Jordan and other customers of Shannon Forest to prosecute the proceeding with due diligence.

On July 2, 2007, the Hearing Examiner filed a Report in this proceeding. The Hearing Examiner's Report recited the procedural history of this case, and noted that since October 23, 2002, "there has been no substantive Commission order or proceeding in this case." Hearing Examiner Report at 3. The Hearing Examiner therefore found that the Staff's Motion to Dismiss should be granted, and further recommended that the petition be dismissed by the Commission without prejudice. No comments were filed to the Hearing Examiner's Report.

NOW THE COMMISSION, having considered the procedural history of this proceeding and the Hearing Examiner's Report is of the opinion, and finds, that the recommendations of the Hearing Examiner should be adopted and that the petition filed herein by Shannon Forest's customers should be dismissed without prejudice. The pleadings filed in this case indicate that the customers of Shannon Forest have been given several opportunities to pursue their petition, but have failed to take advantage of their procedural due process rights to present evidence and be heard on their petition. Under these circumstances, and given the length of time that has elapsed with no significant action by the customers of Shannon Forest to pursue their petition, we find the Hearing Examiner's recommendations should be adopted and the petition dismissed without prejudice. Accordingly,

IT IS ORDERED THAT:

- (1) The findings and recommendations in the Hearing Examiner's Report filed herein on July 2, 2007, are adopted.
- (2) The petition for appointment of receiver filed by the customers of Shannon Forest Water Corporation shall be dismissed without prejudice.
- (3) This proceeding shall be closed, and the papers filed herein shall be passed to the Commission's file for ended causes.

¹ Mr. Jordan is not a petitioner in this proceeding and his status is unclear.

**CASE NO. PUE-2003-00222
MAY 31, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish an inter-company credit agreement

ORDER EXTENDING AUTHORITY

On May 23, 2003, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia wherein it requested authority to establish a \$1 billion inter-company credit agreement ("Credit Agreement") with its parent, Dominion Resources, Inc. ("Dominion" or "DRI"). By Order Granting Authority dated June 11, 2003, Virginia Power was authorized to establish the \$1 billion inter-company credit agreement with a termination date of May 30, 2005.

The Order Granting Authority required Applicant to report its use of the Credit Agreement annually. On May 11, 2005, Virginia Power filed its final report, as ordered, and requested authorization to extend the Credit Agreement through May 30, 2007.¹ By Order Extending Authority dated May 25, 2005, the Commission extended the authority through May 31, 2007. As required by the May 25th Order of the Commission, Applicant filed its report of action on May 21, 2007. In addition, in the May 21, 2007 filing, Virginia Power requested that the authority be extended for an additional 2-year period ending May 30, 2009.

Under the Credit Agreement, Virginia Power borrows from Dominion but the Credit Agreement does not allow Dominion to borrow from Virginia Power. Loans under the Credit Agreement are in the form of short-term demand notes with maturities of less than 365 days.

¹ The requested extension is contemplated in Section 2.10 of the approved Credit Agreement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Virginia Power stated in its May 23, 2003, application that on occasions, Dominion has cash available for use by its subsidiaries. On a DRI-consolidated basis, the best use of this available cash may be to reduce outstanding debt at Virginia Power. Approval of the Credit Agreement provided a means to execute such a transaction.

The interest rate or cost to Virginia Power is equal to or less than its displaced borrowing cost. Interest accrues daily at a rate no greater than the average rate of Virginia Power's outstanding commercial paper as determined on the business day immediately preceding the borrowing. If there is no outstanding commercial paper on that day, the interest rate will be no greater than that as determined by adding 1) the spread over one-month London Inter-Bank Offering Rate ("LIBOR") of the average rate on outstanding commercial paper as of the most recent business day wherein commercial paper was outstanding; and 2) the one-month LIBOR rate effective on the business day immediately preceding the borrowing.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that Virginia Power's continued participation in the Credit Agreement will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to continue to participate in the \$1 billion Credit Agreement with its parent, Dominion, under the terms and conditions and for the purposes set forth in Virginia Power's May 23, 2003, application.
- 2) Should Virginia Power wish to continue to participate in the Credit Agreement beyond May 30, 2009, Applicant shall file an application seeking such authority on or before April 30, 2009.
- 3) On or before June 30th of 2008 and 2009, Applicant shall file a report with the Commission detailing use of the Credit Agreement to include the date, amount, applicable interest rate of any loans under the Credit Agreement, the basis for the interest rate, and the use of the proceeds.
- 4) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the right, pursuant to § 56-79 of the Code of Virginia, to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- 6) The authority granted herein shall have no implications for ratemaking purposes.
- 7) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2004-00042
FEBRUARY 15, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an Annual Informational Filing for 2003

ORDER DISMISSING PROCEEDING

On April 29, 2004, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company") filed its Annual Informational Filing ("AIF") with the State Corporation Commission ("Commission"). This application included financial and operating data for the twelve months ending December 31, 2003, (hereafter collectively referred to as the "2003 AIF").

On May 4, 2005, the Staff filed its report in the captioned matter. On June 10, 2005, Columbia filed its response to the May 4, 2005, Commission Staff Report.

On December 12, 2006, a Proposed Stipulation and Recommendation was submitted concurrently¹ in Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 ("PBR Plan Application") and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100 ("Rate Investigation"). Paragraph 10 of the Proposed Stipulation and Recommendation provided that

¹ Those signing the Proposed Stipulation and Recommendation included Columbia; the Commission Staff; the Office of the Attorney General, Division of Consumer Counsel; Fairfax County; Chaparral (Virginia), Inc.; Glen Gery Corporation; Hess Corporation; Stand Energy Corporation; Virginia Industrial Gas Users' Association; Dominion Transmission, Inc.; Columbia Gas Transmission Corporation; and Transcontinental Gas Pipe Line Corporation.

[i]f accepted and approved by the Commission, within the first 60 days of the first year of the approved Amended PBR Plan, the Company and Staff will move the Commission to close the dockets regarding the Company's two open AIFs under Case Nos. PUE-2004-00042 and PUE-2005-00031.²

On December 21, 2006, the Chief Hearing Examiner issued her Report in the PBR Plan Application and Rate Investigation proceedings, wherein she recommended approval of the Proposed Stipulation and Recommendation. The Commission issued its Final Order on the PBR Plan Application and Rate Investigation on December 28, 2006, determining, among other things, that the findings and recommendations of the Chief Hearing Examiner should be adopted and that the Amended PBR Plan set forth in the Proposed Stipulation and Recommendation should be implemented effective January 1, 2007.

In accordance with the provisions of the December 28, 2006 Final Order entered in Case Nos. PUE-2005-00098 and PUE-2005-00100 and the Proposed Stipulation and Recommendation accepted therein, counsel for Columbia and Staff filed a joint motion on February 7, 2007, requesting the Commission to close Columbia's 2003 AIF (Case No. PUE-2004-00042), and 2004 AIF (Case No. PUE-2005-00031).

NOW UPON consideration of the foregoing, the Commission is of the opinion and finds that the February 7, 2007 Joint Motion filed by Columbia and Staff should be granted; that the captioned docket should be dismissed from the Commission's docket of active proceedings; and that the papers filed herein should be placed in the Commission's file for ended causes.

Accordingly, IT IS ORDERED THAT:

(1) The February 7, 2007 "Joint Motion of Columbia Gas of Virginia, Inc. and the Staff of the State Corporation Commission to Close AIF Proceedings" is hereby granted.

(2) The captioned proceeding is hereby dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

² Attachment A, Proposed Stipulation and Recommendation, at 5, appended to Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100 (Dec. 28, 2006 Final Order).

CASE NOS. PUE-2004-00074 and PUE-2007-00116 DECEMBER 20, 2007

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER CAPITAL CORP.

For continuing authority to participate in a Financial Services Agreement with an affiliate

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER CAPITAL CORP.

To continue authority granted in Case No. PUE-2004-00074 to enter into a Financial Services Agreement pursuant to the Affiliates Act, Va. Code §§ 56-76 et seq.

ORDER MODIFYING AUTHORITY

By Order dated October 12, 2004, in Case No. PUE-2004-00074, the State Corporation Commission ("Commission") authorized Virginia-American Water Company ("Virginia-American") and American Water Capital Corp. ("AWCC") (collectively "Applicants") to participate in a Financial Services Agreement ("FSA") under Chapter 4 of Title 56 of the Code of Virginia (§§ 56-76 et seq.) through December 31, 2007.

On December 14, 2007, Virginia-American filed a motion for interim authority ("Motion"), docketed as Case No. PUE-2007-00116, requesting that existing authority granted through the FSA be extended while the Applicants prepare a new application¹. According to the Motion, Virginia-American acknowledges that it missed the Commission's required deadline of November 1, 2007, in which to file a new application for continued authority beyond December 31, 2007.

THE COMMISSION, upon consideration of the Motion is of the opinion and finds that approval of the Motion is in the public interest. Further we find that extending the authority for three (3) months is appropriate for this matter.

¹ Applicants filed a new application for continuing authority under the FSA on December 17, 2007, which application is now docketed above as Case No. PUE-2007-00116.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Virginia-American's Motion is hereby granted, consistent with the findings above.
- (2) The Applicants are authorized to participate under the FSA for an additional three-month period through March 31, 2008.
- (3) The date by which Applicants shall file a final Report of Action is hereby extended from March 1, 2008, to April 30, 2008.
- (4) All other terms, conditions and requirements contained in the Commission's October 12, 2004 Order in Case No. PUE-2004-00074, except as modified herein, shall remain in full force and effect.
- (5) These cases shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2004-00085
JANUARY 10, 2007**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For amendments to Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement Of its Gas Tariff

ORDER UPON RECONSIDERATION

On October 16, 2006, the State Corporation Commission ("Commission") issued its final order and dismissed this matter. On November 3, 2006, pursuant to Rule 5 VAC 20-220 of the Commission's Rules of Practice and Procedure ("Procedural Rules"), Washington Gas Light Company ("WGL" or "Company") filed its Petition for Reconsideration ("Petition"). WGL's Petition sought clarification of only one of the revisions to Rate Schedule No. 9 required by the Order issued October 16, 2006. That revision would have required the insertion of the phrase "where possible" in the second sentence of the definition of Operational Flow Orders ("OFOs") as shown on Third Revised Page No. 46 of Rate Schedule No. 9 as submitted by WGL on September 8, 2006. Moreover, WGL asserted that the language of the Order gave Competitive Service Providers ("CSPs") an unintended option to discontinue gas deliveries where it was not possible for a CSP to deliver its gas to a different WGL receipt point. WGL's Petition states that WGL never intended to allow CSPs such an option. Instead, WGL asserts that it intended for the definition to list two different examples of actions that WGL might require of CSPs when it issued an OFO. WGL asserts that it alone should have the option to direct the CSP to discontinue delivery of CSP gas or to direct the CSP to deliver its gas to a different WGL receipt point.

By Order entered November 6, 2006, the Commission granted the Petition and suspended the Order of October 16, 2006, pending further order of the Commission. Participants were allowed to file comments on or before November 23, 2006, and WGL was allowed to reply to any such comments on or before December 1, 2006.

Hess Corporation ("Hess") filed comments on November 20, 2006, urging retention of the words "where possible" and also supporting the phrase in the Order of October 16, 2006, that states "...any resulting failure to deliver the CSP's Daily Required Volume ("DRV") should be countermanded by the OFO's requirement that no gas be delivered." See, Order of October 16, 2006, at p. 3.

NOW THE COMMISSION, having considered the Petition, Hess' Response, WGL's reply, and applicable law, is of the opinion and finds that upon reconsideration, WGL's Petition should be granted in part and the language of the Order of October 16, 2006 at pp. 2 and 3, should be altered.

The chief concern of WGL appears to be that CSPs might seize upon the wording of the questioned paragraph, particularly its final sentence, as permitting a CSP the option of not delivering its DRV when WGL issues an OFO. That was not the intent of that language. In order to clarify our intent, the Commission finds that the questioned paragraph should be stricken in its entirety, and replaced with a new paragraph that reads as follows:

WGL lists two examples of actions that it can require of CSPs, '...1)discontinuing delivery of the CSP's gas, or 2) requiring the CSP to provide the delivery to a different receipt point on its system.' A CSP that is using only a single interstate pipeline might not have access to a different receipt point. In such a case, that CSP and WGL would have to agree upon an alternative other than rerouting the delivery of the CSP's gas. The second example should recognize such a situation by adding the phrase "where possible" after the phrase "requiring the CSP." Where access to different receipt points is not available to a CSP, that CSP and WGL should work together to preserve the safety and integrity of the distribution system.

Accordingly, IT IS ORDERED THAT:

- (1) On reconsideration, the Commission's Order of October 16, 2006, is altered such that the paragraph beginning at the bottom of page 2 and concluding at the top of page 3 is stricken and replaced in its entirety by the paragraph set forth above.
- (2) WGL shall refile, within 30 days of the date of this Order, its Rate Schedule No. 9, Firm Gas Supplier Agreement with the "where possible" wording inserted as directed above.
- (3) Other than the effective date of Rate Schedule No. 9 and the revisions directed by the Ordering Paragraph (1) above, the Commission's Order of October 16, 2006, remains unaltered.
- (4) This matter is now dismissed and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUE-2004-00102
JUNE 26, 2007**APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For modification of Fuel Monitoring Procedures pursuant to Virginia Code § 56-249.3 and § 56-249.4

FINAL ORDER

In previous Orders entered in this docket, the Commission addressed the requests of Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") regarding the timing of public access to the Company's fuel data reported in the Fuel Monitoring System. By this Order, the Commission will close this docket as a result of an Order entered in Case No. PUE-2007-00025.¹

By way of background, legislation passed by the 2004 Session of the Virginia General Assembly² froze the Company's then current fuel factor through July 1, 2007, and eliminated deferred accounting for its fuel costs in the interim. Thereafter, the Company filed a Petition with the Commission on August 1, 2004, seeking relief from the monthly release of its fuel data to the general public via the Commission Staff's Fuel Monitoring System reports. The Company claimed that because of the 2004 legislation's enactment, the fuel data had become "competitively sensitive" and that its release on a monthly basis was potentially confusing because of deferred accounting's elimination, and unnecessary, in any event. This docket was established for purposes of addressing the Company's initial petition herein.

On February 1, 2005, the Commission entered an Order exercising its discretion under §§ 56-249.3 and 56-249.4 of the Code to establish an interval of five calendar quarters in which to make a "trial run" of the Company's (by then) substantially evolved proposal to (i) continue its monthly fuel data reporting as required by statute, and (ii) make such monthly data and the Staff's monthly Fuel Monitoring System reports concerning such data available to the general public on a quarterly basis.³ The Order further provided this trial run would conclude at the end of 2006's first calendar quarter, and that any continuation thereafter would require additional Commission approval.

Thereafter, Company filed a petition with the Commission on January 20, 2006, seeking to make permanent the quarterly release of its fuel data. The Commission's Order of April 10, 2006, addressing that petition, granted it in part. Specifically, the Commission directed the Commission Staff to continue to release the Company's fuel monitoring system reports to the public on a quarterly basis until ordered to do otherwise by the Commission. The Commission's April 10, 2006, Order in this docket further continued this matter generally, and thus left the docket open for further Commission direction thereon.

On April 9, 2007, Dominion Virginia Power filed with the Commission its application to increase its fuel factor effective for usage on and after July 1, 2007. In its response to the Company's application, the Commission Staff filed testimony in which the Staff observed, *inter alia*, that effective July 1, 2007, the Company's fuel expenses will once again be subject to deferred accounting. The Staff noted that since the absence of deferred accounting during the fuel factor "freeze" period (7/1/04 through 7/1/07) had formed the basis for the Company's initial request for relief in this docket, its restoration should be accompanied by the elimination of the fuel data reporting delays authorized in this docket. At the June 19, 2007, evidentiary hearing of that case, the Company, by its counsel, stipulated its agreement to the monthly public release by the Staff of the Company's fuel data commencing in July 2007.

The Commission has, therefore, entered an Order in that docket (Case No. PUE-2007-00025) directing that the Company's Fuel Monitoring System data shall be made available to the general public on a monthly basis commencing with fuel data for the month of July 2007, and thereafter. Consequently, there is nothing further to be addressed or done in this docket, and we will dismiss this case from our docket of active proceedings.

Accordingly, IT IS ORDERED THAT there being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

¹ Application of Virginia Electric and Power Company To revise its fuel factor pursuant to Va. Code § 56-249.6, Case No. PUE-2007-00025.

² Senate Bill 651 ("SB 651"), Chapter 827 of the 2004 Acts of Assembly.

³ In particular, the Commission's February 1, 2005, Order in this docket, directed that commencing with the first calendar quarter of 2005, the monthly Fuel Monitoring System reports concerning the Company's fuel data for the months comprising each such calendar quarter were to be made available within 45 days following the end of such calendar quarter.

**CASE NO. PUE-2004-00119
DECEMBER 17, 2007**

APPLICATION OF
WPS ENERGY SERVICES, INC.
and
INTEGRYS ENERGY SERVICES, INC.

For licenses to conduct business as a competitive service provider and aggregator for electricity

ORDER REISSUING LICENSES

On January 3, 2005, the State Corporation Commission ("Commission") issued License No. A-22 and License No. E-16 to WPS Energy Services, Inc. ("WPS"), to act as a competitive service provider and aggregator of electricity to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and customer choice.

On March 13, 2007, WPS made a filing with the Commission advising it had changed its corporate name to Integrys Energy Services, Inc. and requested an update to its licenses to reflect its new corporate name.

NOW THE COMMISSION, upon consideration of this matter, finds that WPS's License No. E-19 and License No. A-22 to conduct business as a competitive service provider and aggregator of electricity shall be cancelled and reissued in the name of Integrys Energy Services, Inc.

Accordingly, IT IS ORDERED THAT:

(1) License No. E-19 authorizing WPS Energy Services, Inc., to provide competitive electric service to residential, commercial and industrial customers in conjunction with retail access programs throughout the Commonwealth of Virginia is hereby cancelled, and shall be reissued as License No. E-19A in the name of Integrys Energy Services, Inc.

(2) License No. A-22 authorizing WPS Energy Services, Inc., to provide electric aggregation service to residential, commercial and industrial customers in conjunction with retail access programs throughout the Commonwealth of Virginia is hereby cancelled, and shall be reissued as License No. A-22A in the name of Integrys Energy Services, Inc.

(3) Integrys Energy Services, Inc., shall operate under these licenses as reissued pursuant to the same terms and conditions as set forth in our Order Granting Licenses entered in this docket on January 3, 2005.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

**CASE NO. PUE-2005-00031
FEBRUARY 15, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an Annual Informational Filing for 2004

ORDER DISMISSING PROCEEDING

On April 27, 2005, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company") filed its Annual Informational Filing ("AIF") with the State Corporation Commission ("Commission"). This application included financial and operating data for the twelve months ending December 31, 2004 (hereafter collectively referred to as the "2004 AIF").

On August 12, 2005, the Staff filed its audit report herein. On September 15, 2005, the Company filed its response to the August 12, 2005, Commission Staff Report.

On December 12, 2006, a Proposed Stipulation and Recommendation was submitted concurrently¹ in Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 ("PBR Plan Application") and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100 ("Rate Investigation"). Paragraph 10 of the Proposed Stipulation and Recommendation provided that

¹ Those signing the Proposed Stipulation and Recommendation included Columbia; the Commission Staff; the Office of the Attorney General, Division of Consumer Counsel; Fairfax County; Chaparral (Virginia), Inc.; Glen Gery Corporation; Hess Corporation; Stand Energy Corporation; Virginia Industrial Gas Users' Association; Dominion Transmission, Inc.; Columbia Gas Transmission Corporation; and Transcontinental Gas Pipe Line Corporation.

[i]f accepted and approved by the Commission, within the first 60 days of the first year of the approved Amended PBR Plan, the Company and Staff will move the Commission to close the dockets regarding the Company's two open AIFs under Case Nos. PUE-2004-00042 and PUE-2005-00031.²

On December 21, 2006, the Chief Hearing Examiner issued her Report in the PBR Plan Application and Rate Investigation proceedings, wherein she recommended approval of the Proposed Stipulation and Recommendation. The Commission issued its Final Order on the PBR Plan Application and Rate Investigation on December 28, 2006, determining, among other things, that the findings and recommendations of the Chief Hearing Examiner should be adopted and that the Amended PBR Plan set forth in the Proposed Stipulation and Recommendation should be implemented effective January 1, 2007.

In accordance with the provisions of the December 28, 2006 Final Order entered in Case Nos. PUE-2005-00098 and PUE-2005-00100 and the Proposed Stipulation and Recommendation accepted therein, counsel for Columbia and Staff filed a joint motion on February 7, 2007, requesting the Commission to close Columbia's 2004 AIF (Case No. PUE-2005-00031) and 2003 AIF (Case No. PUE-2004-00042).

NOW UPON consideration of the foregoing, the Commission is of the opinion and finds that the February 7, 2007 Joint Motion filed by Columbia and the Staff should be granted; that the captioned docket should be dismissed from the Commission's docket of active proceedings; and that the papers filed herein should be placed in the Commission's file for ended causes.

Accordingly, IT IS ORDERED THAT:

(1) The February 7, 2007 "Joint Motion of Columbia Gas of Virginia, Inc. and the Staff of the State Corporation Commission to Close AIF Proceedings" is hereby granted.

(2) The captioned proceeding is hereby dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

² Attachment A, Proposed Stipulation and Recommendation, at 5, appended to Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100 (Dec. 28, 2006 Final Order).

**CASE NO. PUE-2005-00056
JUNE 22, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia

ORDER ON RECONSIDERATION

In this proceeding, Appalachian Power Company ("Appalachian" or "Company") sought recovery of certain incremental costs for (1) compliance with state and federal environmental laws and regulations, and (2) transmission and distribution system reliability (collectively referred to as "E&R costs"), pursuant to § 56-582 B (vi) of the Code of Virginia ("Code") ("E&R Case"). On November 20, 2006, the State Corporation Commission ("Commission") issued a Final Order that, among other things, approved a line-item E&R surcharge to recover the \$21.337 million revenue requirement approved therein for incremental E&R costs prudently incurred from July 1, 2004, through September 30, 2005.

On December 8, 2006, the Commission's Staff ("Staff") filed a Petition for Rehearing ("Staff's Petition"), and the Old Dominion Committee for Fair Utility Rates ("Committee") filed a Petition for Rehearing and Reconsideration ("Committee's Petition") (collectively, "Petitions"). On December 11, 2006, the Commission issued an Order Granting Reconsideration, which granted reconsideration for the purpose of continuing our jurisdiction over this matter and considering the above-referenced Petitions.

Staff's Petition explained that in *Application of Appalachian Power Company for an increase in electric rates*, Case No PUE-2005-00065 ("Rate Case"), "the Hearing Examiner has determined to certify to the Commission" a question regarding the November 20, 2006 Final Order in Case No. PUE-2005-00056.¹ Specifically, in Case No PUE-2005-00065, the Hearing Examiner certified to the Commission the question as to whether the Final Order in the E&R Case requires quantification of E&R costs in the pending Rate Case.² As a result, Staff stated that it "moves the Commission to grant this Petition for Rehearing of the Final Order for the sole purpose of enabling the Commission to retain jurisdiction over said order while consideration of the matter to be certified to it by the Hearing Examiner in Case No. PUE-2006-00065 is before the Commission."³

The Committee's Petition stated that the November 20, 2006 Final Order "does not provide any guidance as to how the costs 'built into' base rates should be calculated or considered to be recovered, or whether base rates should later be adjusted to reflect such recovery (in the same way that the currently

¹ Staff's Petition at 1-2.

² Hearing Examiner's Ruling at 2, Case No. PUE-2006-00065 (Dec. 8, 2006).

³ Staff's Petition at 2.

approved E&R surcharge will cease after the \$21.337 million in E&R costs approved in this case has been collected)."⁴ The Committee further asserted that the Final Order "reflects the Commission's intent to avoid any double recovery of E&R costs, but it is unclear how setting going forward base rates [in the Rate Case] will ensure that double recovery is avoided."⁵ The Committee "requested that the Commission grant rehearing and reconsideration in order to permit the parties and the Commission Staff to be heard or, at minimum, to file written comments on the provisions in the Commission's [Final] Order related to the dual recovery of E&R costs, and, in particular, the recovery of such costs in base rates, and in order to permit the Commission to take any appropriate action in response to such hearing or comments."⁶

On January 31, 2007, the Commission issued an Order on Certified Question in the Rate Case, finding that E&R costs need not be quantified prior to the Commission's approval of a revenue requirement and rates in that proceeding.

On May 15, 2007, the Commission issued a Final Order in the Rate Case that, among other things: (1) found that APCo's requested net increase of \$198.5 million does not result in just and reasonable rates; and (2) approved an overall net increase of approximately \$24.0 million.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration to the extent set forth below.

Ordering Paragraph (6) of the Final Order in the instant E&R Case requires as follows: "(6) The Company shall keep track of all base rate and surcharge recoveries of incremental E&R costs on a continuing basis and shall provide reports of same to Staff as may be reasonably requested." This language requires the Company to track E&R revenues. In addition, we find that information regarding E&R expenses also may be relevant and necessary, in subsequent E&R and/or rate cases, to protect against double-recovery of E&R costs. Thus, we herein require the Company to track incremental E&R costs incurred, including but not limited to capital investment and expenses, and to maintain documentation supporting such costs.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Reconsideration of the November 20, 2006 Final Order is granted to the extent set forth herein, and the above-referenced Petitions are otherwise denied.

(2) The Company shall keep track of all incremental E&R costs incurred on a continuing basis (including but not limited to capital investment and expenses), shall maintain documentation supporting such costs, and shall provide reports of same to Staff as may be reasonably requested.

(3) This matter is dismissed.

Commissioner Jagdmann did not participate in this matter.

⁴ Committee's Petition at 4.

⁵ *Id.*

⁶ *Id.* at 5.

**CASE NO. PUE-2005-00078
APRIL 26, 2007**

JOINT PETITION OF
ANGD LLC
and
AGL RESOURCES, INC.,
NUI CORPORATION,
VIRGINIA GAS COMPANY,
VIRGINIA GAS DISTRIBUTION COMPANY

For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia

DISMISSAL ORDER

By Order of the State Corporation Commission ("Commission") dated December 9, 2005, AGL Resources, Inc. ("AGLR"), NUI Corporation ("NUI"), Virginia Gas Company ("VGC"), Virginia Gas Distribution Company ("VGDC") and ANGD LLC ("ANGD") (collectively "Petitioners") were granted approval to enter into a Purchase and Sale Agreement through which ANGD would acquire from VGC all of the issued and outstanding shares of capital stock of VGDC. The Commission's Order adopted Staff's recommendations from its Staff Report, which included the condition that:

Within thirty (30) days of completing the proposed transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of transfer, the actual sales price, the settlement sheet, any legal documentation, and ANGD's and VGDC's accounting entries recording the transfer. Such accounting entries should be in accordance with the USOA.

The Commission directed its Director of Public Utility Accounting to advise it when the Report was received and was satisfactory.

On January 17, 2006, the Petitioners filed with the Commission an initial Report on the transfer, which took place December 31, 2005. The initial Report did not include finalized working capital calculations and accounting entries. Therefore, on February 27, 2007, the Petitioners filed an amended Report containing the finalized working capital calculations and accounting entries, making the Report complete and satisfactory. On consideration whereby,

IT IS ORDERED THAT nothing further need be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00080
MAY 8, 2007**

APPLICATION OF
AQUA VIRGINIA, INC.

For a general increase in rates

FINAL ORDER

On September 21, 2006, the State Corporation Commission ("Commission") entered an Order Approving Stipulation ("Order") which, among other things, adopted the findings and recommendations of the Hearing Examiner's Report of August 3, 2006; approved the terms and conditions of the June 19, 2006, Stipulation ("Stipulation"); approved stipulated Phase I water and sewer rate increases; continued the case for approval and implementation of Phase II rates; and remanded the case to the Hearing Examiner to conduct further proceedings to review Aqua Virginia, Inc.'s (also, the "Company") updated rate base.

On February 6, 2007, the Company filed its Rate Base Update ("Phase II Update") and, within the time set by the Stipulation, the Staff filed its Report on the Company's Phase II Update on March 8, 2007.

The Company's Phase II Update proposed an increase in revenue requirement for its wastewater operations of \$703,412 above that provided in Phase I rates, and a proposed increase in revenue requirement for its water operations of \$40,000 above that provided by the Phase I rates.

The Staff confirmed in its Report that the Company performed its Phase II Update in conformance with the terms of the Stipulation. However, the Staff made certain adjustments to the Company's Phase II Update, resulting in Staff's recommended Phase II revenue increase of \$677,410 for the Company's wastewater operations and no Phase II increase in revenues for the Company's water operations. The Staff recommended a Phase II monthly wastewater service charge of \$26.49 and a usage rate of \$7.95 per thousand gallons of usage. The Staff noted the design of the monthly service charge and usage rate was consistent with the methodology approved by the Commission in Phase I.

On March 22, 2007, the Company filed its Response to the Staff Report. The Company had no objection to the adjustments proposed by the Staff for purposes of this proceeding but reserved the right to argue other positions in future cases. The Company urged that Staff's recommended Phase II rate increase be approved and implemented as soon as possible. The Lake Monticello Owners' Association filed no objection to the Company's proposed Phase II rate increase and did not participate further.

The Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner Report") was filed April 25, 2007. The Hearing Examiner Report accepted Staff's adjustments and Staff's recommended Phase II revenue increase for the Company's wastewater operations. The Hearing Examiner found a Phase II monthly wastewater service charge of \$26.49 and a usage rate of \$7.95 per thousand gallons of usage to be reasonable and that no increase in the Company's Phase II rates for water operations should be granted. The Hearing Examiner recommended that the Commission enter an order adopting the Hearing Examiner's Report and granting the Company's Phase II revenue increase of \$677,410 for its wastewater operations and a monthly Phase II wastewater service charge of \$26.49 and a usage rate of \$7.95 per thousand gallons of usage and denying the Company a Phase II revenue increase for its water operations.¹

NOW THE COMMISSION, having considered the record in this case and the Hearing Examiner's Report, is of the opinion that the findings and recommendations in the Hearing Examiner's Report should be adopted and the rates recommended approved.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the April 25, 2007 Hearing Examiner's Report are hereby adopted.
- (2) Aqua Virginia, Inc. shall be granted a Phase II revenue increase of \$677,410 for its wastewater operations.
- (3) Aqua Virginia, Inc.'s Phase II wastewater service charge shall be set at \$26.49 and its wastewater usage rate shall be set at \$7.95 per thousand gallons of usage, effective upon approval by the Division of Energy of a tariff filed by the Company in conformance with this Order.
- (4) The Company's proposed Phase II increase in revenues for its water operations is hereby denied and the Company's Phase I water rates and charges are hereby made final.
- (5) There being nothing further to come before the Commission, this case is hereby dismissed.

¹ We agree with the Hearing Examiner that the comment period should be waived since no party objected to Staff's recommended Phase II rates.

**CASE NO. PUE-2005-00101
DECEMBER 20, 2007**

APPLICATION OF
HIGHLAND NEW WIND DEVELOPMENT, LLC

For Approval to Construct, Own and Operate an Electric Generation Facility in Highland County, Virginia pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia

FINAL ORDER

On November 8, 2005, Highland New Wind Development, LLC ("Highland Wind" or "Applicant"), filed an application for approval to construct, own and operate an electric generation facility in Highland County, Virginia, pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") ("Application"). Highland Wind proposes to construct and operate a wind energy generating facility in Highland County, Virginia, near the West Virginia border, just northeast of State Route 250 on parts of Allegheny Mountain known as Red Oak Knob and Tamarack Ridge.¹ The proposed facility would consist of up to twenty wind turbines of up to 2.00 MW nominal capacity each. The wind turbines would be mounted on free-standing tubular towers with the rotors reaching up to a height of 400 feet.² A new substation with transformers and other equipment would interconnect the proposed facility to an existing 69 kV line owned by Allegheny Power.³

On December 28, 2005, the Commission issued an Order for Notice and Hearing that, among other things, directed the Applicant to publish notice of its application, established a procedural schedule, set hearing dates to receive public comment and evidence, and appointed a Hearing Examiner to conduct all further proceedings. The following parties filed a notice of participation as a respondent: Ralph H. Swecker, Christopher T. Swecker, Pendleton Stokes Goodall, III, McChesney Goodall, III, William Stokes Goodall, Wayne Stokes Goodall, and Gregory Warnock (collectively, "Highland Citizens"); Nature Conservancy in Virginia ("Nature Conservancy"); Highland County Board of Supervisors ("Highland County"); and Michel A. King, *pro se*.

On March 1, 2007, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report that explained the extensive procedural history of this case, summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations ("Hearing Examiner's March 1 Report"). As highlighted by the Hearing Examiner, 216 individuals filed written or electronic comments in opposition to the proposed project, and 93 individuals filed written or electronic comments in support of the proposed project.⁴

The Hearing Examiner explained that on March 13 and 14, 2006, local hearings to receive public testimony were held in the Highland Elementary School Gymnasium, Myers-Moon Road, Monterey, Virginia. Twenty-seven public witnesses testified on March 13, 2007, and 39 public witnesses testified on March 14, 2007.⁵ Evidentiary hearings were subsequently held in Richmond on October 3, 30, and 31, 2006 and November 1, 6, 15, and 16, 2006. Twenty-two public witnesses testified at the hearings in Richmond.⁶ The following appeared at one or more of the hearings: John W. Flora, Esquire, Brian Brake, Esquire, Richard D. Gary, Esquire, and Charlotte McAfee, Esquire, on behalf of the Applicant; Anthony J. Gambardella, Esquire, Daniel Summerlin, Esquire, David S. Bailey, Esquire, and John C. Singleton, Esquire, on behalf of Highland Citizens; Melissa Ann Dowd, Esquire, on behalf of Highland County; Wiley F. Mitchell, Jr., Esquire, on behalf of the Nature Conservancy; Michel A. King, *pro se*; and Wayne N. Smith, Esquire, Donald H. Wells, Esquire, and William H. Chambliss, Esquire, on behalf of the Commission's Staff ("Staff"). On January 19, 2007, post-hearing briefs were filed by Highland Wind, Highland Citizens, Nature Conservancy, Michel A. King, and Staff.

The Hearing Examiner's March 1 Report included the following findings and recommendations:⁷

1. The proposed facility will have no material adverse effect upon the reliability of electric service provided by any regulated public utility;
2. The proposed facility advances the goal of electric competition in the Commonwealth;
3. The proposed facility will have a positive impact on economic development within the Commonwealth;
4. Construction and operation of the proposed facility will not be contrary to the public interest;
5. Any Certificate issued by the Commission in this case should include a sunset provision that calls for the Certificate to expire if construction has not commenced within two years from the date of issuance;
6. Any Certificate issued by the Commission in this case should require Highland Wind to comply with all permitting requirements listed in the [Department of Environmental Quality ('DEQ')] Report; and

¹ Application at 2.

² *Id.* at 7.

³ *Id.* at 7-8.

⁴ Hearing Examiner's March 1 Report at 2.

⁵ *Id.* at 4.

⁶ *Id.* at 5.

⁷ *Id.* at 82-83.

7. Any Certificate issued by the Commission in this case should require Highland Wind to comply with [specific] conditions recommended in the DEQ Report to minimize adverse environmental impact.⁸

The following participants filed comments on the Hearing Examiner's March 1 Report on or before March 22, 2007: Highland Wind; Highland Citizens; Nature Conservancy; Michel A. King; and Staff.

On April 6, 2007, the Commission issued an Order Remanding for Further Proceedings that, among other things: (1) found that the risk to bats and birds falls within the statutory analysis required of the Commission in this proceeding; and (2) remanded this case to the Hearing Examiner for further proceedings to address the development and implementation of a comprehensive post-construction monitoring and mitigation plan for our consideration.

On October 16, 2007, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report on Remand, which recommended a specific monitoring and mitigation plan based on the record of this proceeding ("Hearing Examiner's Report on Remand"). The Hearing Examiner summarized the record on remand, analyzed the evidence and issues on remand, and made certain findings and recommendations. The Hearing Examiner further explained that the Department of Game and Inland Fisheries ("DGIF") filed a notice of participation on May 24, 2007, and that evidentiary hearings on remand were held on July 17 and 18, 2007. In addition, the Hearing Examiner discussed the testimony on remand provided by the participants' witnesses and by the seven public witnesses that offered testimony during the remand hearing. The following participants filed comments on the Hearing Examiner's Report on or before November 6, 2007: Highland Wind; Highland Citizens; Nature Conservancy; Michel A. King; DGIF; and Staff.

NOW THE COMMISSION, having considered the record, the pleadings, the Hearing Examiner's March 1 Report and Report on Remand, and the applicable law, is of the opinion and finds that the Application is approved subject to the requirements set forth below.⁹

Code of Virginia

Section 56-580 D of the Code states in part as follows:

The Commission shall permit the construction and operation of electrical generating facilities upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility and (ii) are not otherwise contrary to the public interest. In review of a petition for a certificate to construct and operate a generating facility described in this subsection, the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1.

Section 56-46.1 A of the Code states in part as follows:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

Sections 56-46.1 A and 56-580 D also contain nearly identical language explicitly limiting the Commission's authority in this matter:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters. Nothing in this section shall affect the ability of the Commission to keep the record of a case open. Nothing in this section shall affect any right to appeal such permits or approvals in accordance with applicable law.¹⁰

Section 56-596 A states in part that "[i]n all relevant proceedings pursuant to [§ 56-580 D], the Commission shall take into consideration, among other things, the goals of advancement of competition and economic development in the Commonwealth."

⁸ DEQ's recommended conditions are further discussed below.

⁹ Some of the findings below were also set forth in the April 6, 2007 Order Remanding for Further Proceedings.

¹⁰ Va. Code § 56-46.1 A.

Conditional Use Permit

The Hearing Examiner properly found that the following matters were considered by Highland County in issuing Highland Wind a conditional use permit pursuant to Highland County's zoning ordinance and comprehensive plan: property values; tourism; viewshed; height restrictions; setbacks; lighting; color of structures; fencing; security measures; erosion and sediment control; signage; access roads; and decommissioning.¹¹ As a result, the conditional use permit "shall be deemed to satisfy the requirements of [§§ 56-46.1 A and 56-580 D] with respect to all [those] matters . . . , and the Commission shall impose no additional conditions with respect to such matters."¹² Accordingly, we shall not consider those matters herein.

Economic Benefits, Reliability, and Competition

We agree with the Hearing Examiner that the proposed facility will provide economic benefits and will have no material adverse effect upon the reliability of electric service provided by any regulated public utility.¹³ We also find that the project will not have a significantly measurable impact on the advancement of competition.¹⁴ The advancement of competition, however, is not a statutory prerequisite for approval of the application, and we conclude that the project will not hinder competition in the Commonwealth.

Environmental Impact

We must consider environmental impact. The statute, however, does not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition to approval. Rather, the statute directs that the Commission "shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . ."¹⁵

Report from the Department of Environmental Quality

The Hearing Examiner explained that "[o]n June 30, 2006, DEQ filed its report prepared in accordance with the Memorandum of Agreement [with the Commission] Regarding Coordination of Reviews of the Environmental Impacts of Proposed Electric Generating Plants dated August 14, 2002, in which DEQ coordinated a review of the proposed wind project by a number of state, federal, and local agencies."¹⁶ The state and local agencies participating in DEQ's analysis included: DEQ, DGIF, Department of Conservation and Recreation ("DCR"), Department of Historic Resources ("DHR"), Department of Agriculture and Consumer Services, Department of Health, Department of Aviation, Department of Forestry, Department of Transportation, Marine Resources Commission, Department of Mines, Minerals and Energy, Central Shenandoah Planning District Commission, and Highland County.¹⁷ The DEQ's report listed permits or approvals that may be required by the project and recommended specific conditions for any certificate of public convenience and necessity issued by the Commission in this case.

We adopt the Hearing Examiner's recommendation that, as a requirement of our approval herein, Highland Wind shall comply with the following conditions recommended in the DEQ's report:

1. Submit Final Site Plan to Reviewing Agencies – Provide a detailed site plan with project location maps showing the location of towers and all other components of the project including but not limited to the location of the three stream crossings, location of wetlands along the three stream channels, and location where the drilling beneath the stream channels will occur;
2. Conduct Archaeological and Architectural Surveys if Necessary – Coordinate with DHR for guidance regarding the potential need for archaeological and architectural surveys, recommended studies and field surveys to evaluate the project's impacts to historic resources;
3. Avoid Direct and Indirect Impacts to Wetlands – Wetland and stream impacts should be avoided and minimized to the maximum extent practicable;
4. Protect Natural Resources During Construction – Protect water quality, habitat, and aquatic resources from construction impacts by adopting recommendations from the DEQ, DGIF, and DCR;
5. Protect Species – Work closely with DGIF and the United States Department of Interior, Fish and Wildlife Service ("U.S. Fish and Wildlife Service") to ensure that threatened and endangered species are adequately protected; and
6. Coordinate Transportation Safety Issues – Coordinate closely with the Virginia Department of Transportation to evaluate and ensure that transportation issues are adequately addressed.

¹¹ Hearing Examiner's March 1 Report at 68.

¹² Va. Code §§ 56-46.1 A and 56-580 D.

¹³ Hearing Examiner's March 1 Report at 69-70.

¹⁴ *Id.* at 69.

¹⁵ Va. Code § 56-580 D.

¹⁶ Hearing Examiner's March 1 Report at 35 (citing Exh. 29).

¹⁷ *Id.*

We reject Highland Wind's request for limitations and/or modifications to the requirements in the DEQ report.¹⁸ Rather, we find that requiring Highland Wind to comply with the above conditions recommended by DEQ is desirable or necessary to minimize adverse environmental impact.

In addition, the Hearing Examiner recommends that Highland Wind comply with the permitting and approval requirements discussed in the DEQ's report, including matters related to the following: (1) water quality and wetlands; (2) air quality permits; (3) erosion and sediment control, and stormwater management; (4) solid and hazardous waste management; (5) protected species laws; and (6) local permits and requirements.¹⁹ We reject the Applicant's request to specifically limit this requirement to obtaining three permits related to water protection, open burning, and stormwater management.²⁰ Rather, as a requirement of our approval herein, Highland Wind shall acquire all environmental and other approvals and permits necessary to construct and to operate the proposed wind energy facility and shall provide a complete list of said approvals and permits to the Director of the Commission's Division of Energy Regulation prior to operation of the facility. We find that such requirement is desirable or necessary to minimize adverse environmental impact. This requirement, however, does not direct the Applicant to obtain specific permits or approvals if Highland Wind is not otherwise legally obligated to do so.

Threatened or Endangered Species

Highland Citizens "respectfully request that [Highland Wind's] application be denied, or alternatively, that [the Applicant] be required to enter into a habitat conservation plan and seek an incidental take permit before construction of the project."²¹ The Hearing Examiner observed that "[o]utside of monitoring and mitigating cost caps, the sharpest difference between the parties on remand pertained to special provisions for endangered and threatened species" and explained as follows:

Highland Citizens contended that because the project site is within the documented migration route of the endangered Indiana bat and Virginia Big-Eared bat, and based on the presence of Bald and Golden Eagles, Highland Wind should follow the advice of DGIF and U.S. Fish and Wildlife and file a Habitat Conservation Plan [acceptable to the U.S. Fish and Wildlife Service]. More importantly, Highland Citizens recommended:

[Highland Wind]'s application should be denied just as the West Virginia Public Service Commission denied a similar project that is approximately 10 miles from [Highland Wind]'s proposed site based, in part, on the projects' potential impact to the same endangered bat species and the applicant's failure to enter into [a Habitat Conservation Plan] and seek an [Incidental Take Permit].²²

The Hearing Examiner, however, did "not find that the record supports requiring Highland Wind to enter into a Habitat Conservation Plan or seek an Incidental Take Permit."²³ We agree.

We find that neither the risk to threatened or endangered species, nor Highland Wind's failure to enter into a Habitat Conservation Plan and to seek an Incidental Take Permit, make this project contrary to the public interest or otherwise necessitate denial of the Application. We do not find that it is desirable or necessary to minimize adverse environmental impact to require the Applicant to enter into a Habitat Conservation Plan and to seek an Incidental Take Permit. As discussed below, we require a monitoring and mitigation plan, which will provide significant information on the impacts to protected species. In addition, Highland Wind has committed to comply with (as we have further required above) all state and federal laws regarding endangered species.²⁴ Indeed, as found by the Hearing Examiner, "[n]o party has suggested that Highland Wind is required by law to enter into a Habitat Conservation Plan and seek an Incidental Take Permit."²⁵

The Hearing Examiner also noted that, "as DGIF pointed out, without a Habitat Conservation Plan and an Incidental Take Permit, Highland Wind risks costly shutdowns and penalties."²⁶ The Hearing Examiner further concluded that "Highland Wind's failure to enter into a Habitat Conservation Plan and seek an Incidental Take Permit is likely to make it more difficult to finance the project."²⁷ Highland Wind apparently has chosen to accept the business risks attendant to not entering into a Habitat Conservation Plan and not seeking an Incidental Take Permit. This is a business risk voluntarily assumed by Highland Wind, which may impact the viability of the project. We do not find, however, that the statutory criteria applicable to this proceeding requires us to order Highland Wind *not* to undertake the financial and operating risks associated with eschewing a Habitat Conservation Plan and an Incidental Take Permit.

¹⁸ Highland Wind's November 6, 2007 Comments at D-5 and D-6.

¹⁹ The Hearing Examiner also explained that Highland Wind agreed to obtain all of the required permits. Hearing Examiner's March 1 Report at 76.

²⁰ Highland Wind's November 6, 2007 Comments at D-3.

²¹ Highland Citizen's November 6, 2007 Comments at 7.

²² Hearing Examiner's Report on Remand at 28-29 (quoting Highland Citizen's Post-Hearing Brief) (citations omitted).

²³ *Id.* at 30.

²⁴ *Id.* at 29.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.* at 30.

Finally, Highland Citizens assert that the Commission "cannot authorize the take of endangered species nor can it waive the provisions of the [federal Endangered Species Act]."²⁸ We agree. Obviously, this Commission has no authority to sanction the take of endangered species or to waive provisions of the Endangered Species Act.

Department of Game and Inland Fisheries

As noted above, DGIF participated on remand as a formal party to this proceeding. On remand, DGIF filed the testimony of Rick Reynolds, Region 3 wildlife diversity biologist, and statewide non-game mammals project coordinator for DGIF. Mr. Reynolds testified that to minimize adverse environmental impact and to ensure the project is not otherwise contrary to the general public interest, a monitoring and mitigation plan for bats and birds for the life of the project is appropriate.²⁹ Mr. Reynolds maintained "a monitoring program is the only means to: (1) determine the effects of the facility on the state's wildlife resources; (2) assure compliance with wildlife protection laws, including Threatened and Endangered species regulations; and (3) develop mitigatory measures, and refine those measures as appropriate."³⁰ Mr. Reynolds proposed a specific, detailed monitoring and mitigation plan on behalf of DGIF.³¹

Monitoring and Mitigation Plan

We find that the risk to bats and birds falls within the required statutory analysis of environmental impact and the public interest. In this regard, we find that requiring Highland Wind to comply with the monitoring and mitigation plan set forth in Attachment A to this Order is desirable or necessary to minimize adverse environmental impact. We also note that such plan is primarily based upon plans proposed by DGIF and by the Hearing Examiner in this proceeding related to environmental considerations, with modifications as set forth herein.

Highland Wind "respectfully requests that the Commission balance the wildlife concerns to birds and bats with all the positive attributes derived from a wind farm to clean air, water, and human beings to determine what is desirable or necessary to minimize adverse environmental impact."³² We have considered the positive environmental attributes asserted by the Applicant. Such attributes, however, even if verifiable, do not alter the significant risk to bats and birds that will result from this project. We conclude that such attributes, even if taken in the light most favorable to the Applicant, neither legally nor factually warrant the "downsized"³³ monitoring and mitigation plan proposed by Highland Wind.

Highland Wind asserts that the "Virginia Energy Plan mandates that the Commission, 'in taking discretionary action with regard to energy issues, shall recognize the elements of the Commonwealth Energy Policy and where appropriate, shall act in a manner consistent therewith.'"³⁴ The Applicant further states that the "Virginia Energy Plan promotes and encourages the removal of impediments to renewable energy projects," and that "Virginia's stated policy strongly favors construction of this Project."³⁵ Highland Wind concludes that the "appropriate legal conclusion, contrary to the Hearing Examiner's recommendation, is that Virginia should not impose the most stringent monitoring and mitigation standards in the country on this Project in order to chart new territory in a regional if not national concern about future cumulative bat fatalities," and that if the Commission adopts the Hearing Examiner's recommendation "[e]very potential investor in the wind market will lose interest in the Project. . . ."³⁶

We have considered the policy set forth in the Virginia Energy Plan. That policy, however, does not eliminate our obligation under § 56-46.1 A of the Code to "give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."³⁷ Indeed, we have done just that, and, furthermore, we have followed the additional mandate in that same statute to "receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection." As evidenced by the monitoring and mitigation plan required herein, we have given consideration to the plan proposed by DGIF, which has the environmental expertise this Commission does not.

The Applicant further asserts that we must consider the impact of any monitoring and mitigation plan on the financial viability of the project: "If the Project is not built due to undue expenses imposed to address specific environmental concerns which prevent financing, then the significant positive

²⁸ Highland Citizens' November 6, 2007 Comments at 7.

²⁹ Exh. 70 at 2.

³⁰ *Id.*

³¹ *Id.* at Attachment A.

³² Highland Wind's November 6, 2007 Comments at 8.

³³ *Id.* at 10.

³⁴ *Id.* at 4 (citing Va. Code § 67-102(c)).

³⁵ *Id.* at 5 (citing Va. Code § 67-101) (footnote omitted).

³⁶ *Id.* at 5 (emphasis removed).

³⁷ The Hearing Examiner further notes that, as pointed out by the Nature Conservancy, § 67-102 D of the Code also states as follows:

The Commonwealth Energy Policy is intended to provide guidance to the agencies and political subdivisions of the Commonwealth in taking discretionary action with regard to energy issues, and shall not be construed to amend, repeal, or override any contrary provision of applicable law. . . .

environmental benefits arising from the Project are lost and Virginia's stated energy policy is defeated."³⁸ Highland Wind "remains concerned that the monitoring and mitigation plan as recommended by the Hearing Examiner . . . will likely prevent the Project from becoming a reality for Virginia."³⁹ Highland Wind further states that it "did not expect a monitoring and mitigation plan to be the most expensive and intrusive plan in the mid-Atlantic region or for it to become the tipping point for the economic viability of the Project."⁴⁰

The Nature Conservancy, however, "supports the [cost] caps [the Hearing Examiner] has recommended in his report, not because they are proportional and affordable – criteria which the Conservancy considers to be irrelevant – but because they are based [on] an objective determination of the likely cost of compliance."⁴¹ Rather, the Nature Conservancy asserts that any "cap should be based on a careful, objective consideration of the actual costs the Applicant is likely to incur in complying with the conditions the Commission finds necessary, without regard to the size of the project, to the project's projected revenues, or to whether the Applicant can afford to pay the cost of compliance."⁴²

We find, consistent with the Hearing Examiner, that "[n]othing in § 56-46.1 A or § 56-580 D can be read to limit the establishment of conditions [desirable or] necessary to minimize adverse environmental impact by the developer's ability to pay or by whether such conditions render the project financially not viable."⁴³ The Hearing Examiner also established that, under the cost caps of his proposed plan, "even if it is assumed that maximum monitoring and mitigation costs will be incurred each year, the project will meet its targeted debt service."⁴⁴

The Hearing Examiner recommends "that absolute caps for monitoring and mitigation costs should be as follows:"

Year 1 – \$150,000 for monitoring;

Year 2 – \$150,000 for monitoring and 0.85% of Year 1 revenues for mitigation; and

Remaining Life of the Project – 1.75% of the prior year's revenues for monitoring and 0.85% of the prior year's revenues for mitigation.⁴⁵

We do not adopt the Hearing Examiner's recommended structure for the cost caps. Specifically, we find that basing the caps only on revenue may result, in certain circumstances, in a level of monitoring lower than what DGIF initially recommended and we find is desirable or necessary to minimize adverse environmental impact. DGIF Witness Reynolds supported monitoring costs of: (1) \$150,000 per year for Years 1, 2, and 3; and (2) a maximum of \$100,000 per year thereafter.⁴⁶ We find that the monitoring cost cap shall be \$150,000 per year for Years 1, 2, and 3, and thereafter shall be the higher of (1) \$100,000, or (2) 1.75% of the prior year's gross revenues.

We find that the mitigation cost cap shall be the higher of (1) \$50,000,⁴⁷ or (2) 0.85% of the prior year's gross revenues. In addition, we note that the plan does not *require* annual expenditure of funds up to the caps if, over time, actual experience shows that less funds are necessary to meet the goals of the plan and targeted fatalities rates. The mitigation cost cap could prove insufficient if the cap is routinely met, yet the bird and bat carnage continues to exceed target levels. Conversely, the cap could conceivably prove too high for the amount of actual mitigation necessary. In either scenario, if either DGIF or the Applicant believed necessary and appropriate, it could petition this Commission for modifications to the mitigation cost caps, which could include raising, lowering, or reallocating funds among mitigation and monitoring. We would regard such a petition as premature, however, if it were brought before at least three (3) years actual monitoring have taken place. In addition, we agree with the Hearing Examiner that the required "monitoring and mitigation caps do not include charges for raptors, which should be assessed separately based on actual observed fatalities."⁴⁸

DGIF clearly advised us as to the possibility that future adjustments to the plan potentially could be necessary. As stated above, DGIF Witness Reynolds maintained that "a monitoring plan is the only means to . . . develop mitigatory measures, and *refine those measures as appropriate*."⁴⁹ DGIF was not able to confirm that the mitigation cost cap would be sufficient to meet the mortality target levels in the plan. Indeed, DGIF acknowledged that the mitigation cost cap could be "underestimated," such that if the cost cap is met – and the target levels have not been reached – no more mitigation could take place, and DGIF Witness Reynolds also stated, "I would certainly favor whatever is needed to meet the trigger levels that we've proposed."⁵⁰ Further, in

³⁸ Highland Wind's November 6, 2007 Comments at 4.

³⁹ *Id.* at 1.

⁴⁰ *Id.* at 7.

⁴¹ Nature Conservancy's November 2, 2007 Comments at 3-4.

⁴² *Id.* at 3.

⁴³ Hearing Examiner's Report on Remand at 21-22.

⁴⁴ *Id.* at 23. As explained below, however, we find that a different cap structure for the monitoring and mitigation plan is desirable or necessary to minimize adverse environmental impact.

⁴⁵ *Id.*

⁴⁶ Exh. 70 at 3-4.

⁴⁷ We also note that this amount is reasonably related to certain estimates provided in this proceeding. *See, e.g.*, Exh. 76-P.

⁴⁸ Hearing Examiner's Report on Remand at 23.

⁴⁹ Exh. 70 at 2 (emphasis added).

⁵⁰ Reynolds, Tr. 2029-31.

DGIF's comments on the Hearing Examiner's Report, its support was not unconditional; on the contrary, DGIF expressly stated that its support for the Report's recommendations was subject to an exception for several "specific items requiring correction," among which included the life and funding of the monitoring program.⁵¹ We have attempted to correct in this Order the exceptional items consistent with DGIF's recommendations. We believe that to dismiss DGIF's stated concerns about whether the monitoring and mitigation plan as currently proposed will be effective in the future and may need refinement would fail to meet our statutory duty to give due deference to the advice we receive from the environmental agencies of state government that have far more expertise than we do in these matters.

Our Order in this case is fact specific and does not reflect any new philosophy or approach to resolving cases under these provisions of Virginia law. DGIF is an agency of the Commonwealth that has entered this case as a formal party for the purpose of providing this Commission with the benefit of its expertise on the environmental matters within its area of expertise. We are simply following the statute's directive to "receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection,"⁵² based on the facts of each individual case.

Next, the Nature Conservancy asserts that the "possibility of future disagreements concerning the components of 'revenue' will be reduced if the Commission chooses to define the term precisely by making it unequivocally clear that the term includes gross receipts from the sale of power; gross receipts from the sale of renewable energy credits, and any other revenues, other than tax credits, which can properly be classified as income to the project."⁵³ We hereby clarify that the revenue applicable to calculating monitoring and mitigation caps includes gross receipts from the sale of power, gross receipts from the sale of renewable energy credits, and any other revenues, other than tax credits, which can properly be classified as income to the project.

The Staff states that the monitoring and mitigation plan raises "the scope of delegation of Commission authority under law."⁵⁴ DGIF "stands ready to assist the Commission in implementing enforceable conditions to achieve wildlife protection,"⁵⁵ and DGIF "reiterates its willingness to assist the Commission in the implementation of the recommendations contained in the [Hearing Examiner's Report on Remand] should the Commission determine to adopt the same."⁵⁶ The Applicant, however, requests that "reasonable notice be provided to the operator each February as to the operational parameters for seasonal migration that will be required for that calendar year" and asserts that "DGIF cannot be given authority to direct daily operations of the Project; at most, this provision must only allow the structuring of a curtailment plan addressing seasonal migration to be implemented by the Applicant."⁵⁷

The monitoring and mitigation plan required herein does not represent a delegation of authority to DGIF. Rather, such plan is a requirement of our approval of the Application, and that requirement relies upon actions to be taken by DGIF. Indeed, we agree with the Hearing Examiner that "it is within the Commission's authority to establish a condition of adaptive monitoring and mitigation for this proposed facility, with DGIF directing operational modifications, with the Commission retaining jurisdiction to address any disputes that may arise related to the monitoring and mitigation plan."⁵⁸ The General Assembly has made it clear in the statutes governing this case that this Commission must give consideration to the substantive expertise of the relevant state environmental agencies when fulfilling our statutory mandate to consider the effects on the environment. Not only do we recognize and acknowledge the expertise of DGIF in this matter, we find DGIF's proposals adopted herein credible and persuasive. DGIF will implement both the monitoring and mitigation portions of the required plan. DGIF will not, however, direct daily operations of the project. As suggested by the Applicant, DGIF will structure an annual curtailment plan to be implemented by the Applicant and will provide the operator, on an annual basis, parameters for curtailment that will be required for the next plan year.

Moreover, any disputes during implementation of the monitoring and mitigation plan may be resolved through the Commission's Rules of Practice and Procedure that permit, among other things, both formal and informal proceedings as selected by a complainant.⁵⁹ Thus, as requested by the Applicant, "[i]f the Applicant fails to satisfy a condition of the Certificate [of Public Convenience and Necessity], recourse should be to the Commission,"⁶⁰ and, as noted by the Hearing Examiner, the "Commission retain[s] jurisdiction to address any disputes that may arise related to the monitoring and mitigation plan."⁶¹

Highland Wind also expressed concern about access to the project site. The Hearing Examiner found "that the site must be accessible, *without limit*, to state and federal agencies operating within the scope of their authority."⁶² Highland Wind asserts, however, that the "Hearing Examiner's open-ended approach toward access to the Project's site does not give adequate consideration to the nature of the Project or its site" and further states that "the operator of the Project should receive notice of any governmental visit."⁶³ Specifically, the Applicant requested 48-hour notice by email to Highland Wind

⁵¹ DGIF's November 5, 2007 Comments at 1-2.

⁵² Va. Code § 56-46.1 A.

⁵³ Nature Conservancy's November 2, 2007 Comments at 4-5.

⁵⁴ Staff's November 6, 2007 Comments at 4.

⁵⁵ Hearing Examiner's Report on Remand at 30-31 (quoting DGIF Brief at 8-9).

⁵⁶ DGIF's November 5, 2007 Comments at 4.

⁵⁷ Highland Wind's November 6, 2007 Comments at 16.

⁵⁸ Hearing Examiner's Report on Remand at 31.

⁵⁹ See, e.g., 5 VAC 5-20-70.

⁶⁰ Hearing Examiner's Report on Remand at 31 (quoting Highland Wind Brief at 27).

⁶¹ *Id.*

⁶² *Id.* at 32 (emphasis added).

⁶³ Highland Wind's November 6, 2007 Comments at 16.

and its counsel prior to any access by state or federal agencies,⁶⁴ and further noted that "reasonable business practice requires that a log be maintained as to who has accessed the site and when."⁶⁵ The Applicant also stated that "insurance providers will expect that safety procedures be implemented to prevent . . . risk of injuries."⁶⁶

We find that the site must be accessible to state and federal agencies operating within the scope of their authority. We do not find, however, that it is in the public interest to require the requested 48-hour notice prior to site access and to the monitoring activities ordered herein. Highland Wind, however, shall maintain a list of state and federal employees that have access to the site and shall maintain a log of who has accessed the site and when. Finally, Highland Wind shall implement safety procedures to protect all those on the site during site visits.

Sunset Provision

The Hearing Examiner recommended the following two-year sunset provision: "Any Certificate issued by the Commission in this case should include a sunset provision that calls for the Certificate to expire if construction has not commenced within two years from the date of issuance."⁶⁷ Highland Wind states that it "has every intention of commencing construction prior to the expiration of the tax credits at the end of 2008," but requests that the sunset provision be changed to account for, among other things, any appeal of the Commission's Final Order.⁶⁸ We reject this request. The two-year sunset provision ordered below specifies that Highland Wind may petition the Commission for an extension for good cause shown. Accordingly, if the Applicant subsequently believes that it has good cause to request an extension, due to legal proceedings or other reasons, it may properly request the same.

Public Interest

With the requirements imposed herein on our approval of the Application, and without considering the matters that were considered by Highland County in issuing the conditional use permit as discussed above, we find that the proposed "generating facility and associated facilities . . . are not otherwise contrary to the public interest."⁶⁹

Motion for Stay

On March 7, 2007, Highland Citizens filed a Motion for Stay, which requested the Commission "to stay this proceeding until the Supreme Court of Virginia issues its decisions in *Lucile Swift Miller, et al. v. Highland County, et al.* (Record Number 062111) . . . and *Tom Brody, et al. v. Highland County, et al.* (Record Number 062489) . . ."⁷⁰ In the April 6, 2007 Order Remanding for Further Proceedings, the Commission deferred ruling on Highland Citizens' Motion for Stay based on our decision to remand this case. On September 18, 2007, Highland Wind filed a motion asking the Commission to take judicial notice that the Supreme Court of Virginia issued a decision in the two cases above on September 14, 2007; the Hearing Examiner granted the motion.⁷¹ We find that Highland Citizens' Motion for Stay is moot and hereby denied.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia, and subject to the requirements discussed above and ordered herein, Highland Wind is granted authority and a certificate of public convenience and necessity to construct and to operate the wind energy generating facility and its associated facilities in Highland County as described in this proceeding.

(2) Highland Wind shall comply with the conditions recommended in the DEQ's report as set forth above.

(3) Highland Wind shall acquire all environmental and other approvals and permits necessary to construct and to operate the proposed wind energy facility and shall provide a complete list of said approvals and permits to the Director of the Commission's Division of Energy Regulation prior to operation of the facility.

(4) Highland Wind shall comply with the monitoring and mitigation plan as set forth herein and as attached to this Final Order as Attachment A.

(5) Highland Wind shall provide access to the project site as set forth herein.

(6) Highland Citizens' Motion for Stay is denied.

⁶⁴ Hearing Examiner's Report on Remand at 32.

⁶⁵ Highland Wind's November 6, 2007 Comments at 17.

⁶⁶ *Id.*

⁶⁷ Hearing Examiner's March 1 Report at 82.

⁶⁸ Highland Wind's November 6, 2007 Comments at D-1.

⁶⁹ Va. Code § 56-580 D.

⁷⁰ Motion to Stay at 1.

⁷¹ Hearing Examiner's Report on Remand at 3.

(7) The certificate of public convenience and necessity granted herein shall expire two (2) years from the date of this Final Order if construction of the wind energy generating facility approved herein has not commenced. Highland Wind may petition the Commission for an extension of this sunset provision for good cause shown.

(8) The case is dismissed.

JAGDMANN, Commissioner, Dissents in part:

I dissent to that part of the majority Order, and to the rationale therefor, adopting the following provision in the monitoring and mitigation plan required therein:

- At any time after year three, DGIF and/or the Applicant may petition this Commission for modifications to the mitigation cost caps, which could include raising, lowering, or reallocating funds among mitigation and monitoring.

I dissent because this provision in effect establishes *no* cost cap on mitigation activities for the life of the project and, further, allows the mitigation requirements of the plan to become a perpetual moving target.

The environmental concerns addressed by the monitoring and mitigation plan have not risen to a level that necessitates a permit from a federal, state, or local governmental agency specifically charged with protecting the environment. Indeed, if such a permit were required, the Commission would be prohibited from imposing "additional conditions with respect to such matters."⁷² As no permit is required, the Commission is to consider the environmental impacts of the facility (in this instance, impacts on birds and bats) and "establish such conditions as may be desirable or necessary to minimize adverse environmental impact."⁷³ This requires the Commission to exercise its discretion, just as we must regarding other requirements in the applicable statutes. Accordingly, the Commission is to be cognizant of environmental concerns, just as it is required to be cognizant of service reliability, effects on economic development, and the other statutory standards that we must apply.⁷⁴

Applying these statutory obligations, I find that the monitoring and mitigation cost cap established by the majority should be adopted without the majority's additional conclusion that such cap is not really a cap – but may be increased without limit based on some undefined proceeding at one or more undefined points in the future. Moreover, by keeping this matter subject to further modification pursuant to the Final Order issued today, the majority adopts a condition that invites the very core of the mitigation requirements to be re-written, over and over again, at subsequent points in the future. An applicant before this Commission, requesting a certificate of public convenience and necessity under Virginia statutes, deserves a more definitive ruling on the requirements that will be attached to such certificate.

The Hearing Examiner found that his recommended cost cap satisfies our statutory mandate above. Furthermore, DGIF – the expert agency relied upon by the majority and which the majority finds "credible and persuasive" – expressly "supports the recommendations contained in the [Hearing Examiner's] Report and urges the Commission to adopt the findings set forth therein."⁷⁵ The Nature Conservancy also comments that the Commission and its Hearing Examiner have "provided every reasonable opportunity for both the parties and the general public to be heard," and that it "considers the [Hearing Examiner's monitoring and mitigation] plan to be a thoughtful and reasonable response to the Commission's charge."⁷⁶

The majority, however, apparently believes that there should be no real cost cap on the monitoring and mitigation plan because "[t]he mitigation cost cap could prove insufficient if the cap is routinely met, yet the bird and bat carnage continues to exceed target levels." I do not share in this finding. We do not have to conclude, under the statute, that the monitoring and mitigation plan will, without exception or question, result in a specific number of bird and bat kills. Rather, we must find that the monitoring and mitigation plan is "desirable or necessary to minimize adverse environmental impact." Based on the evidence in this proceeding, I find – as did the Hearing Examiner and DGIF – that a specific cost cap can be established, as part of a comprehensive monitoring and mitigation plan, that adequately and reasonably addresses the risk to birds and bats and that, accordingly, is "desirable or necessary to minimize adverse environmental impact."

In addition, after the third year of operation, I find it reasonable to allow DGIF to allocate the total funds, under the cap, between monitoring and mitigation activities based on previous years' results. Contrary to the majority's suggestion, a new and separate proceeding is not needed to make this finding. There is sufficient evidence, right now, for the Commission to allow DGIF to allocate future funds under the total cap based on actual results.

Finally, the philosophical approach reflected in the majority opinion, if extended to future applications of this nature, could put an end to the construction of generating facilities in the Commonwealth, renewable or otherwise. That is, the provision to which I dissent could create untenable financial uncertainty. As repeatedly explained by Highland Wind throughout this proceeding, construction of generating facilities obviously requires investment decisions based on analyses as to the financial viability of the proposed project. By not establishing a definable cost cap for mitigation and by leaving the plan wide open for future modifications, the majority has created a situation where potential investors simply will not know the limits to which operation of the project may be curtailed, pursuant to Commission order, throughout its expected life.

⁷² Va. Code §§ 56-46.1 A and 56-580 D.

⁷³ *Id.*

⁷⁴ See Va. Code §§ 56-46.1 A, 56-580 D, and 56-596 A.

⁷⁵ DGIF's November 5, 2007 Comments at 1.

⁷⁶ Nature Conservancy's November 2, 2007 Comments at 1.

With the exceptions discussed herein, I agree with the remainder of the majority order approving Highland Wind's Application subject to the specific requirements set forth therein.

NOTE: A copy of Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2005-00104
MAY 17, 2007**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
AGL RESOURCES INC.,
and
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

DISMISSAL ORDER

By Commission Order dated December 5, 2005, Virginia Natural Gas, hic. ("VNG" or "the Company"), AGL Resources Inc., ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants") were granted authority for VNG to: 1) issue up to \$100,000,000 of short-term debt through participation in the AGLR Utility Money Pool administered by AGL Services; 2) issue long-term debt to AGLR in an amount not to exceed \$250,000,000; and 3) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000 through the period ending December 31, 2006.

VNG filed a final Report of Action on February 2, 2007. According to the information provided by VNG in its interim and final reports, the Company's actions consisted entirely of short-term borrowings which never exceeded the limit of \$100,000,000. Applicant never issued any long-term debt or common stock under the authority granted.

On consideration whereby, IT IS ORDERED that, there appearing nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2005-00106
APRIL 26, 2007**

JOINT PETITION OF
TIDEWATER WATER COMPANY
and
R.P. FINCH, INC.

For approval of the sale of water system assets pursuant to the Utility Transfers Act and for approval to transfer certificate of public convenience and necessity pursuant to the Utility Facilities Act of the Code of Virginia

ORDER GRANTING APPROVAL

On December 14, 2006, Tidewater Water Company ("Tidewater") and R.P. Finch, Inc. ("Finch") (collectively "Petitioners"), completed filing with the State Corporation Commission ("Commission") a Joint Petition ("Petition") requesting approval for Tidewater to sell to Finch the water system assets known as Sedley Water System ("Sedley System") pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code"). The Petitioners also requested approval for Tidewater to transfer to Finch its certificate of public convenience and necessity ("CPCN") pursuant to Chapter 10.1 of Title 56 ("Utility Facilities Act") of the Code.

On February 16, 2007, the Commission issued an Order for Notice and Comment ("Notice Order") that docketed the matter as Case No. PUE-2005-00106 and established a procedural schedule in which the Petitioners were required to provide public notice by February 28, 2007, and proof of notice by March 7, 2007, the public was invited to provide written comments and/or request a hearing by March 14, 2007, the Commission Staff was instructed to review the Petition and file a Staff Report summarizing its investigation by March 21, 2007, and the Petitioners were allowed to respond to the Staff Report and any public comments or requests for hearing by March 28, 2007. No comments were received.

On April 23, 2007, subsequent to the filing of the Staff Report and the Petitioners' opportunity to file comments on the Staff Report, Finch, by counsel, filed with the Commission a Motion to Replace the Name of R.P. Finch, Inc., with Sedley Water Company ("Sedley") as Petitioner and acquirer of the Sedley System assets. Finch represented that miscommunication between the counsel for Finch and Sedley caused the Petition to be filed with the incorrect entity named as the proposed acquirer of the Sedley System.

Tidewater is a Virginia public service corporation headquartered in Smithfield, Virginia, which owns and operates the Sedley System. Tidewater's ownership group includes R.L. Magette, Mary S. Magette, Jane M. Jones, Lauran McLeod, Ashley McLeod, and Malinda B. Reynolds. Through its ownership of the Sedley System, Tidewater is regulated by the Virginia Department of Environmental Quality, the Virginia Water Control Board, the Virginia Department of Taxation, the U.S. Environmental Protection Agency and the Commission.

Sedley is a Virginia public service corporation that was formed on January 4, 2007, for the purpose of owning and operating the Sedley System. Sedley is a subsidiary of Finch, which is a Virginia corporation owned and operated by Robert P. Finch of Williamsburg, Virginia. Finch is an experienced

utility operator with many years of experience managing both public and private water and wastewater systems. Currently, Finch manages the Woodhaven Water Company in New Kent County and the Town of Wakefield's water system.

Tidewater proposes to sell the Sedley System, the last water system it owns, because Tidewater's primary owner and operator, R.L. Magette, is retiring. The Sedley System provides water service to 180 residential and two commercial customers in Southampton County, Virginia. The Sedley System consists of two well lots, a well house, two wells, two well pumps, a 5,000 gallon steel hydropneumatic tank, a 30,000 gallon vertical storage tank, two distribution pumps, one air compressor, two master meters, valves, piping and electrical equipment, one fire hydrant, 182 meters and meter boxes, and 21,131 feet of distribution service lines and associated casements. The proposed purchase price for the Sedley System is \$104,000, which will include all Sedley System assets and easements described above but excludes cash, accounts receivables, loans and computer software. The Petitioners determined the purchase price by factoring three years of gross receipts with an appropriate discount. The purchase will be owner-financed by Tidewater via a five-year term note bearing annual interest of 7% payable quarterly and secured by the Sedley System real property. The acquirer will not be assuming any of Tidewater's debt obligations.

The Petitioners represent that, after the transfer, the Sedley System will operate under the name of Sedley Water Company, and Tidewater Water Company will cease to provide water service. The Petitioners also represent that the proposed transfer should not require any major capital spending or affect the quality of water service provided. Finally, the acquirer represents that it does not plan to seek a rate or tariff increase within 12 months of its acquisition of the Sedley System.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by its Staff, is of the opinion and finds that the Petitioners' request will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should be approved. We find that Sedley, through its affiliation with Finch, an experienced local water and wastewater operator, should be able to provide a satisfactory level and quality of service to the Sedley System customers. Therefore, we grant Finch's motion and substitute Sedley as Petitioner and acquirer of the Sedley System assets.¹ We also approve of the transfer of the Sedley System assets from Tidewater to Sedley and the transfer of Tidewater's CPCN to Sedley.

Our approval will adopt the recommendations of the Staff Report, which include two requirements that deserve special mention. First, we will require Sedley to account for the transfer and the future operation of the Sedley System in accordance with the Uniform System of Accounts. Second, the approval granted herein will not have any ratemaking implications. In particular, our approval does not guarantee recovery of any costs directly or indirectly related to the transfer.

Accordingly, IT IS ORDERED THAT:

- 1) We hereby grant Finch's motion and substitute Sedley Water Company as Petitioner and acquirer of the Sedley Water System assets.
- 2) Pursuant to § 56-89 *et seq.* of the Code of Virginia, Tidewater Water Company and Sedley Water Company are hereby granted approval for Tidewater to transfer the assets of the Sedley Water System to Sedley Water Company in accordance with the Utility Transfers Act. The Petitioners are also granted approval to transfer Tidewater's certificate of public convenience and necessity from Tidewater to Sedley in accordance with the Utility Facilities Act.
- 3) Sedley shall account for the transfer and the future operation of the Sedley System in accordance with the Uniform System of Accounts.
- 4) Within thirty (30) days of completing the transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, Sedley shall file new rates, rules and regulations with the Commission evidencing the new entity that is providing water service.
- 5) Within thirty (30) days of completing the transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Petitioners shall file a Report of Action ("Report") with the Commission. The Report shall include the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Sedley's accounting entries recording the transfer.
- 6) The approval granted herein shall have no ratemaking implications. In particular, this approval does not guarantee recovery of any costs directly or indirectly related to the transfer.
- 7) Sedley is hereby directed to ensure that: (a) the quality of service for Sedley System customers shall not deteriorate due to a lack of maintenance or capital investment; (b) the quality of service for Sedley System customers shall not deteriorate due to a reduction in the number of employees providing services; and (c) Sedley shall maintain a high degree of cooperation with the Commission Staff and will take all actions necessary to ensure Sedley's timely response to Staff's inquiries with regard to its provision of service in Virginia.
- 8) There appearing nothing further to be done in this matter, it hereby is dismissed.

¹ Since Sedley is a wholly owned subsidiary of Finch and a Virginia public service corporation pursuant to Title 13.1-620.D of the Code, we will not require re-notification in this case.

**CASE NO. PUE-2005-00114
MARCH 21, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its cogeneration tariff pursuant to PURPA Section 210

FINAL ORDER

On March 31, 2006, Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company"), filed an application with the State Corporation Commission ("Commission") for approval to modify its cogeneration and small power production rates under its Schedule 19.¹ As set forth in its application, the Company proposes to change the methodology it uses to calculate payments to cogeneration and small power production facilities ("qualifying facilities" or "QFs") eligible to sell electrical output to the Company at Dominion Virginia Power's avoided costs pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA").²

Under PURPA, the Commission is directed to establish mandatory payments for power purchased from QFs on the basis of costs avoided by Dominion Virginia Power when it obtains power from QFs rather than acquiring power from other sources. Dominion Virginia Power's Schedule 19 is the Company's tariff that defines the payments, terms, and conditions of power purchases from QFs with a design capacity of 100 kW or less. The Schedule 19 rates for purchasing power from QFs is presently based upon market estimates set forth in the Company's annual Market Price/Wires Charge Compliance Filing.

The rate methodology proposed in this application is based upon the PJM Interconnection, LLC ("PJM") actual hourly pricing for the Dominion Zone. The Company proposes this method to replace the Wires Charge Method previously approved by the Commission because Dominion Virginia Power became a member of PJM on May 1, 2005, and accordingly, its avoided costs are now what it would have paid to PJM if a QF did not generate power to sell to the Company.

The Company proposes to provide very small QFs, with a design capacity of 10 kW or less, an election regarding the manner in which they will operate and be compensated. Those QFs would elect to supply energy only or to supply energy and capacity. The energy-only option would require only a non-time differentiated meter to record total net energy output for the billing month. Supply of energy and capacity would require a time-differentiated meter to record the hourly net energy output. Larger QFs (a design capacity in excess of 10 kW) would be required to contract to provide both energy and capacity measured by a time-differentiated meter.

The Company initially proposed energy prices based on the PJM Dominion Zone Day Ahead Locational Marginal Price ("Dom DA LMP") less the Preliminary Balancing Market Operating Reserves charge ("Reduction Amount"). QFs providing both energy and capacity would be paid the hourly Dom DA LMP less the Reduction Amount applied to the hourly net output. QFs providing only energy would receive the average of the hourly Dom DA LMP value in the billing month less the average Reduction Amount for the billing month.

The Company also included in its application data required to determine the energy rates under the differential revenue requirement ("DRR") method previously used to calculate Schedule 19 avoided cost payments, and still used for two qualifying facilities with contract payments tied to DRR methodology.³

The Company requests that if the Commission approves the use of PJM market pricing, the Company no longer be required to file periodic applications to revise its Schedule 19 unless the Commission subsequently determines otherwise following a request by the Company or another interested party, or on the Commission's own motion. The Company, however, would continue to provide information with respect to the fuel costs used in developing prices for those QF contracts tied to the DRR method.

The Company's revised Schedule 19 also contains certain revisions to Paragraph I, Applicability and Availability, a revision in Paragraph VIII, Term of Contract, and a revision to Paragraph II, Monthly Billing.

On April 25, 2006, the Commission issued an Order for Notice and Comment or Request for Hearing which appointed a Hearing Examiner, directed that notice be given, provided for comments or requests for hearing, and directed the Staff to investigate and file its report.⁴

Comments and a protest were filed by Covanta Alexandria/Arlington, Inc. ("Covanta") on June 15, 2006. Covanta operates a 975-ton per day rated municipal solid waste-generating facility in Alexandria, Virginia. Comments were also filed on June 15, 2006, by Southeastern Public Service Authority ("SPSA"), a regional solid-waste management agency for eight local governments in southeastern Virginia.⁵ Both respondents generally supported the proposed methodology but raised several concerns which they believed could be addressed without a hearing. The Staff investigated the application, considered the positions of the respondents, and filed a Staff Report on July 7, 2006.

¹ On December 20, 2005, the Company filed with the Commission a Motion for an extension of time until March 1, 2006, in which to file an application for approval of the cogeneration and small power production rates under the Company's Schedule 19 for 2006 and to allow interim use of its current Schedule 19 rates. On February 6, 2006, the Commission issued an Order Granting Motion and Establishing Cogeneration Proceeding. The current Schedule 19 rates were ordered to remain in effect on an interim basis and the Company was subsequently granted a motion to further extend its filing deadline to April 3, 2006 (Order Granting Motion issued March 1, 2006).

² 16 U.S.C.S. § 824a-3.

³ Richmond Electric Generation and Suffolk Landfill.

⁴ The Company filed Proof of Notice given on May 8, 2006.

⁵ SPSA serves the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach, and the counties of the Isle of Wight and Southampton.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Dominion Virginia Power filed its response to Staff and respondents on July 13, 2006. Supplemental responses were also filed pursuant to Hearing Examiner ruling on the limited issue of ownership of renewable energy credits that may be attributable to "green" power. However, all parties ultimately agreed and the Hearing Examiner so found that this "green" power issue need not be decided in this case.

On February 27, 2007, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report") was filed. The Chief Hearing Examiner found that:

1. The Company's proposed avoid[ed] cost methodology excluding the Reduction Amount is reasonable and should be adopted;
2. The Company's proposed tariff revisions as modified to eliminate the Reduction Amount, are reasonable;
3. The proposed Schedule 19 should be approved as modified in accordance with the discussion [in the Hearing Examiner's Report] and remain in effect until further order of the Commission;
4. There is no need for the Company to file future biennial applications to revise Schedule 19;
5. The Company, however, should be permitted to file a revised Schedule 19 tariff as may be necessary or as circumstances warrant;
6. At any time in the future, a proceeding to review and modify the Company's Schedule 19 may be initiated by the Commission, or any interested party;
7. Upon entry of a Final Order in this case, the Company should adjust its payments retroactive to January 1, 2006;
8. The Company should, however, continue to submit data required to determine energy rates for the contracts tied to the differential revenue requirement methodology for the duration of the affected contracts;
9. The Company, upon request from a QF, should provide a reliable and reasonable cost estimate of a facility-specific line-loss study and a description of the study methodology; and
10. Ownership of renewable energy credits that may develop in relation to QFs producing green power need not be addressed in this proceeding.

The Chief Hearing Examiner recommends that the Commission enter an order adopting the findings herein, approve the Company's proposed methodology and Schedule 19, and dismiss this case.

On March 2, 2007, SPSA filed comments supporting adoption of the findings and recommendations of the Report. On March 6, 2007, Covanta filed comments supporting the findings and recommendations of the Report.

Dominion Virginia Power filed comments March 8, 2007, also supporting the findings and recommendations of the Report. With regard to the fifth finding above that the Company should be permitted to file a revised Schedule 19 tariff as may be necessary or as circumstances warrant, the Company advises that anticipated changes in PJM's capacity pricing methodology may require modifications to Schedule 19 effective June 1, 2007, to reflect certain changes to the PJM capacity market. The Company explains that:

PJM has proposed and the Federal Energy Regulatory Commission ("FERC") has approved the adoption of PJM's Reliability Pricing Model ("RPM"), which will likely result in PJM's capacity pricing being established within separate areas (Locational Delivery Areas) effective June 1, 2007. (footnotes omitted)

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the findings and recommendations contained in the Report should be adopted. With regard to the Company's anticipated modifications to its Schedule 19 effective June 1, 2007, the Company should file an application with the Commission proposing the appropriate tariff modifications.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations contained in the Report are hereby adopted.
- (2) The Company's proposed avoided cost methodology excluding the Reduction Amount is approved.
- (3) The Company's proposed Schedule 19 is hereby approved as modified to eliminate the Reduction Amount and consistent with the Report's findings approved herein, effective January 1, 2006.
- (4) Dominion Virginia Power is hereby relieved of the requirement to file future biennial applications to revise Schedule 19 until further order of the Commission.
- (5) Dominion Virginia Power shall file with the Commission such further revisions to its Schedule 19 tariff as may be necessary or as circumstances warrant. At any time in the future, a proceeding to review and modify the Company's Schedule 19 may be initiated by the Commission, or any interested party.

(6) Dominion Virginia Power is hereby ordered to adjust its payment to QFs retroactive to January 1, 2006.

(7) Dominion Virginia Power shall continue to submit data required to determine energy rates for the contracts tied to the differential revenue requirement methodology for the duration of the affected contracts.

(8) Upon request from a QF, the Company shall provide a reliable and reasonable cost estimate of a facility-specific line-loss study and a description of the study methodology.

(9) Ownership of renewable energy credits that may develop in relation to QFs producing "green" power shall not be addressed in this proceeding.

(10) There being nothing further to be done herein, this matter is hereby dismissed from the Commission's docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2006-00006
OCTOBER 25, 2007**

PETITION OF
ROSIA WILLIAMS WORMLEY
v.
RAPPAHANNOCK ELECTRIC COOPERATIVE

For review of line extension

FINAL ORDER

On January 19, 2006, Rosia Williams Wormley ("Petitioner") filed a Petition *pro se*¹ with the State Corporation Commission ("Commission") against Rappahannock Electric Cooperative ("Cooperative") for review of the Cooperative's line extension policy as applied to Petitioner's property. The Cooperative answered the Petition, admitting that Petitioner had requested service to a new residence, and had proposed a right-of-way and location of facilities that would comply with its policies and applicable regulatory requirements. The Cooperative, however, contends that it is not bound to accept the Petitioner's proposed location without her commitment to pay the costs in excess of a different route which the Cooperative asserts is more cost-effective.

The Commission entered an Order appointing a Hearing Examiner to conduct all further proceedings and to make a final report. By ruling, this Petition was initially set for hearing on May 30, 2006, and a procedural schedule was established for the pre-filing of testimony and exhibits. That scheduled hearing was later continued two times at the Petitioner's request, and was ultimately held on October 23, 2006. At the hearing, Petitioner testified and called her husband, Dennis Wormley, to testify. The Cooperative called Lloyd Ricky Bywaters, director of district customer services, to testify. Closing arguments were presented by David O. Prince, counsel for the Petitioner, and J. Robert Yeaman, counsel for the Cooperative.

The Report of Deborah V. Ellenberg, Chief Hearing Examiner, was issued on September 26, 2007. The Report reviews and summarizes the evidence received in this matter. In her Report, the Chief Hearing Examiner found that the Cooperative reasonably applied its Terms and Conditions when it found that the most economic and cost-effective line extension to the new double-wide dwelling was from an existing pole and transformer, that is not in a drain field, for a distance of 173 feet to a new meter base. She further found that it was also reasonable for the Cooperative to offer to install the new service along the Petitioner's alternative route if she was prepared to pay the cost difference.

The Chief Hearing Examiner recommended that the Commission enter a Final Order that:

- (1) Dismisses this matter from the Commission's docket of active cases; and
- (2) Passes the papers herein to the file for ended causes.

On October 17, 2007, counsel for the Petitioner filed the Petitioner's Response to Hearing Examiner's Report in which seven errors to the findings in the Report are alleged and one objection to an exhibit attached to the Report are made.

NOW THE COMMISSION, upon review of the pleadings, transcripts, and filings herein, and applicable law, is of the opinion that the findings and recommendations in the Chief Hearing Examiner's Report are reasonable and should be adopted without modification.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed; and
- (2) The papers filed herein shall be passed to the Clerk's files for ended causes.

¹ Petitioner engaged David O. Prince, Esquire, to represent her as legal counsel as the case proceeded. Mr. Prince appeared at the hearing in this matter on behalf of the Petitioner.

**CASE NO. PUE-2006-00020
MARCH 2, 2007**

APPLICATION OF
DUKE ENERGY VIRGINIA PIPELINE COMPANY F/K/A VIRGINIA GAS PIPELINE COMPANY

For an Annual Informational Filing for the calendar year ending December 31, 2005

ORDER GRANTING WAIVER

On February 22, 2007, Duke Energy Virginia Pipeline Company f/k/a Virginia Gas Pipeline Company ("Virginia Pipeline" or the "Company")¹ filed a Motion with the Clerk of the State Corporation Commission, requesting a waiver of the requirements of Rule 20 VAC 5-200-30 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules") so that Virginia Pipeline could complete the captioned Annual Informational Filing ("AIF"). According to the Company's Motion, the specific revised calculations relate to column 6 of Schedule 3, and the revisions consist of a two-quarter average, namely December 31, 2004, and December 31, 2005, for Virginia Pipeline and Duke Capital, LLC. Virginia Pipeline explained that revised Schedules 9, 12, and Schedule 21B are also appended to its Motion, and that revisions to these Schedules were necessary as a result of the changes to Schedule 3 of its AIF. The Company requested that the Commission accept Virginia Pipeline's waiver request, permit these revised schedules to be received for purposes of this filing only, and, by doing so, deem its AIF complete. The Company represented that the grant of this waiver and receipt of the substituted data would not create any precedent as to the Company in this or any other prospective case involving Virginia Pipeline. The Company's February 22, 2007 Motion further stated that acceptance of this waiver would not bind the Commission Staff to use this methodology for this case or any other prospective case in which the Commission Staff was involved. The Company related that Commission counsel assigned to the matter authorized counsel to Virginia Pipeline to represent that Staff did not object to the February 22, 2007 Motion for Waiver.

NOW THE COMMISSION, upon consideration of the February 22, 2007 Motion for Waiver, is of the opinion and finds that Virginia Pipeline's request for waiver should be granted; that the Company should be permitted to substitute revised Schedule 3, together with revised Schedules 9, 12, and 21B enclosed with the Company's Motion, for those schedules previously filed with the Company's AIF; that Virginia Pipeline's AIF should be deemed complete; and that this matter should be continued, pending further order of the Commission. The waiver of the Commission's Rate Case Rules granted herein should not be cited as precedent in this or other proceedings for which waivers are sought and does not bind the Staff, any party, or this Commission in this or future proceedings where similar issues may be raised. The waiver granted herein recognizes that ownership of Virginia Pipeline was transferred to DEGT during 2005, the test year for this AIF, and is granted to accommodate the Company's special circumstances as a result of that transfer.

Accordingly, IT IS ORDERED THAT:

- (1) Virginia Pipeline's February 22, 2007 Motion for Waiver is hereby granted.
- (2) Revised Schedule 3, together with revised Schedules 9, 12, and 21B appended to the Motion, shall be substituted for those schedules previously filed herein.
- (3) The captioned AIF shall be deemed complete as of the date of this Order.
- (4) This case shall be continued, pending further order of the Commission.

¹ In its earlier February 23, 2006 Motion filed in the captioned docket, Duke Energy Virginia Pipeline Company explained that the Commission approved the acquisition of Virginia Gas Pipeline Company ("VGPC") by Duke Energy Gas Transmission, LLC ("DEGT") from AGL Resources Inc. ("AGLR") in the July 29, 2005 Final Order entered in Case No. PUE-2005-00043. AGLR owned VGPC for much of the test year associated with the captioned AIF. In the same Motion, Duke Energy Virginia Pipeline Company explained that by Certificate of Amendment issued by the Clerk of the State Corporation Commission effective February 10, 2006, VGPC changed its name to Duke Energy Virginia Pipeline Company.

**CASE NO. PUE-2006-00021
AUGUST 9, 2007**

APPLICATION OF
DUKE ENERGY EARLY GROVE COMPANY F/K/A VIRGINIA GAS STORAGE COMPANY

For an Annual Informational Filing for the calendar year ending December 31, 2005

FINAL ORDER

On February 23, 2006, Duke Early Grove Company f/k/a Virginia Gas Storage Company ("Early Grove" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") requesting an extension of time until September 1, 2006, in which to file its Annual Informational Filing ("AIF") for the calendar year ending December 31, 2005. Early Grove explained in its Motion that it required an extension of time in which to file its AIF because it had only recently received information from AGL Resources Inc. ("AGLR"), the Company's former parent, necessary to prepare Early Grove's AIF.

In its March 7, 2006 Order on Motion, the Commission docketed the captioned proceeding, directed Early Grove to file its AIF for the calendar year ending December 31, 2005, on or before September 1, 2006, and continued the case generally to receive the Company's AIF and accompanying financial and operating data. The Commission directed that if Early Grove determined to file a rate application rather than an AIF, the Company must file such application with the Commission on or before September 1, 2006.

On July 17, 2006, the Company, by counsel, filed a Motion requesting a further extension of time through October 31, 2006, in which Early Grove had to file its AIF for the calendar year ending 2005. The Company explained that it had received accounting data necessary to prepare its AIF, but had not had an opportunity to review, assimilate, and properly record this data.

On July 27, 2006, the Commission granted Early Grove's July 17 Motion and authorized the Company to file its AIF for the twelve months ended December 31, 2005, on or before October 31, 2006. The July 27, 2006 Order continued the case generally.

Early Grove filed its AIF on October 31, 2006. This filing included financial and operating data for the twelve months ended December 31, 2005.

On June 13, 2007, the Staff filed its Report in the captioned case. This Report included both financial and accounting analyses. In its financial analysis, the Staff noted that AGLR and Duke Energy Corporation ("Duke Energy") petitioned the Commission for the transfer and sale of Virginia Gas Pipeline Company to Duke Energy Gas Transmission, LLC ("DEGT"). The Commission granted authority for this transfer and sale of Virginia Gas Storage Company ("VGSC"), Early Grove's predecessor, on July 29, 2005.¹ The closing of the authorized transfer and sale of VGSC occurred on August 10, 2005. Subsequently, VGPC's name was changed to Duke Energy Early Grove Company.

The Report further noted that in Case No. PUE-2006-00083, the Commission authorized the spin-off of Early Grove and its parent, Spectra Energy Corp., effective January 2, 2007.² Subsequent to this reorganization, Early Grove changed its name to Spectra Energy Early Grove, on March 6, 2007.

The Staff Report compared Early Grove's operating results to the 11.5% return on equity established in Early Grove's predecessor's application for a certificate of public convenience and necessity as a storage facility, docketed as Case No. PUE-1994-00078. Staff explained that when Early Grove's predecessor, VGSC, initially filed its application for a certificate to operate a storage facility, it was a start-up operation and not a going concern. Because actual operating data was unavailable, the Company's application for a certificate of public convenience and necessity was based on rates derived from estimates of revenues and costs. According to the Staff, the Company received authority from the Commission to provide gas storage service on the basis of the rates filed in the certificate application rather than based on a specific return on equity range.

With respect to the Company's capital structure, Staff commented that it generally preferred to use the capital structure of the entity that raises debt capital in capital markets because this capital structure is subject to market constraints and scrutiny. According to Staff, AGLR was the entity to access capital for Duke Energy until early July 2005. Thereafter, Duke Capital LLC ("Duke Capital"), the intermediate parent holding company of DEGT, became the entity to access the capital market on behalf of the Company in August 2005, after Early Grove was acquired by DEGT. Staff reported that it chose to use Duke Capital's consolidated capital structure for AIF reporting purposes because that capital structure provided a current perspective on the Company's cost of capital on a going forward basis.

Staff noted that the Company provided Duke Capital's test year consolidated, ratemaking capital structure in response to a Staff data request. According to Staff, this capital structure reflected an equity ratio of 56.789% and produced an overall cost of capital of 9.547%. Staff advised that while it was likely that Staff would consider certain adjustments in a rate proceeding to Duke Capital's consolidated capital structure, this capital structure was sufficient to evaluate Early Grove's financial performance for AIF review purposes. Staff proposed to re-evaluate the Company's ratemaking capital structure in the Company's next AIF in light of the spin-off of Duke Capital from Duke Energy and its reorganization as Spectra Energy Capital, LLC.³

In the accounting analysis portion of its Report, Staff commented that the Company had no regulatory assets subject to an earnings test evaluation on its books and was not proposing to defer any new costs as regulatory assets. However, Staff noted several concerns relating to the allocation of costs between VGSC, Early Grove's predecessor, and Virginia Gas Company ("VGC"), VGSC's former parent, for the period January 2005 through August 2005. Staff also observed that from August 2005 through December 2005, transactions occurred between Early Grove and DEGT that included sharing of office equipment, computer usage, and office furnishings. Staff observed that while the costs related to these transactions appeared to be immaterial for purposes of the captioned AIF, an affiliate agreement that describes the services, the common plant utilized by the participating affiliates and how the related charges are allocated appeared to be in order. Staff advised that the Company had agreed to file an application seeking approval of an affiliate agreement for services, common plant utilized by participating affiliates, and how the related charges are allocated within ninety (90) days of the date of the Staff Report.

Further, Staff commented in its Report on the differences between its calculation of depreciation expense and the depreciation expense rate used by the Company in its AIF application. According to the Report, Staff applied the composite depreciation rate to the fully adjusted Virginia jurisdictional amount of depreciable utility plant in service, while the Company used the per books jurisdictional amount of total plant in service, which included non-depreciable items. According to Staff, use of its methodology results in an increase of \$1,715 in the Company's depreciation expense.

Staff corrected the Company's per books property tax expense and the gross utility plant balance to calculate Early Grove's property tax expense adjustment. Staff's adjustment represented an increase of \$9,317 in property tax expense. Staff also corrected the Company's interest expense adjustment to reflect \$153,241 as total Company interest expense, an amount omitted by the Company in its per books rate of return.

¹ See Joint Petition and Application of Duke Energy Corporation, Duke Energy Gas Transmission, LLC, Duke Energy Saltville Gas Storage LLC and AGL Resources Inc., NUI Corporation, Virginia Gas Company, NUI Saltville Storage Inc., Virginia Gas Pipeline Company, Virginia Gas Storage Company, Saltville Gas Storage Company, LLC, For approval of an affiliates agreement under Chapter 4 of Title 56 of the Code of Virginia and for approval of change of control under Chapter 5 of Title 56 of the Code of Virginia, and for such other relief as may be necessary under the law, Case No. PUE-2005-00043, 2005 S.C.C. Ann. Rept. 438.

² See Petition of Duke Energy Corporation, Gas Spinco, Inc., Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company, For approval of a change of control through spin-off pursuant to Chapter 5 of Title 56 of the Code of Virginia, Case No. PUE-2006-00083, 2006 S.C.C. Ann. Rept. 471.

³ See n.2 at 2, supra.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based on Staff's adjustments, Staff reported that Early Grove earned a 3.90% rate of return on rate base and a 1.56% return on common equity for the twelve months ended December 31, 2005. Based on the Company's adjusted returns for the test year, Staff recommended that no action be taken with respect to the Company's rates at this time. Additionally, Staff recommended that Spectra Energy Corp. and Early Grove should file any affiliate agreement required by Chapter 4 of Title 56 of the Code of Virginia within 90 days of the date of the Staff Report.

On July 25, 2007, Early Grove, by counsel, filed its Response to the Staff Report. This Response advised that based on recent discussions with the Commission Staff, the Company intended to make certain regulatory filings within the next ninety (90) days that it represented could render the affiliate issues raised by the Staff Report moot. In anticipation of such filings, the Company asked that the Commission delay acting on the Staff Report recommendation that Spectra Energy Corp. and Early Grove, now known as Spectra Energy Early Grove Company, file any affiliate agreement required by Chapter 4 of Title 56 of the Code of Virginia within 90 days of the date of the Staff Report. The Company requested that this delay continue until after the Commission receives Early Grove's anticipated filing and rules upon it. Early Grove advised that it did not have any other comments concerning the remainder of the Staff Report, and represented that it was authorized to state that the Commission Staff did not object to the Company's request for a delay in acting on the Staff recommendation regarding the affiliate agreements for Spectra Energy Corp. and Spectra Energy Early Grove.

NOW UPON consideration of the Company's application, the Staff Report filed on June 13, 2007, the Company's Response to that Report, and the applicable statutes, the Commission is of the opinion and finds that Staff's recommendations concerning the appropriate capital structure and revisions to Early Grove's cost of service, including Staff's accounting adjustments, should be accepted as reasonable; that the consolidated ratemaking capital structure shown in Exhibit 2 of the Staff Report should be adopted; that the propriety of this ratemaking capital structure may be re-examined in Early Grove's next AIF or rate proceeding; that no further action should be taken on the Company's rates; and that this case should be dismissed.

Additionally, we agree with the Company and the Staff that no further action should be taken at this time on the affiliate issues involving Spectra Energy Corp. and Spectra Early Grove Company raised in the Staff Report. However, if the Company's anticipated filing does not render the affiliate issues discussed by the Staff Report moot, then the Company should promptly file for approval of any affiliate agreements required by Chapter 4 of Title 56 of the Code of Virginia within ninety (90) days of the decision by the Commission on the anticipated regulatory filing identified in the Company's Response.

Accordingly, IT IS ORDERED THAT:

- (1) Consistent with the findings made herein, the recommendations concerning capital structure and revisions to Early Grove's cost of service, including Staff's accounting adjustments, set out in the Staff Report filed on June 13, 2007, are hereby accepted.
- (2) In accordance with the findings made herein, a decision on the issues related to the affiliate agreements involving Spectra Energy Corp. and Spectra Energy Early Grove shall be delayed pending the receipt and decision on the regulatory filing Early Grove represents that it will make within the next ninety (90) days. If the Commission determines that Early Grove's anticipated filing does not render the affiliate issues identified in the Staff Report moot, Early Grove shall file for approval of the appropriate affiliate agreements within ninety (90) days of any such determination.
- (3) There being nothing further to be done in this proceeding, this application shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's filed for ended causes.

**CASE NO. PUE-2006-00028
AUGUST 2, 2007**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

Annual Informational Filing for Calendar Year 2005

**ORDER CLOSING REVIEW OF
2005 ANNUAL INFORMATION FILING**

On March 29, 2006, the State Corporation Commission ("Commission") issued an Order on Motion which docketed this case and granted Massanutten Public Service Corporation ("Massanutten" or the "Company") an extension of time through August 15, 2006, within which to file a 2005 Annual Informational Filing ("AIF").

On August 15, 2006, Massanutten filed a 2005 AIF. On August 24, 2006, the Commission's Staff issued a memo of incompleteness. On September 25, 2006, Massanutten filed a Revised 2005 AIF. The Staff issued a memorandum on October 5, 2006, making the 2005 AIF complete as of September 25, 2006.

On July 26, 2007, the Staff filed a memorandum in this case which reported that Massanutten's earned return on equity for the 2005 test year was 2.19%, which is far below the 10% return on equity subsequently established in the Company's recent rate case.¹ The Staff memorandum further reported that Massanutten has had no regulatory assets on its books. The Staff concluded "that absent any regulatory assets and any Commission authorized ROE [for the test year ended December 2005], combined with the fact that operating costs and plant investment were carefully scrutinized in Massanutten's rate case, further Staff work on the 2005 AIF will be unnecessary, and the case may be closed."

On July 27, 2007, Massanutten filed a Motion to Dispense with Staff Report and to Conclude AIF Review ("Motion") which requests that the Commission issue an order dispensing with the Staff filing a report on the Company's 2005 AIF and conclude this matter. The Staff is reported to join and concur in this Motion.

¹ See Case No. PUE-2006-00126, Final Order issued June 20, 2007. The Staff memorandum further indicated that the Company's AIFs for test years ended in December 2002 through 2006 all reported earned returns on equity all below the 10% rate of return established.

NOW THE COMMISSION, having considered the Staff's memorandum filed July 26, 2007, and the Company's Motion filed July 27, 2007, is of the opinion that the Company's request that this matter be concluded without Staff filing a report should be granted. With regard to Massanutten's next required AIF filing, the Commission also takes judicial notice of its Order Granting Waiver issued July 12, 2007, in Case No. PUE-2007-00045, which waived the requirement for Massanutten to file an AIF for 2006, and ordered that Massanutten timely file an AIF, covering the twelve months ending June 30, 2007, pursuant to the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings.

Accordingly, IT IS ORDERED THAT:

- (1) Massanutten's Motion is hereby granted; a further report by the Staff is dispensed with and Massanutten's 2005 AIF is hereby concluded.
- (2) This case is hereby closed.

**CASE NO. PUE-2006-00035
SEPTEMBER 18, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION NUCLEAR NORTH ANNA, LLC

For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia

ORDER APPROVING PETITION

Virginia Electric and Power Company ("DVP" or "Company") and Dominion Nuclear North Anna, LLC, filed, on March 16, 2006, a petition seeking the approval of the State Corporation Commission ("Commission") of an Access to Information and Property Agreement ("Agreement"). The Commission issued its Order Granting Approval of the Agreement on June 9, 2006, subject to a number of conditions including, as Ordering Paragraph 2 (a), that a Combined Operating License ("COL") "application shall not be filed with the [Nuclear Regulatory Commission] prior to the issuance of an Order by the Commission determining the entity that will apply for the COL."

On September 14, 2007, DVP submitted its "Petition to Approve Applicant for a Combined Construction Permit and Operating License" ("Petition") seeking issuance of an order from the Commission permitting the Company to proceed with making a COL application to the Nuclear Regulatory Commission. DVP states that "the Company plans to file a COL application, [but] no final decision has yet been made as to whether to construct a nuclear generating facility" at its North Anna Power Station ("North Anna"). The Company further represents that should it "decide to construct such a facility, DVP will apply to the Commission for all necessary further approvals pursuant to the Code of Virginia." The Company expects the Old Dominion Electric Cooperative ("ODEC") to become a co-applicant for the COL, given that ODEC possesses partial ownership interest in North Anna.

NOW THE COMMISSION, being sufficiently advised, will approve the Petition, as follows:

- (1) Case No. PUE-2006-00035 be placed in active status in the records maintained by the Commission Clerk and be restored to the Commission's docket.
- (2) Virginia Electric and Power Company may proceed as an applicant for a Combined Construction Permit and Operating License.
- (3) No other regulatory approval is granted hereby and the approval given to DVP to proceed as an applicant for a COL is not transferable to any other entity.
- (4) This matter is dismissed.

**CASE NO. PUE-2006-00056
NOVEMBER 15, 2007**

APPLICATION OF
INTEL-AUDITS, INC.
and
ENDEL-AUDITS, INC.

For a license to conduct business as an aggregator of electricity

ORDER REISSUING LICENSE

On June 20, 2006, the State Corporation Commission ("Commission") issued to Intel-Audits, Inc. ("Intel-Audits"), License No. A-25. The License authorized Intel-Audits to provide electric aggregation service to commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and customer choice.

On April 19, 2007, Intel-Audits made a filing with the Commission advising it had changed its corporate name to Entel-Audits, Inc. On November 1, 2007, Intel-Audits filed an official request for an update to its license to reflect its new corporate name.

NOW THE COMMISSION, upon consideration of this matter, finds that the Intel-Audit's License No. A-25 to conduct business as an aggregator of electricity shall be cancelled and reissued in the name of Entel-Audits, Inc.

Accordingly, IT IS ORDERED THAT:

(1) License No. A-25 authorizing Intel-Audit, Inc., to provide electric aggregation service to commercial and industrial customers in conjunction with retail access programs is hereby canceled, and shall be reissued as License No. A-25A in the name of Entel-Audits, Inc.

(2) Entel-Audits, Inc., shall operate under this license as reissued pursuant to the same terms and conditions as set forth in our Order Granting License entered in this docket on June 30, 2006.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2006-00058
AUGUST 7, 2007**

APPLICATION OF
VIRGINIA GAS DISTRIBUTION COMPANY

For an Annual Informational Filing

ORDER ADOPTING RECOMMENDATIONS AND DISMISSING PROCEEDING

On April 28, 2006, Virginia Gas Distribution Company ("VGDC" or "Company") by counsel,¹ filed a Motion for Extension ("Motion") with the State Corporation Commission ("Commission") requesting an extension of time to file its Annual Informational Filing ("AIF") for the twelve months ending through December 31, 2005. VGDC requested a 90-day extension from May 1, 2006, the date when VGDC's AIF would otherwise be due, in which to file the captioned AIF. Among other things, VGDC advised that the Company had not received the data necessary for it to complete its AIF from its former corporate parent. The Company further represented that the Commission Staff did not oppose its Motion.

On April 28, 2006, the Commission entered an Order Granting the Company's April 28, 2006 Motion. This Order continued the matter generally.

On July 31, 2006, VGDC delivered its AIF to the Commission. VGDC filed supplemental information and completed its application on December 11, 2006. VGDC's AIF consisted of financial and operating data for the twelve months ended December 31, 2005.

On May 31, 2007, the Staff filed its Report on VGDC's AIF. That Report included both financial and accounting analyses. In its financial analysis, the Staff employed an 11.5% return on equity for illustrative purposes since the Company did not have an authorized point or range for its return on equity. The Staff explained that the authority granted to VGDC by the Commission in Case No. PUE-1993-00013 was based on the rates filed in the Company's application for a certificate of public convenience and necessity rather than on a specified return on equity range. The estimates used in Case No. PUE-1993-00013 included a cost of capital that incorporated an estimated return on equity rate of 11.5%.

The Staff noted that in July 2004, NUI Corporation ("NUI") and AGL Resources Inc. ("AGLR") announced a merger agreement in which AGLR would acquire all of NUI's outstanding shares of common stock, including NUI's ownership interest in Virginia Gas Company ("VGC"), VGDC's parent company. On August 16, 2004, NUI and AGLR filed an application with the Commission for approval of their proposed merger. On October 29, 2004, the Commission approved the proposed merger, subject to the conditions set out in its Order.² AGLR completed its acquisition of NUI on November 30, 2004.

Subsequently, AGLR, NUI, VGC, VGDC, and ANGD LLC filed a joint petition with the Commission, requesting authority to sell and transfer control of VGDC to ANGD LLC. In its December 9, 2005 Order entered in Case No. PUE-2005-00078, the Commission authorized the transfer of control of VGDC to ANGD LLC.³ According to the Staff, the closing of the sale and date of transfer of control of VGDC⁴ to ANGD LLC occurred on December 31, 2005.

In its Report, Staff used AGLR's consolidated capital structure for ratemaking purposes in its analysis because, according to Staff, this capital structure reflected the ultimate source of market capital available to VGDC during the test year. Staff explained that it generally preferred and supported the use of capital structure of the entity that raises debt capital in capital markets because such entities are subject to market constraints and scrutiny. According to Staff, AGLR's test year, consolidated ratemaking capital structure was provided by the Company in response to a Staff data request and reflected an equity ratio of 45.395% and produced an overall cost of capital of 8.514%. Staff advised that it intended to re-evaluate the proper ratemaking capital structure for the Company in VGDC's next AIF. According to Staff, this re-evaluation was necessary in light of the Company's acquisition by ANGD LLC.

¹ On June 4, 2007, VGDC's counsel filed a notice of withdrawal from the proceeding. This notice of withdrawal identified William L. Clear, President of VGDC, and John W. Ebert as the appropriate contacts for VGDC for purposes of this application.

² See Joint Petition and Application of AGL Resources, Inc. and NUI Corporation, For approval of a change in control through merger under Chapter 5 of Title 56 of the Code of Virginia, request for expedited consideration, and for such other relief as may be necessary under the law, Case No. PUE-2004-00097, 2004 S.C.C. Ann. Rept. 512, 515.

³ See Joint Petition of ANGD LLC and AGL Resources Inc., NUI Corporation, Virginia Gas Company, Virginia Gas Distribution Company, For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia, Case No. PUE-2005-00078, 2005 S.C.C. Ann. Rept. 471.

⁴ VGDC changed its name to Appalachian Natural Gas Company on May 11, 2006.

In the accounting analysis portion of the Report, Staff advised that its accounting adjustments were based on those used in the Company's last general rate case, Case No. PUE-1999-00531. In its analysis, Staff noted several areas of concern related to affiliate relationships, asset impairments, depreciation expense, state income tax expense, and interest expense.

With regard to affiliate relationships, Staff reported that Roanoke Gas Company ("Roanoke") and ANGD LLC had filed an application on February 27, 2007, docketed as Case No. PUE-2007-00012, requesting approval of an asset purchase and sale agreement that, if approved, would transfer the natural gas distribution assets serving the Bluefield, Virginia, area from Roanoke to ANGD LLC. Contemporaneously with the application docketed as Case No. PUE-2007-00012, Roanoke filed an application with the Public Service Commission of West Virginia that, if granted, would permit ANGD LLC to acquire all of the issued and outstanding stock of Bluefield Gas Company, a local distribution company serving in and around Bluefield, West Virginia.

The Staff Report commented that with the acquisition of Virginia Gas Pipeline Company and Virginia Gas Storage Company, VGDC's former affiliates, by Duke Energy Gas Transmission Company, the acquisition of VGDC by ANGD LLC, and the potential acquisition of Bluefield Gas Company by ANGD LLC, VGDC's affiliate relationships have changed, and a new affiliate agreement may be required if the purchase and sale of the distribution assets at issue in Case No. PUE-2007-00012 are approved.

Staff noted that the Company, after its acquisition by ANGD LLC, recorded the effect of impaired assets⁵ on its books in accordance with Generally Accepted Accounting Principles. Staff recommended that the ratemaking treatment of these asset impairments be evaluated in the Company's subsequent AIFs or rate proceedings.

With regard to depreciation expense, Staff reported that the Company used a composite depreciation rate of 2.30%. Based on a 2006 depreciation study prepared by the Company, Staff found that the appropriate composite rate to be used in calculating the Company's depreciation expense for this AIF is 2.23%. Staff's use of the 2.23% composite depreciation rate and the Company's use of a 2.30% composite depreciation rate generated a difference in depreciation expense between the Company and Staff of \$4,198.

With regard to state income tax expense, Staff noted that since VGDC was acquired by ANGD LLC on December 31, 2005, VGDC would now be taxed on a stand-alone basis and not as a member of a consolidated group, as it had previously. Staff accepted VGDC's proposal to use the full 6% Virginia corporate income tax rate.

With respect to interest expense, Staff noted an error in the Company's calculation of the expense related to interest on debt. Staff's interest expense calculation is based on Staff's recommended capital structure, which included a weighted cost of debt of 3.29%, rather than the 3.24% used by the Company.

Staff recommended that no action should be taken on the Company's rates at this time and concluded that, based upon the change in the Company's affiliate relationships, new affiliate agreements may be necessary once the Commission makes its decision concerning the acquisition of the Bluefield distribution utility assets. Staff advised that it planned to analyze any change in asset valuation resulting from an impairment of VGDC's assets or change in VGDC's ownership.

On June 29, 2007, VGDC filed a letter with the Clerk of the Commission advising that it did not plan to comment on the Staff Report or take further action in this proceeding.

NOW UPON CONSIDERATION of the Company's application, the May 31, 2007 Staff Report, and the applicable statutes, the Commission is of the opinion and finds that the Staff's recommendations and revisions to the Company's cost of service, including Staff's accounting adjustments set out in the May 31, 2007 Staff Report, are reasonable and should be adopted; that no action on the Company's rates should be taken at this time; that the effects of the impairment of the Company's assets, as well as the change in VGDC's ownership, should be reviewed as part of VGDC's next AIF or rate proceeding; that the Company should review its affiliate arrangements and file any appropriate applications under Chapter 4 of Title 56 of the Code of Virginia, as necessary; and that the captioned application should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the recommendations concerning the Company's capital structure and refinements to VGDC's cost of service, including Staff's accounting adjustments set out in the May 31, 2007 Staff Report, are hereby adopted.

(2) The effects of the Company's impairment of assets, as well as the change in VGDC's ownership, shall be reviewed in the Company's next AIF or rate proceeding.

(3) In accordance with the findings made herein, the Company shall review its affiliate arrangements and file appropriate applications with the Commission under Chapter 4 of Title 56 of the Code of Virginia, as necessary.

(4) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be lodged in the Commission's files for ended causes.

⁵ An asset impairment occurs when events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable.

**CASE NO. PUE-2006-00059
SEPTEMBER 19, 2007**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6

FINAL ORDER

On April 27, 2006, Washington Gas Light Company and the Shenandoah Gas Division ("Shenandoah") of Washington Gas Light Company (hereafter collectively referred to as "WGL" or the "Company"), filed an Annual Informational Filing ("AIF") with the State Corporation Commission ("Commission"). This AIF included financial and operating information for the twelve months ended December 31, 2005. Subsequent to the filing of its AIF, WGL gave notice to the Commission of its intent to revise its AIF and to file a general rate application. The Company advised that it intended to replace the ratemaking adjustments shown in the schedules filed in support of its AIF with those permitted for general rate applications under the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("Rate Case Rules").

On September 15, 2006, the Company filed an application with the Commission requesting authority to (i) increase its rates, fees, and charges for natural gas service; (ii) revise its terms and conditions for natural gas service; and (iii) implement a performance-based regulation plan ("PBR Plan") under § 56-235.6 of the Code of Virginia ("Code"). The application proposed rates and charges designed to increase WGL's annual operating revenues by \$23.0 million, an increase of approximately 3.63% in total going-level operating revenues based on financial and operating results for the test year ended December 31, 2005. The Company's proposed rate increase was based on an overall rate of return of 9.12% on rate base, including a return on common equity capital of 11.25%.

WGL's September 15, 2006 application included, among other proposals, a revenue normalization adjustment ("RNA"), a billing adjustment mechanism designed to decouple the Company's non-gas revenues from actual volumetric deliveries. As an alternative to the RNA, the Company proposed a Weather Normalization Adjustment ("WNA"). Under this proposal, a WNA factor would be established each month for the October through May billing cycles for each rate schedule in order to reconcile actual weather gas usage to normal weather gas usage. WGL proposed separate WNA factors for its Washington Gas Light Company customers and customers of Shenandoah.

The Company also proposed a Gas Administrative Charge to remove uncollectible accounts expense related to gas costs from base rates and to recover an amount for that expense through the Company's Purchased Gas Charge ("PGC"). The application also seeks to recover hexane costs¹ from sales customers through the Company's PGC provision and from delivery service customers through balancing charges.

The Company's proposed PBR Plan included the following features: (i) a base rate freeze, based on rates established in this proceeding, for a period of three years beginning with the date interim rates were implemented in this case; (ii) service quality standards to measure the Company's progress in maintaining a safe and reliable gas distribution system while controlling operating costs; and (iii) an earnings sharing mechanism ("ESM") to share specified earnings under the PBR Plan between ratepayers and shareholders. As proposed by WGL, the ESM applies only to earnings in excess of the top of the range of the return on equity ("ROE") approved in this case. Under WGL's proposed PBR Plan, Virginia-regulated weather normalized earnings up to 100 basis points above the top of the authorized ROE range would be shared 50/50 between ratepayers and shareholders, while earnings in excess of 100 basis points above the authorized ROE range would be shared with 25% credited to ratepayers and 75% credited to shareholders. As part of the PBR Plan, WGL requested approval of a billing adjustment mechanism to adjust Distribution Charges under all rate schedules to reflect any increase or decrease in existing federal or state income tax rates, and any new taxes levied on the Company in Virginia.

WGL advised that it intended to file a depreciation study after its September 15, 2006 application was filed and requested leave to file supplemental testimony and schedules after the depreciation study was filed in support of the rates determined in this case. The Company stated that it would not request an increase greater than the \$23.0 million requested in the September 15, 2006 application.

Finally, WGL's application requested that the Company be permitted to implement the proposed rates, charges, and proposed revised terms and conditions related thereto, subject to certain exceptions, on an interim basis effective for service rendered on and after February 13, 2007. The Company proposed to implement tariff revisions related to the RNA or WNA, hexane cost recovery, Gas Administrative Charge ("GAC"), asset management revenue sharing, and proposed PBR Plan upon final approval of these tariffs by the Commission.

On October 13, 2006, the Commission issued its Preliminary Order herein. In that Order, the Commission docketed the Company's application and determined that the Company's proposed rates and charges and proposed tariff revisions, excluding the RNA or WNA, GAC, hexane gas recovery, and asset management revenue sharing proposals, should be suspended pursuant to § 56-238 of the Code for one hundred and fifty days from the date the application was filed to and through February 12, 2007. The Commission further directed that in accordance with the Company's representations, the tariff revisions related to the RNA or WNA, GAC, recovery of hexane costs, and asset management revenue sharing should not be implemented unless approved by the Commission. The Commission also ruled that WGL's proposed PBR Plan could not be implemented until the Commission, after notice and opportunity for hearing, made the findings required by § 56-235.6 of the Code.

On October 25, 2006, the Commission issued its Order for Notice and Hearing in the captioned case. This Order assigned a Hearing Examiner to the proceeding, set the matter for hearing before the Hearing Examiner for April 23, 2007, provided interested parties the opportunity to participate as respondents, and established a procedural schedule governing participation in the captioned case for the Company, respondents, public witnesses, and the Commission Staff.

¹ WGL represents in its September 15, 2006 application and supporting testimony that leaks attributable to the shrinkage of rubber seals in mechanical couplings used in the construction of 2-inch and smaller distribution mains and service lines have been linked to the lack of heavy hydrocarbons in re-gasified liquefied natural gas ("LNG") received from Cove Point LNG, a source of system supply. WGL asserts that it has been injecting hexane into its gas distribution system to minimize or prevent additional leaks from mechanical couplings throughout the Company's distribution system.

In accordance with the provisions of the October 25, 2006 Order, the Company filed supplemental testimony and updated schedules on November 8, 2006, in support of its application and its Virginia Territory 2006 Depreciation Study. As noted in that testimony and updated schedules, WGL's proposed new depreciation rates had the effect of reducing the Company's proposed increase in annual operating revenues from \$23.0 million to \$17.2 million.

In accordance with the provisions of the October 25, 2006 Order, the Office of the Attorney General, Division of Consumer Counsel ("OAG") gave notice of its intent to participate in the proceeding. In addition, the following parties also filed Notices of Participation: The Apartment and Office Building Association of Metropolitan Washington ("AOBA"), the Fairfax County Board of Supervisors ("Fairfax County") and Hess Corporation ("Hess").

On February 2, 2007, WGL filed revised tariff pages and gave notice of its intent to implement these tariffs on an interim basis, effective for service rendered on and after February 13, 2007. According to the Company, these interim rates excluded the provisions related to the RNA or WNA, GAC, recovery of hexane costs, asset management revenue sharing, and PBR Plan, and reflected the proposed revenue requirement of \$17.2 million based on the revised schedules filed with its November 8, 2006 supplemental direct testimony. WGL's February 2, 2007 filing included a corporate bond in the amount of \$17.2 million.

On February 6, 2007, the Hearing Examiner entered a Ruling in accordance with § 56-238 of the Code that accepted the Company's bond, directed WGL to keep accurate accounts of all amounts received under the increased rates which would become effective for service rendered on and after February 13, 2007, provided for interest upon any refund of these interim rates ordered by the Commission, and directed WGL to bear all costs of any refund.

On March 14, 2007, members of the Board of County Supervisors of Prince William County representing the Woodbridge District, the Neabsco District, and the Coles District (hereafter collectively referred to as the "Prince William County Supervisors"), filed letters in opposition to WGL's application and requested that a hearing be conducted in the chambers of the Board of County Supervisors of Prince William County.

After considering responses to the request for local hearing filed by the Prince William County Supervisors, the Hearing Examiner entered a Ruling on March 29, 2007, providing for local hearings to be convened on May 14, 2007, at 2:00 p.m. and at 7:00 p.m., in Prince William County. This Ruling further directed the Company to provide notice of these additional public hearings in newspapers of general circulation in Prince William County and further ordered WGL to serve a copy of the Ruling on each member of the Prince William County Board of Supervisors. The Ruling also directed the Company to file the proof of the notice required therein with the Clerk of the Commission on or before April 27, 2007.

On April 9, 2007, WGL filed a Motion requesting a general continuance and a stay of the procedural schedule in order to provide the case participants an opportunity to explore whether the contested issues could be resolved or limited through settlement discussions.

On April 10, 2007, the Hearing Examiner granted the Company's Motion, staying the procedural schedule, and providing that the hearing scheduled for April 23, 2007, would be convened for the limited purpose of receiving comments from public witnesses. In his Ruling, the Hearing Examiner directed counsel for the Company to provide the Hearing Examiner with a status report every 10 days on the progress of the settlement discussions among the case participants.

On April 23, 2007, a public hearing was convened in the Commission's courtroom for the purpose of receiving the testimony of public witnesses. No public witnesses appeared. During the course of this hearing, the Examiner reiterated that local hearings would be held in Prince William County on May 14, 2007, to receive the testimony of public witnesses.

On May 10, 2007, Staff filed a Motion to Reset Procedural Schedule, requesting that the hearing on the application begin on September 17, 2007, and that WGL's rebuttal testimony be received on July 9, 2007. The Staff represented in its Motion that all the case participants had agreed to these dates.

On May 14, 2007, local hearings were convened at 2:00 p.m. and at 7:00 p.m. in Prince William County. No public witnesses appeared at these hearings.

The filing date for the Company's rebuttal testimony was subsequently extended several times to permit the case participants additional time to continue settlement discussions. By Hearing Examiner Ruling dated July 23, 2007, the filing date for the Company's rebuttal testimony was extended to August 13, 2007.

On July 30, 2007, the Company filed a Motion to Accept Stipulation, a Stipulation, and revised tariffs. In its Motion, the Company requested that the Stipulation and related tariff revisions be accepted in lieu of the Company's rebuttal testimony for the proceeding. The Commission Staff, Fairfax County, and the Company were signatories to the Stipulation.

On July 30, 2007, AOBA, by counsel, filed a letter in response to WGL's Motion advising that AOBA would not contest the Stipulation if it was accepted by the Commission as filed.

On August 1, 2007, the OAG, by counsel, filed a letter in response to the July 30, 2007 Motion advising that it did not oppose the Stipulation but was not a signatory thereto. The OAG explained that while the proposed Stipulation, taken overall, would result in a fair resolution of the outstanding issues in the application, the OAG's position on weather normalization prevented the OAG from affirmatively supporting the Stipulation.

On August 3, 2007, Hess, by counsel, filed a letter in response to the Company's July 30, 2007 Motion. In its letter, Hess advised that while it was not a party to the proposed Stipulation, it did not intend to object to the Stipulation's approval by the Commission.

On August 13, 2007, the Hearing Examiner entered a Ruling finding that the Stipulation and related tariff revisions should be accepted in lieu of the Company's rebuttal testimony due to be filed on August 13, 2007.

On September 17, 2007, an evidentiary hearing was convened. At this hearing, the revised PBR Plan and tariffs set out in the Stipulation attached to the Company's July 30, 2007 Motion, were presented to the Hearing Examiner. Two public witnesses appeared at the September 17, 2007 hearing and

presented testimony: Kenneth Thomas, a representative of the Office of Professional Employees International Union Local 2, and a former WGL employee, and Joyce Putnam, an employee and customer of WGL. Mr. Thomas testified concerning the future outsourcing of 300 employees of WGL, 150 of whom are members of Local 2. He urged the Commission to consider that the Company's current call center would be outsourced and staffed by employees unfamiliar with the Company's service territory and addresses therein. Mr. Thomas asserted that outsourcing these jobs would harm customers and public safety because of the loss of years of training and knowledge of WGL's service territory that WGL's local employees possess that outsourced contractors could acquire only through years of experience.

Joyce Putnam testified that she was an employee and customer of WGL. Like Mr. Thomas, Ms. Putnam expressed concern about the outsourcing of WGL's handling of its call center, billing, and human resources functions to Accenture, WGL's contractor. Ms. Putnam maintained that WGL's customers are best served by the Company's local employees. She also noted that Accenture is the subject of a lawsuit involving the Department of Justice and had been the subject of investigation in other jurisdictions. Ms. Putnam asked that her concerns related to Accenture be taken into consideration by the Commission.

Counsel appearing during the course of these proceedings included: Donald R. Hayes, Esquire, Bernice K. McIntyre, Esquire, and Meera Ahamed, Esquire, counsel for the Company; Sherry H. Bridewell, Esquire, Glenn P. Richardson, Esquire, and Don R. Mueller, Esquire, counsel for the Commission Staff; C. Meade Browder, Jr., Esquire, and Ashley B. Macko, Esquire, counsel for the OAG; Dennis R. Bates, Esquire, counsel for Fairfax County; Brian R. Greene, Esquire, and Katharine A. Hart, Esquire, counsel for Hess; and Frann G. Francis, Esquire, and Timothy B. Hyland, Esquire, counsel for AOBA. Proofs of publication of the notice and service prescribed in the Commission's October 25, 2006 Order of Notice and Hearing as well as the proof of publication of the notice and service required by the March 29, 2007 Hearing Examiner's Ruling were identified and received as Exhibits 1 and 2 respectively at the September 17, 2007 hearing.

During the September 17, 2007 hearing, among other things, all prefiled testimony and exhibits, together with various errata thereto, were marked and admitted into the record without cross-examination. The Company, Staff, and Fairfax County jointly supported the Stipulation attached to the Company's July 30, 2007 Motion, while the OAG and Hess advised that while they were not signatories to the Stipulation, they did not oppose the Commission's adoption of the Stipulation.² The Stipulation dated July 30, 2007, and accompanying tariffs were collectively identified as Exhibit 30 and received into the record.

At the conclusion of the proceeding, the Hearing Examiner advised that he anticipated accepting the Stipulation. Thereafter, the case participants waived their right to comment on the Hearing Examiner's Report, provided the Hearing Examiner recommended adoption of the revised PBR Plan and \$3.9 million increase described in the Stipulation.

On September 17, 2007, Alexander F. Skirpan, Jr., Hearing Examiner ("Hearing Examiner"), issued his Report in the captioned case. After summarizing and discussing the testimony and provisions of the Stipulation and revised PBR Plan, the Hearing Examiner found that the provisions of the revised PBR Plan as set forth in the Stipulation offered by WGL, Fairfax County, and Staff meet the requirements of § 56-235.6 B of the Code. The Hearing Examiner also found that the Stipulation and tariffs accompanying the Stipulation should be adopted in their entirety.

Specifically, the Hearing Examiner made the following findings in his September 17, 2007 Report, which highlighted various features of the revised PBR Plan:

- (1) The revised PBR Plan as set forth in the Stipulation offered by WGL, Fairfax County, and Staff meets the requirements of § 56-235.6 B of the Virginia Code. Specifically . . . WGL's revised PBR Plan: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest;
- (2) WGL's current cost of equity is within a range of 9.5% - 10.5%, and with the midpoint of the return on equity range of 10% used for computing carrying costs on storage gas inventory;
- (3) Based on the record and Stipulation, WGL requires \$3.9 million in additional gross annual base rate revenues;
- (4) WGL should be required to implement the rates and terms and conditions set forth in the Stipulation and attached revised tariffs;
- (5) WGL should be directed to refund, with interest as prescribed by the Commission, amounts collected as interim rates beginning on February 13, 2007, in excess of the rates set forth in the Stipulation and attached revised tariffs;
- (6) WGL should be required to discontinue the Sales and Use Tax rider and refund all over-collections as specified in the Stipulation;
- (7) WGL should be required to implement a WNA as provided in the Stipulation;
- (8) WGL should be permitted to recover hexane costs as provided in the Stipulation;

² In a letter filed on September 11, 2007, with the Clerk of the Commission, counsel for AOBA advised, among other things, that AOBA had stated in a separate letter that it would not contest the Stipulation. Counsel for AOBA also advised that she would be unable to attend the September 17 hearing.

(9) WGL should be required to collect the uncollectible expense related to its sales customers through its PGC beginning on the first billing cycle day immediately following the entry of the Commission's Final Order in this proceeding as provided in the Stipulation;

(10) WGL should be permitted to implement the asset management arrangement as provided in the Stipulation;

(11) WGL should be directed within thirty days of the Final Order, to work with Staff to develop service quality standards and appropriate metrics to measure, on a quarterly basis, the maintenance of a safe and reliable gas distribution system. Among other things, these metrics should include measurements designed to monitor the outsourcing of business processes to Accenture;

(12) WGL should be required to implement the miscellaneous tariff provisions as set forth in the Stipulation and attached revised tariffs; and

(13) WGL should be directed to make the investments in Virginia infrastructure as set forth in the Stipulation.

The Hearing Examiner recommended that the Commission adopt his findings and accept the Stipulation, grant the Company a PBR Plan as set forth in the Stipulation, and dismiss the captioned case. The Hearing Examiner noted that during the September 17 hearing the parties had waived their rights to file comments responsive to the Hearing Examiner's Report.

NOW UPON CONSIDERATION of the Company's application, the record herein, and the Hearing Examiner's Report dated September 17, 2007, the Commission is of the opinion and finds that the findings and recommendations of the September 17, 2007 Hearing Examiner's Report are supported by the record in this proceeding, are reasonable, and should be adopted. We further find that the Stipulation and its accompanying tariffs, collectively referred to as "Attachment A" hereto, set forth a performance-based regulatory plan that satisfies § 56-235.6 B of the Code, *i.e.*, that the revised PBR Plan, set forth in Attachment A: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest. Consequently, we find that the revised PBR Plan set out in Attachment A hereto is supported by the record, should become effective on October 1, 2007, through September 30, 2011, and that the provisions of the Stipulation, including the attached tariffs, are hereby adopted and incorporated by reference into this Order by their attachment hereto as Attachment A. Highlights of the provisions of the Stipulation are discussed below.

In accordance with the provisions of the Stipulation, we find that the Company should be permitted to increase its gross annual operating revenues by \$3.9 million. The Company's interim rates that were subject to refund with interest are designed to produce \$17.2 million; therefore, the Company should refund amounts collected under the interim rates to the extent such rates exceed the amount collected under the final rates approved herein. This refund shall bear interest as provided in Ordering Paragraph (8) herein.

Effective with the date of interim rates in this proceeding, WGL shall discontinue the Sales and Use Tax Rider and shall refund any over-collections associated with this Rider. The refund of over-collections under the Sales and Use Tax Rider shall, in accordance with the Stipulation, be included with the refund of over-collections associated with the tariffs that became effective on an interim basis for service rendered on and after February 13, 2007. Based upon the record in this case, we find the revenue apportionment and rate design described in Paragraph 4 of the Stipulation are reasonable and should be accepted.

Consistent with the statutory requirements for a performance-based regulatory plan, we expect WGL's service and reliability to remain at or to exceed present levels during the term of the revised PBR Plan. As we explained in a prior Commission decision adopting a five year rate plan for electric service: "We recognize that a rate plan could create incentives for [the public utility] to reduce expenses which might adversely impact service to its customers. If we find a deterioration in service, we will not hesitate to act to ensure that service is maintained at least at current standards."³

We expect the Company to cooperate fully with the Staff in developing meaningful metrics to assist us in monitoring compliance with the revised PBR Plan approved herein. In this regard, the testimony presented at the September 17 hearing by the two public witnesses raise important concerns about the effects of WGL's outsourcing on the Company's provision of safe and reliable service. Provision 10(d) of the Stipulation accepted herein requires the Company to work with the Commission Staff to develop service quality and appropriate metrics to measure the Company's progress in continuing to maintain a safe and reliable gas distribution system while striving to control operating costs. It is not known at this time what impact the Company's outsourcing of various functions to Accenture will have on the Company's provision of safe and reliable natural gas service. Consequently, we agree with the Hearing Examiner that it is appropriate to develop service quality standards and appropriate metrics for WGL, including measurements designed to monitor the outsourcing of WGL's business processes to Accenture, in the interest of ensuring that WGL maintains a safe and reliable gas distribution system. This information should be included with the Company's quarterly reports to the Staff.

Additionally, we note that the revised PBR Plan accepted herein anticipates in item 10(g) at page 15 of Attachment A, that by February 1, 2011, the Company must file with the Commission either a proposal for a new PBR Plan, a request to extend the current revised PBR Plan, or a general rate

³ Virginia Electric and Power Co., 1995 Annual Informational Filing and Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Industry Restructuring—Virginia Electric and Power Co., Case No. PUE-1996-00036 and PUE-1996-000296, 1998 S.C.C. Ann. Rept. 322, 324. Accord., Application of Virginia Natural Gas, Inc., For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6, Case No. PUE-2005-00057, and General Rate Case Filing of Virginia Natural Gas, Inc., For investigation of justness and reasonableness of current rates, charges, and terms and conditions of service in compliance with prior Commission Order, Case No. PUE-2005-00062, 2006 S.C.C. Ann. Rept. 341, 349. Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100, 2006 S.C.C. Ann. Rept. 366, 368.

application. Such filing will be made in accordance with the Commission's Rate Case Rules and must include all supporting documentation and testimony, together with a class cost of service study. The metrics and information gathered in the quarterly reports contemplated by the Stipulation will be an important resource to us as we consider WGL's compliance with the revised Plan and § 56-235.6 of the Code as well as the Company's February 1, 2011 filing.

Further, the Stipulation accepted herein recognizes the rights of the parties to petition the Commission for termination of the revised PBR Plan if at any time the parties believe that the revised PBR Plan is not being observed. In this regard, we note that if at any time during the term of the revised PBR Plan, this Plan fails to meet the statutory criteria set out in Subsection C of § 56-235.6 of the Code, we have the discretion, after notice and hearing, to alter, amend, or revoke the revised PBR Plan accepted herein, or to authorize WGL to discontinue the performance-based form of regulation approved by this Order.

Finally, we find that the Company should forthwith file revised rates, tariffs, and terms and conditions of service consistent with the Stipulation accepted herein and our findings, to be effective as provided in the Stipulation and the directives set out below.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations set out in the September 17, 2007 Report of the Hearing Examiner are hereby adopted.
- (2) In accordance with the findings made herein, the Stipulation and revised PBR Plan, including the tariffs attached to the Stipulation, collectively designated as Attachment A hereto, are adopted and incorporated by reference into this Order.
- (3) Consistent with the findings made herein and the Stipulation accepted herein, WGL shall be authorized to increase its gross annual operating revenues by \$3.9 million.
- (4) WGL shall forthwith file revised tariffs and terms and conditions of service with the Division of Energy Regulation, in accordance with the directives of this Order. The revised rates, charges, fees, terms and conditions of service, and other tariff changes accompanying the Stipulation that are related to the tariff revisions that took effect on an interim basis ("interim tariffs") shall be effective for service rendered on and after February 13, 2007.
- (5) In accordance with the provisions of the Stipulation accepted herein, WGL shall, beginning on the first billing cycle day immediately following the entry of this Final Order, collect the uncollectible expenses related to its customers' use of gas through the PGC provision, GSP No. 16 of the Company's tariff.
- (6) In accordance with the provisions of the Stipulation accepted herein, and in lieu of the RNA proposed by the Company in its September 15, 2006 application, WGL is authorized to implement a WNA, beginning October 1, 2007.
- (7) Except as otherwise provided in Attachment A hereto, WGL shall recalculate, using the rates, fees, charges, and tariffs approved herein, each bill it rendered that used, in whole or in part, the rates, fees, charges, and interim tariffs that took effect under bond and subject to refund with interest for service rendered on and after February 13, 2007, and, where application of the new rates, fees, charges, and tariffs results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.
- (8) Interest upon the refund provided for in Ordering Paragraph (7) shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three months of the preceding calendar quarter.
- (9) In accordance with the provisions of the Stipulation, the refund of over-collections of the Sales and Use Tax Rider shall be included with the refunds of over-collections under the interim tariffs described in Ordering Paragraph (7) above.
- (10) The refunds ordered in Paragraphs (7) and (9) above may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). Refunds to former customers shall be made by check mailed to the last known address of such customer when the refund amount is \$1 or more. WGL may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. WGL may retain refunds to former customers when such refund is less than \$1. WGL shall maintain a record of former customers' accounts for which the refund amount is less than \$1, and refunds of these amounts shall be made promptly upon the request of former customers. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.
- (11) On or before February 8, 2008, WGL shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Final Order, which Report shall describe in detail the costs of the refunds and the accounts charged.
- (12) The Company shall bear all costs associated with the refunds ordered herein, and shall not recover the interest paid or the expenses incurred to make the refunds ordered herein.
- (13) In accordance with Paragraph 12 of the Stipulation accepted herein, the tariff revisions for which an effective date was not otherwise provided for in the Stipulation or were not otherwise a part of the Company's interim tariffs that took effect for service on and after February 13, 2007, shall be implemented on a permanent basis, effective for bills rendered on and after thirty (30) days from the date of this Final Order.
- (14) Consistent with the provisions of the Stipulation, the first Annual Informational Filing ("AIF") for which an Earnings Sharing Mechanism will be conducted shall be prepared and due in accordance with the Rate Case Rules and shall be based on the financial and operating results for the twelve months ended September 30, 2008.
- (15) In accordance with provision 10(d) of the Stipulation and the findings made herein, the Company shall work with the Commission Staff to develop service quality standards and appropriate metrics to measure the Company's progress in continuing to maintain a safe and reliable gas distribution system, while striving to control operating costs. Among other things, these metrics shall include measurements designed to monitor the outsourcing of

businesses processes to Accenture, as well as such other information as the Commission Staff may determine is necessary to monitor the Company's compliance with the terms of the revised PBR Plan. For each year of the PBR Plan, the Company shall submit quarterly reports to the Commission Staff with regard to the Company's expenditures related to Paragraph 11 of the Stipulation, Virginia Infrastructure Investment, information related to the metrics designed to monitor the outsourcing of business processes to Accenture, together with such other information as the Staff may determine is necessary to monitor the Company's compliance with the terms of the revised PBR Plan.

(16) The Company shall comply fully and on a timely basis with the provisions of the Stipulation adopted herein and this Final Order.

(17) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

NOTE: A copy of Attachment A entitled "Stipulation" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2006-00059
OCTOBER 5, 2007**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6

ORDER GRANTING PETITION FOR RECONSIDERATION

On September 19, 2007, the State Corporation Commission ("Commission") entered a Final Order in this proceeding that, among other things, ordered Washington Gas Light Company and the Shenandoah Gas Division ("Shenandoah") of Washington Gas Light Company (hereafter collectively referred to as "WGL" or the "Company") to: (1) refund to customers, with interest, the amounts the Company collected under interim rates placed into effect on February 13, 2007, in excess of the \$3.9 million increase in annual operating revenues approved by the Commission, and (2) refund to customers the over-collections of the Sales and Use Tax Rider, with such refunds being included with the refund of interim rates. Ordering Paragraph (10) of the Commission's Final Order further directed, among other things, that "(each refund category shall be shown separately on each customer's bill)."

On October 2, 2007, the Company filed a Petition for Reconsideration requesting the Commission to reconsider its decision directing the Company to show each refund category separately on each customer's bill. According to the Company, its billing system will need to be programmed to reflect each refund category as a separate line item on customer bills, and the programming may prevent the Company from completing customer refunds within ninety (90) days of the issuance of the Commission's Final Order. The Company therefore requests that the Commission's Final Order be revised to allow the Company to combine each refund category and reflect both refunds as one line item on customer bills. The Company's Petition for Reconsideration further states that counsel for Staff and the Office of Attorney General, Division of Consumer Counsel, do not object to the request for reconsideration. WGL also represents that counsel for the Fairfax County Board of Supervisors did not take a position on the Company's Petition for Reconsideration seeking authority from the Commission to reflect such refunds together as a single line item on customer bills.

NOW THE COMMISSION, having considered the Company's Petition for Reconsideration, is of the opinion, and finds, that the Petition for Reconsideration should be granted, and that the Company should be permitted to combine each category of refunds and reflect both refunds together as a single line item on customer bills.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition for Reconsideration is granted.

(2) Ordering Paragraph (10) of the Commission's September 19, 2007 Final Order is amended by striking the phrase "(each refund category shall be shown separately on each customer's bill)." As amended, Ordering Paragraph (10) shall read as follows:

The refunds ordered in Paragraphs (7) and (9) above may be credited to current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customer when the refund amount is \$1 or more. WGL may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. WGL may retain refunds to former customers when such refund is less than \$1. WGL shall maintain a record of former customers' accounts for which the refund amount is less than \$1, and refunds of these amounts shall be made promptly upon the request of former customers. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(3) Each category of refunds ordered by the Commission's September 19, 2007 Final Order may be combined and reflected as a single line item on customer bills.

(4) All other provisions of the September 19, 2007 Final Order shall remain in full force and effect.

(5) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUE-2006-00065
MAY 15, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For an increase in electric rates

FINAL ORDER

On May 4, 2006, Appalachian Power Company ("Appalachian," "APCo," or "Company") filed with the State Corporation Commission ("Commission") an application, pursuant to § 56-582 C of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, for an increase in electric rates. Appalachian requests an annual increase in base revenues of \$225.8 million and proposes a \$27.3 million credit to its fuel factor, resulting in an overall increase of \$198.5 million in charges to its customers.

On May 30, 2006, the Commission issued an Order for Notice and Hearing and Suspending Rates that directed the Company to provide public notice of its application, established a procedural schedule, and assigned this matter to a Hearing Examiner to conduct further proceedings. The Commission suspended Appalachian's proposed rate increase for a period of 150 days from the date the application was filed, the maximum period permitted under § 56-238 of the Code. As a result, the Company's proposed rates, charges, and terms and conditions of service were permitted by law to take effect for service rendered on and after October 2, 2006, on an interim basis subject to refund with interest.

The Commission's Staff ("Staff") and the following parties participated in this proceeding pursuant to the Commission's Rules of Practice and Procedure and the aforementioned Order for Notice and Hearing and Suspending Rates: The Kroger Co. ("Kroger"); Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"); VML/VACO APCo Steering Committee ("Steering Committee"); Wal-Mart Stores East, LP ("Wal-Mart"); Steel Dynamics, Inc. – Roanoke Bar Division ("Steel Dynamics"); Michel King, *pro se*; and Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

Public hearings were held in this matter on November 7 and December 6-13, 2006. The following counsel appeared at one or more of the hearings: Anthony Gambardella, Esquire, Charles E. Bayless, Esquire, Guy T. Tripp, III, Esquire, and Jason T. Jacoby, Esquire, on behalf of APCo; Kurt J. Boehm, Esquire, on behalf of Kroger; Edward L. Petrin, Esquire, on behalf of the Old Dominion Committee; Howard W. Dobbins, Esquire, and Robert D. Perrow, Esquire, on behalf of the Steering Committee; Kristine E. Nelson, Esquire, and Scott DeBroff, Esquire, on behalf of Wal-Mart; Damon E. Xenopoulos, Esquire, and Shaun C. Mohler, Esquire, on behalf of Steel Dynamics; Michel King, *pro se*; C. Meade Browder, Jr., Esquire, Ashley C. Beuttel, Esquire, and D. Mathias Roussy, Jr., Esquire, on behalf of Consumer Counsel; and William H. Chambliss, Esquire, Arlen K. Bolstad, Esquire, and Katharine A. Hart, Esquire, on behalf of the Commission's Staff. Eight public witnesses testified at the hearings.¹

On February 5, 2007, the following participants filed post-hearing briefs: Appalachian; Kroger; Old Dominion Committee; Steering Committee; Wal-Mart; Steel Dynamics; Michel King, *pro se*; Consumer Counsel; and Staff.

On March 28, 2007, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report that explained the procedural history of this case, summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations. The Hearing Examiner "recommended that the Commission increase APCo's base rates by approximately \$75.876 million and credit the Company's fuel factor by about \$45.254 million, which produces an overall net increase of approximately \$30.621 million."² The Hearing Examiner's Report included the following findings and recommendations:

- (1) The use of a test year ending December 31, 2005, is proper in this proceeding;
- (2) APCo's test year operating revenues, after all adjustments, are \$1,021,679,803;
- (3) APCo's test year operating revenue deductions, after all adjustments, are \$918,029,934;
- (4) APCo's test year net operating income and adjusted net operating income, after all adjustments are \$103,649,869 and \$102,223,519, respectively;
- (5) APCo's current rates produce a return on adjusted rate base of 5.06% and a return on equity of 4.40%;
- (6) APCo's current cost of equity is within a range of 9.6% - 10.6%, and the Company's rates should be established based on the 10.1% midpoint of the return on equity range;
- (7) APCo's overall cost of capital, using the midpoint of the return on equity range and the capital structure as adjusted by Staff, is 7.40%;
- (8) APCo's adjusted test year rate base is \$2,021,702,421;
- (9) APCo's application requesting additional gross annual base revenues of \$225,847,296, and a credit to its fuel factor of \$27,290,378, or a net annual increase in revenues of \$198,556,918, is unjust and unreasonable because it will generate a return on rate base greater than 7.40%;
- (10) APCo requires \$75,875,512 in additional annual base rate revenues to earn its overall cost of capital;

¹ Report of Alexander F. Skirpan, Jr., Hearing Examiner, dated March 28, 2007 ("Hearing Examiner's Report"), at 3-4, 26-29.

² *Id.* at 1.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (11) APCo should retain fifty percent of its [off-system sales ('OSS')] margins in base rates and include fifty percent of its OSS margins in its fuel factor. APCo's shareholders will be entitled to a ten percent sharing of OSS margins included in the fuel factor;
- (12) Due to the proposed change in treatment of OSS margins, APCo requires \$75,875,512 in additional gross annual base rate revenues, and a credit to its fuel factor of \$45,254,245, or a net increase in annual revenues of \$30,621,267;
- (13) APCo and Staff's proposed revenue allocation methodology is just and reasonable;
- (14) APCo should file permanent rates designed to produce the additional revenues found reasonable using the revenue apportionment methodology proposed by APCo and Staff;
- (15) APCo should be required to refund, with interest, all revenues collected under its interim rates in excess of the amounts found just and reasonable herein;
- (16) APCo should continue to include the cost of environmental compliance investments in the fixed cost of its generation facilities for cost allocation purposes;
- (17) APCo should continue to allocate the cost of OSS margins included in base rates based upon demand;
- (18) APCo should design its [Large General Service] rates to maintain current load factor crossover points, and to move rate components closer to cost of service;
- (19) APCo should continue its surcharge for sales and use taxes;
- (20) APCo should implement its proposed changes to terms and conditions, subject to the revisions proposed by Staff regarding the time period for recovery of billing errors and revisions agreed to by the Company regarding discontinuation of service without notice, and denial and discontinuance of service; and
- (21) APCo should be directed to file a new Chapter 4 application for approval of its service company agreement with [American Electric Power Service Corporation ('AEP Service')] within thirty days of the final order in this case.³

On or before April 18, 2007, the following participants filed comments on the Hearing Examiner's Report: Appalachian; Kroger; Old Dominion Committee; Steering Committee; Wal-Mart; Michel King, *pro se*; Consumer Counsel; and Staff. On April 30, 2007, Steel Dynamics filed a Motion for Leave to File and Reply, seeking authority to file a reply to APCo's comments on the Hearing Examiner's Report. On May 2, 2007, the Company filed a response in opposition to Steel Dynamics' Motion for Leave to File and Reply. On May 10, 2007, Consumer Counsel filed a response, noting that Consumer Counsel does not oppose Steel Dynamics' motion provided that such does not delay entry of a final order in this case.

NOW THE COMMISSION, having considered the record, the pleadings, the Hearing Examiner's Report, and the applicable law, is of the opinion and finds as follows. We deny Steel Dynamics' Motion for Leave to File and Reply, having not found good cause to grant leave for the filing of a reply under 5 VAC 5-10-120 C of the Commission's Rules of Practice and Procedure. As set forth below, we adopt in part and modify in part the findings and recommendations in the Hearing Examiner's Report. Our findings herein result in an overall net rate increase of approximately \$24.0 million. We find that APCo's requested net increase of \$198.5 million does not result in just and reasonable rates.

Code of Virginia

The Hearing Examiner explained that "APCo seeks to increase its base rates pursuant to Virginia Code § 56-582 C, which permits the Company to:"

petition the Commission, during the period January 1, 2004, through June 30, 2007, for approval of a one-time change in its rates, and if the capped rates are continued after July 1, 2007, such incumbent electric utility may at any time after July 1, 2007, petition the Commission for approval of a one-time change in its rates. . . . Any petition for changes to capped rates filed pursuant to this subsection shall be governed by the provisions of Chapter 10 (§ 56-232 et seq.) of this title.⁴

Section 56-582 C explicitly adopts Chapter 10 of Title 56 as the legal standard by which this case is to be decided. As further noted by the Hearing Examiner, "[u]nder Chapter 10, § 56-234 establishes the duty of a public utility to furnish service at 'reasonable and just rates . . . [and] to charge uniformly . . . all persons, corporations or municipal corporations using such service under like conditions.' Similarly, § 56-235 grants the Commission the power to fix 'just and reasonable' rates. Just and reasonable rates are defined in § 56-235.2 A as follows:"

Any rate . . . shall be considered to be just and reasonable only if: (1) the public utility has demonstrated that such rates . . . in the aggregate provide revenues not in excess of the aggregate actual costs incurred by the public utility in serving customers within the jurisdiction of the Commission, subject to such normalization for nonrecurring costs and adjustments for known future increases in costs as the Commission may deem reasonable, and a fair return on the public utility's rate base used to serve those jurisdictional customers; (1a) the investor-owned public electric utility has demonstrated that no part of such rates . . . includes costs for advertisement, except for advertisements either required by law or rule or regulation, or for advertisements which solely promote the public interest, conservation or more efficient use of energy; and (2) the public utility

³ *Id.* at 68-70.

⁴ *Id.* at 29 (quoting Va. Code § 56-582 C).

has demonstrated that such rates . . . contain reasonable classifications of customers. Notwithstanding § 56-234, the Commission may approve, either in the context of or apart from a rate proceeding after notice to all affected parties and hearing, special rates . . . to individual customers or classes of customers where it finds such measures are in the public interest. . . . In determining costs of service, the Commission may use the test year method of estimating revenue needs, but shall not consider any adjustments or expenses that are speculative or cannot be predicted with reasonable certainty. In any Commission order establishing a fair and reasonable rate of return for an investor-owned . . . electric public utility, the Commission shall set forth the findings of fact and conclusions of law upon which such order is based.⁵

Our discussion herein will follow the structure set forth in the Hearing Examiner's Report. We will first address revenue requirement, and then cost allocation and rate design. Finally, we will rule on Appalachian's new arguments, presented for the first time in its comments on the Hearing Examiner's Report, that: (1) this proceeding must conform to recently enacted changes in Virginia law; and (2) APCo's customers should wait a minimum of six months before receiving any of the refunds required by this Final Order.

Revenue Requirement

The Hearing Examiner separated the revenue requirement issues into four categories: (1) adjustment cut-off date; (2) OSS margins; (3) cost of capital; and (4) other revenue requirement issues. The Company approximated the revenue requirement impact, as to the differences between itself and Staff, of these issues as follows: (1) adjustment cut-off date – \$71.8 million; (2) OSS margins – \$79.6 million; (3) cost of capital – \$26.9 million; and (4) other revenue requirement issues – \$7.5 million.⁶

Adjustment Cut-Off Date

As noted above, the applicable Virginia statute states that the revenue requirement determination herein is "subject to . . . adjustments for known future increases in costs as the Commission may deem reasonable" and that "[i]n determining costs of service, the Commission . . . shall not consider any adjustments or expenses that are speculative or cannot be predicted with reasonable certainty."⁷ In addition, the Company states that the Commission's "instructions for Schedule 17 [of APCo's application] provide [as follows:]"

Each adjustment shall be numbered sequentially and listed under the appropriate description category (Operating Revenues, Interest Expense, Common Equity Capital, etc.). Ratemaking adjustments shall reflect no more than the initial *rate year level of revenues, expenses, rate base and capital*. . . . Detailed workpapers substantiating each adjustment shall be provided in Schedule 21.⁸

The test year⁹ in this case, as chosen by APCo, is calendar year 2005. The rate year¹⁰ is October 2006 through September 2007. The Staff, Consumer Counsel, the Old Dominion Committee, and the Steering Committee updated the test year based on actual data through June 30, 2006. In contrast, the Company explains that it "updated some, but not all, costs through the end of [the] 'rate year' in accordance with Schedule 17 of the Commission's Rate Case Rules [and] introduced detailed evidence of certain actual costs incurred after June 30, 2006 and through September 30, 2006, as well as firm commitments to incur further costs through September 30, 2007."¹¹

The Hearing Examiner found "that revenue requirements in this case should be based upon audited results through June 30, 2006, as proposed by Staff, Consumer Counsel, the Old Dominion Committee, and the Steering Committee."¹² The Hearing Examiner stated that "[u]nder § 56-235.2 and the long history of its application by the Commission, the emphasis has been on the test year and actual costs. Audits and verification of revenues, expenses, and investments are basic to cost of service regulation and are designed to subject an applicant's operation to scrutiny to provide the Commission with the information necessary to determine just and reasonable rates."¹³

Appalachian objects to this recommendation "because it conflicts with the plain language of Va. Code § 56-235.2 A, ignores the Commission's Schedule 17 in its Rate Case Rules, is based on faulty analysis, and ignores uncontroverted relevant evidence in this case."¹⁴ On brief, the Company presents a list of eight "Commission rate decisions approving updating cost adjustments such as those presented by the Company in this case."¹⁵ According to the Company, in the eight cases it cites the Commission permitted rate base updates for periods ranging from seven months to 18 months after the end of

⁵ *Id.* at 29-30 (quoting Va. Code §§ 56-234, -235, and -235.2 A).

⁶ *Id.* at 30.

⁷ Va. Code § 56-235.2 A.

⁸ Appalachian's April 18, 2007 Comments at 30 (quoting the instructions for Schedule 17 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings (20 VAC 5-200-30) (emphasis in original)).

⁹ *See, e.g.*, Va. Code § 56-235.2 A ("In determining costs of service, the Commission may use the test year method of estimating revenue needs. . . .").

¹⁰ The rate year represents the first year that the new rates will be in effect.

¹¹ Appalachian's April 18, 2007 Comments at 23.

¹² Hearing Examiner's Report at 33.

¹³ *Id.* at 32.

¹⁴ Appalachian's April 18, 2007 Comments at 23-24.

¹⁵ *Id.* at 37-41.

the test year. In the instant case, APCo requests adjustments for certain actual costs incurred up to nine months after the test year, and for other projected cost increases spanning 21 months beyond the test year.

In addition, APCo asserts that the "Hearing Examiner has misapplied the plain language of [the] statute," in that the language of § 56-235.2 A "shows clearly that there is no requirement that adjustments be based on Staff's 'audited results' of only actual costs."¹⁶ The Company states that the "statute provides specifically for adjustments for 'future increases in costs' which could not be subject to such an audit. Similarly the same statute prohibits adjustments for expenses that 'cannot be predicted with reasonable certainty.' 'Predicted' expenses by definition cannot be 'actual.' Thus the plain language of the statute shows that adjustments are not limited to Staff's 'actual audited' costs."¹⁷ Appalachian argues that the "fact that costs incurred after June 30, 2006 were not audited, which is beyond the control of the Company, is no justification under the statute for ignoring those costs in the determination of a revenue requirement in this case. The statute does not require an audit, and the Rate Case Rules do not require an audit. The Company's witnesses who verified the actual expenditures after June 30, 2006 were available for cross-examination. . . . The Company has done all it can to verify those expenditures for inclusion in the revenue requirement, and they should be so included."¹⁸ Appalachian concludes that "§ 56-235.2 A requires that [the Hearing Examiner] engage in such an analysis and evaluation to reach a conclusion as to the reasonableness of those costs. Because he failed to do so, the Commission must now engage in that analysis and evaluation based on the evidence regarding those costs that are in evidence in this case."¹⁹

Upon review of the record, we adopt the Hearing Examiner's recommendation on this issue. We have considered the post-June 2006 adjustments proposed by the Company. We must evaluate these adjustments in terms of establishing just and reasonable rates under the statute, which requires a "demonstrat[ion] that such rates . . . in the aggregate provide revenues not in excess of the aggregate actual costs incurred by the public utility in serving customers. . . ."²⁰ We do not find that APCo's post-June 2006 adjustments are reasonable and will result in just and reasonable rates. APCo has not demonstrated that its aggregate rates will not provide revenues in excess of its aggregate costs if the Commission includes the post-June 2006 adjustments proposed by the Company. Appalachian also has not established that these selective adjustments, for both actual and projected costs, should not be offset by other post-June 2006 adjustments for increased revenues or decreased costs that have occurred or that can be predicted to occur with reasonable certainty. In addition, we find that APCo's projections, some of which were prepared in the fall of 2005²¹ and some of which extend 21 months beyond the test year, are speculative.

Appalachian is correct that the Virginia statute does not mandate, as a precondition to reasonableness, that other parties have a chance to audit and to verify every proposed adjustment. The ability of participants in the case to audit and to verify such adjustments, however, is one means to help establish that the adjustments selected by the Company are reasonable and that such adjustments need not be offset by updating other costs and revenues. Indeed, the Hearing Examiner gives the following example: "[I]n adjusting the test year for a significant increase in vegetation management, it is unclear whether test year sales have been adjusted to reflect a reduction in outages, or other maintenance expenses, materials and supply inventories, or other equipment adjusted to reflect the savings that may be realized from a more aggressive vegetation management program."²² Appalachian has not shown that its post-June 2006 adjustments to actual 2005 test year results will produce just and reasonable rates that properly align those adjustments with its other costs and revenues.

Finally, we reject the Company's assertion that Schedule 17 somehow requires approval of adjustments proposed through the end of the rate year. Appalachian states that the Commission's Rate Case Rules "require[] utilities to file rate year information on Schedule 17" and further notes that the instructions for Schedule 17 limit ratemaking adjustments to "no more than the initial rate year level of revenues, expenses, rate base and capital."²³ Schedule 17 is part of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings (20 VAC 5-200-30) and, thus, reflects a filing requirement for rate increase applications. These rules permit, but do not mandate, the use of rate year adjustments. The Commission in no manner violates its own rules if adjustments proposed by the Company in Schedule 17 are not approved for ratemaking purposes.

OSS Margins

The Hearing Examiner stated that "[t]here are three issues related to OSS margins: (i) the level of OSS margins that should be considered in this proceeding, (ii) whether OSS margins should remain as a reduction to base rates or become part of the fuel factor or other tracking mechanism, and (iii) whether there should be a sharing of OSS margins between customers and shareholders."²⁴

We reject APCo's estimated level of OSS margins. As found by the Hearing Examiner, "APCo has failed to prove that its estimated rate year level of OSS margins is reasonably certain and has failed to show that its actual OSS margins through June 2006, are unreasonably high."²⁵ We find that the

¹⁶ *Id.* at 24.

¹⁷ *Id.* at 24-25.

¹⁸ *Id.* at 25.

¹⁹ *Id.* at 26.

²⁰ Va. Code § 56-235.2 A.

²¹ See Consumer Counsel's April 18, 2007 Comments at 3 n.7.

²² Hearing Examiner's Report at 33.

²³ Appalachian's April 18, 2007 Comments at 30-33.

²⁴ Hearing Examiner's Report at 36.

²⁵ *Id.*

level of OSS margins should reflect actual margins earned through June 30, 2006 and adopt the Hearing Examiner's finding "that Staff's adjusted OSS margins of \$100.6 million for the twelve months ended June 2006, should be used in determining revenue requirements in this proceeding."²⁶

We also acknowledge, as noted by the Hearing Examiner, that ratepayers would receive a larger credit, and thus benefit, if we accepted rate year adjustments for OSS margins beyond June 2006. For example, "actual OSS margins for the twelve months ended September 2006, were more than \$26 million higher, on a total APCo basis, or more than 11.6% higher than actual margins for the twelve months ended June 2006."²⁷ However, as we did above with other proposed adjustments, we again find that it is reasonable to limit test year adjustments to the use of actual, verifiable data through June 30, 2006 to establish the level of OSS margins. Similarly, we reject APCo's \$68.2 million estimate for rate year OSS margins, which is "35% lower than jurisdictional margins earned for the twelve months ended September 2006 (\$103.9 million)"²⁸ and "fails to meet the test of being reasonably certain."²⁹

We also find that it is reasonable to continue the Commission's existing policy and credit 100% of OSS margins to customers. As argued by the Old Dominion Committee, Appalachian's "fixed costs for OSS sales and trading activities would be included in its revenue requirement, including the costs of AEP's Commercial Operations Department, which consists of capital investment and operating expenses necessary to engage in such sales and trading activities. Similarly, Appalachian's revenue requirement includes its share of the costs of generation and transmission facilities needed to generate and deliver energy subject to the OSS sales and trading activities."³⁰ We conclude that continuing to reflect 100% of APCo's adjusted test year OSS margins in rates remains consistent with the fact that customers have paid, and continue to pay, the fixed costs incurred to provide the infrastructure used to produce such margins.

We further conclude that margin sharing is not required as an additional incentive for Appalachian to maximize OSS margins. As a public utility, APCo: (1) has a public service obligation to optimize use of its generation assets; and (2) is fairly compensated for its share of the costs and risks of producing the margins.³¹ We agree with the Old Dominion Committee that "[s]uch 'extra' compensation is not needed to compensate Appalachian for doing what it has agreed to do by virtue of its acceptance of its monopoly franchise."³² We also note that, under the Commission's prior treatment of OSS margins, "from 2000 to 2005, [the Company's] shareholders retained approximately \$180 million in OSS margins otherwise allocable to APCo's Virginia-jurisdictional operations."³³

We reject the argument that the volatility of OSS margins necessitates different treatment from what we find herein. Although OSS margins may fluctuate on a month-to-month basis, the amount of OSS margins reflected in rates is not based on any one month of data, but rather an adjusted test year. In this regard, the evidence in this case shows that the Company's OSS margins – based on a rolling 12-month average – have not been volatile, but have steadily trended upward since December 2004.³⁴

Finally, we find that the level of adjusted test year OSS margins found reasonable herein (*i.e.*, \$100.6 million) shall be credited to customers through a separate OSS Margin Rider. We also find that it is reasonable to allocate OSS margins to customer classes based 50% on demand and 50% on energy.³⁵ The Company's temporary system sales rider, which APCo placed in effect on an interim basis and subject to refund during this case, shall terminate upon the effective date of the rates approved in this Final Order, at which time the separate OSS Margin Rider shall become effective.³⁶

Cost of Capital

We find that the cost of capital in this case should be based on Staff's *capital structure* as adjusted through June 2006, and a *cost of equity* range of 9.6% to 10.6%, using 10.0% to calculate APCo's revenue requirement.

²⁶ *Id.* at 37.

²⁷ *Id.* at 36.

²⁸ Consumer Counsel's April 18, 2007 Comments at 6 n.15.

²⁹ Hearing Examiner's Report at 39.

³⁰ Old Dominion Committee's April 18, 2007 Comments at 13-14.

³¹ *See, e.g., id.* at 18; Lamm, Exh. 65 at 5.

³² Old Dominion Committee's April 18, 2007 Comments at 18.

³³ Hearing Examiner's Report at 40.

³⁴ *See* Lamm, Exh. 66.

³⁵ The participants in this case provide evidence and arguments supporting various OSS margin allocations. Some of the proposals allocate on the basis of demand and some on energy, and some are dependent upon whether OSS margins are collected through fuel factor or base rate calculations. We have established, however, a separate OSS Margin Rider, and we find that a combined demand and energy allocation results in just and reasonable rates for all customer classes.

³⁶ Accordingly, Appalachian also shall recalculate, using the level of adjusted test year OSS margins (*i.e.*, \$100.6 million) and the methodology for allocating OSS margins for customer classes (50% on demand and 50% on energy) found reasonable herein, each customer's share of the approved OSS margins between the date interim rates took effect subject to refund and the effective date of the OSS Margin Rider approved in this case. Appalachian shall credit to customers the resulting increased credit in accordance with the refund requirements set forth in this Final Order.

Capital Structure

The Hearing Examiner explains that "there are two contested issues regarding capital structure. The first pertains to the use of APCo's projected capital structure of September 2007, or Staff's actual capital structure of June 2006. The second issue concerns whether equity should be adjusted to remove undistributed subsidiary earnings."³⁷

We find that "Staff's proposed use of a capital structure [as adjusted through] . . . historic June 2006 is reasonable and consistent with the use of a rate base as of the same date. Generally, the cost of financing such a rate base reflects the actual capital employed as of that date."³⁸ In addition, "Staff maintained that the Commission has a long history of precedent in the use of an actual capital structure rather than a projected capital structure."³⁹ We disagree with the Company's assertion that Staff's proposed capital structure "is contrary to the weight of the evidence."⁴⁰ Although we find that APCo's proposed capital structure is not reasonable, the Commission does not need to make such finding prior to adopting a June 2006 capital structure. For example, as explained by the Hearing Examiner, "in *Central Tel. Co. of Va. v. Corp. Comm'n.*,⁴¹ the Commission's decision to use the capital structure of the parent of the local utility was upheld, without a finding of unreasonableness of the actual capital structure of the local utility, which was used in the utility's prior case."⁴²

Steel Dynamics "proposed an adjustment to the level of equity reflected in the capital structure to remove undistributed subsidiary earnings," which would "reduce the revenue requirement for the Company by approximately \$1 million."⁴³ We agree with the Hearing Examiner that such adjustment is not necessary; the "average cost of capital is an average of all capital, regardless of whether it is used for financing assets devoted to providing utility service or other non-utility assets."⁴⁴

Cost of Equity

The Hearing Examiner explained that the "return on equity recommendations of the experts that testified in this case are as follows: Company witness Moul – 11.0% to 12.0%, using the midpoint of 11.5%; Staff witness Maddox – 9.4% to 10.4%, using the low end of 9.4%; and Consumer Counsel witness Parcell – 9.5% to 9.75%, with emphasis on the low end. Each of the witnesses based his recommendation on the results of [Discounted Cash Flow ('DCF'), Capital Asset Pricing Model ('CAPM')], and risk premium or comparable earnings models."⁴⁵

We agree with the Hearing Examiner that Mr. Moul's comparable earnings should be given little weight in this proceeding. The Hearing Examiner stated that "I am unconvinced that the risks of the entities chosen by Mr. Moul are comparable to APCo, and I question the selection criteria, especially the use of Value Line's timeliness rank."⁴⁶ Mr. Moul's comparable earnings approach attempted "to compare APCo to International Speedway, the Washington Post, and Tootsie Roll Industries."⁴⁷

Mr. Moul's alternative DCF, which is driven by high and low extremes of DCF calculations for a proxy group of companies, also includes Exelon. The Hearing Examiner agreed with Staff "that Exelon is not a good proxy for APCo because it has divested its generation assets and has been involved in proposed mergers."⁴⁸ The inclusion of Exelon "increases the upper end of Mr. Moul's zone of reasonableness from 11.19% to 15.08%," whereas, "[e]xcluding Exelon, Mr. Moul's alternative DCF produces results of about 9.785%."⁴⁹

We also reject APCo's proposed adjustments for (1) leverage (where market value exceeds book value), and (2) flotation costs (for issuance of stock). The Company argued that the "need for the [leverage] adjustment arises because common equity must be sold in the market at a market price while rate making in this case will proceed on the book value of the common equity. This difference means that investors' risk expectations are governed by a capital structure with an equity ratio based on the market price of the stock. . . . Investment decisions are made in the market based on the financial risk reflected in market capitalization ratios. If a different set of capitalization ratios are used to set the authorized return on equity, that return does not comport with the risk expectations of investors."⁵⁰

³⁷ Hearing Examiner's Report at 43.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Appalachian's April 18, 2007 Comments at 23.

⁴¹ 219 Va. 863 (1979).

⁴² Hearing Examiner's Report at 43-44.

⁴³ *Id.* at 42.

⁴⁴ *Id.* at 44.

⁴⁵ *Id.*

⁴⁶ *Id.* at 47.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ Appalachian's April 18, 2007 Comments at 15.

The Hearing Examiner's rejection of the leverage adjustment properly included the following analysis:

As Mr. Parcell shows in his attached schedules, market value has exceeded book value on utility stocks for many years. If, as Mr. Moul argues, such differences cause distortions in DCF and CAPM results used in the ratesetting process, these distortions should be measurable in some way. Mr. Maddox expressed this sentiment during the hearing:

The [leverage] adjustment, I believe, is unnecessary because the book value is what is used for ratemaking purposes. If, as Mr. Moul would contend, that was insufficient, that investors were not being afforded a reasonable return on that book value, one would expect that they would drive down the prices of those stocks.

Furthermore, Mr. Moul's adjustment of *beta*, as reported by Value Line, for his own *beta*, adjusted for leverage, takes his CAPM approach out of the realm of investor expectations. In other words, as Mr. Parcell testified, investors do not have access to leveraged *betas*.⁵¹

The Hearing Examiner rejected the flotation adjustment because "neither Mr. Moul, nor any other APCo witness, attempted to establish actual costs incurred by the Company in regards to the issuance of common stock. Based on my understanding of the Commission's established policy of permitting flotation costs only where, and to the extent, a utility actually incurs a cost to issue common stock, I find that no flotation adjustment should be made to the cost of equity for such costs in this case."⁵² Appalachian responds that the "evidence in this case shows that the Company's parent incurs flotation costs to issue common stock . . . [that] APCo's parent has continuing flotation costs. . . [and that if] the Commission intends its policy to require evidence of an impending common stock issuance, the policy should be changed."⁵³ The Hearing Examiner's understanding of the Commission's established policy is correct. No flotation adjustment shall be allowed under the facts of this case.

In addition, as discussed by Staff, "significant biases . . . remain embodied in Mr. Moul's analysis," such as (1) his "inappropriate use of projected interest rates that boost his risk premium recommendation," and (2) "the upward bias in Mr. Moul's DCF analysis because his growth rate primarily emphasized projected earnings per share growth rates and ignored other projected rates of growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model and reflected in the rates developed by the other witnesses."⁵⁴

We find that a cost of equity ranging from 9.6% to 10.6%, using 10.0% to calculate revenue requirement, results in a fair and reasonable return. Although the Hearing Examiner recommends using the midpoint of this range (*i.e.*, 10.1%) to calculate revenue requirement, we conclude that there is sufficient evidence to utilize a cost of equity that is ten basis points below the midpoint. Staff and Consumer Counsel proposed using the low end of the cost of equity range due to the reduced risks inuring to the Company as a result of § 56-582 B (vi) of the Code, which provides Appalachian dollar-for-dollar recovery of certain environmental and reliability costs. The Hearing Examiner found "that the record in this case is too undeveloped to support recommending a lower return on equity based on" the requirements of § 56-582 B (vi) of the Code.⁵⁵ We find, however, that the record is sufficiently developed by Consumer Counsel and Staff to justify a ten basis point reduction from the midpoint to reflect the reduced risks resulting from the Company's dollar-for-dollar recovery of certain environmental and reliability costs. In addition, we find credible the testimony of Consumer Counsel witness Parcell and Staff witness Maddox and conclude that the midpoint of their proposed ranges (9.63% and 9.9%, respectively) fall within the zone of reasonableness in this case and, thus, further support using 10.0% for revenue requirement purposes.

Other Revenue Requirement Issues

Customer Growth

We find that "the customer growth adjustment should be based on actual, audited customer growth through June 30, 2006" and, thus, reject Appalachian's request to reflect estimated customer growth through March 2007.⁵⁶

Depreciation

We find that depreciation expense should be based on "Staff's revised depreciation-related adjustments and recommendations" that, among other things, apply the Company's new depreciation rates to the June 30, 2006 plant in service "balances as proposed by Staff and Consumer Counsel."⁵⁷

⁵¹ Hearing Examiner's Report at 45-46 (citations omitted) (emphasis in original).

⁵² *Id.* at 46.

⁵³ Appalachian's April 18, 2007 Comments at 18.

⁵⁴ Staff's April 18, 2007 Comments at 5-6.

⁵⁵ Hearing Examiner's Report at 48.

⁵⁶ *Id.*

⁵⁷ *Id.*

Working Capital

Appalachian did not file a lead/lag study to support its need for working capital. The Hearing Examiner found "that prepayments other than prepaid pensions should be excluded from rate base as APCo has decided against filing a lead/lag study to support a need for working capital."⁵⁸ The Hearing Examiner treated prepaid pensions different from other prepayments, "because prepaid pensions are directly tied to reducing operating expenses," and, thus, he "agree[d] with the Company that such prepayments should be included in rate base."⁵⁹

In response, the Company disagreed with part of the Hearing Examiner's findings, arguing that "[b]ased on the evidence of record, the Commission should include *all* prepayments in APCo's rate base."⁶⁰ Appalachian asserted that a lead/lag study is not necessary to include prepayments in rate base, noting "that fuel and other materials and supplies inventory, which are akin to prepayments, have historically been included in working capital without a lead/lag study."⁶¹

Staff also disagreed with part of the Hearing Examiner's findings, arguing that the prepaid pension asset should not be included as a separate rate base item. Staff asserted that "[t]he Company, having chosen not to put its true cash working capital requirements at issue through development and filing of a lead/lag study in this case, should not be rewarded with a higher than necessary revenue requirement through the separation of particular items from that study that tend in its favor."⁶² Consumer Counsel, Old Dominion Committee, and Steel Dynamics also assert that prepaid pensions should be excluded from rate base.⁶³

The Company did not include a lead/lag study, which would have enabled a full look at necessary cash working capital. We find that it is reasonable to exclude prepayments, which represent only part of the cash working capital analysis, from rate base. The Company also has not established that it is reasonable to include *all* prepayments absent a complete lead/lag study addressing other items that may work to reduce rate base. We also agree with the Hearing Examiner that "because prepaid pensions are directly tied to reducing operating expenses, . . . such prepayments should be included in rate base."⁶⁴

Obsolete Inventory

We find as follows: (1) Appalachian "has provided sufficient explanation for the usefulness of its inactive and zero usage [materials and supplies (M&S)] inventory;" (2) Consumer Counsel's proposed adjustment to exclude "inactive or zero usage [M&S] inventory as not being used and useful in the provision of service to customers" is denied; (3) "the write-off of obsolete inventory is related to maintaining adequate inventories to respond to unplanned service interruptions and therefore should be reflected in operating expenses;" and (4) "the test year may include an abnormally high level of obsolete inventory write-off and should be normalized" as recommended by the Hearing Examiner.⁶⁵

Reorganization Expense

We reject Steel Dynamic's proposed adjustment to eliminate reorganization expense. We find that "that test year severance expenses are not non-recurring. In addition, Staff's adjustment to normalized AEP Service expenses based on actual costs through June 2006, appears to address this issue."⁶⁶

Remodeling Expense

We reject Consumer Counsel's proposed adjustment to normalize test year remodeling expenses based on the three-year average of 2003 through 2005. We find that "the upward trend in actual costs indicates that an adjustment to normalize the test year is unwarranted."⁶⁷

Rate Case Expense

We reject Consumer Counsel's proposed adjustment to limit rate case expense to an annual amount of \$109,447, which was derived by normalizing the average cost of Appalachian's four previous base rate cases over three years. We find that "[c]onsidering the age of the Company's four previous base rate cases, . . . the methodology proposed by [Consumer Counsel] provides no assurance that it would produce a reasonable level of rate case expense."⁶⁸

⁵⁸ *Id.* at 49.

⁵⁹ *Id.*

⁶⁰ Appalachian's April 18, 2007 Comments at 46 (emphasis added).

⁶¹ *Id.*

⁶² Staff's April 18, 2007 Comments at 2.

⁶³ Hearing Examiner's Report at 49.

⁶⁴ *Id.*

⁶⁵ Hearing Examiner's Report at 50-51.

⁶⁶ *Id.* at 51.

⁶⁷ *Id.* at 52.

⁶⁸ *Id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Amortization of Generation-Related Regulatory Assets and Tax Adjustments

Appalachian adjusted its amortization period for generation-related regulatory assets in existence at the start of the capped rate period to correspond to such period. Staff contended that the new amortization periods for these assets replaced Commission-approved amortization periods and were never approved by the Commission. We agree with the Company and the Hearing Examiner that "the proper amortization period for these assets is through the expiration of capped rates."⁶⁹

Gains on Discretionary Sales of Emissions

The Company "excluded all of the gains it received on discretionary sales of emission allowances from its revenue requirement and proposed that any such gains be credited to the Company's environmental and reliability surcharge mechanism," whereas Staff "adjusted the test year to reflect the actual audited gains of about \$7.3 million for the twelve months ended June 2006."⁷⁰ We "find nothing in the record that indicates the level of gains included in Staff's adjustments is unrepresentative or unusual" and "find that Staff's proposed adjustment for gains on the discretionary sales of emissions should be adopted."⁷¹ Thus, we reject the Company's argument that the "evidence contradicts the Hearing Examiner's finding that the level of gains included in Staff's adjustments will be representative of on-going levels."⁷²

PJM Administrative Fees

We adopt "Staff's proposed adjustment for PJM administrative fees, to reflect an additional \$350,000."⁷³

Public Relations and Membership Dues Expense

We reject Consumer Counsel's request to eliminate \$216,978 of public relations expenses, \$90,662 for EEI dues, and \$79,203 in membership dues expenses for other organizations unrelated to reliability.⁷⁴

AEP Service Expense

Staff "adjusted AEP Service Expense to reflect actual expenses for the six months ended June 2006," and this adjustment "reduces test year AEP Service Expense by approximately \$1.8 million."⁷⁵ Consumer Counsel recommended exclusions totaling about \$1.0 million related to public relations services, membership dues, advertising, and corporate communications. We agree with the Hearing Examiner that "Staff's adjustment provides a reasonable level of AEP Service Expense and should be adopted."⁷⁶

Vehicle Fuel Expense

The Company "adjusted its vehicle fuel expense to reflect an increase from its test year level cost of \$2.45 per gallon to \$3.00 per gallon. APCo supported the use of \$3.00 per gallon based on contentions that vehicle fuel prices have been and will continue to be subject to volatility, and because rates set in this case may be in effect for an extended period of time."⁷⁷ We reject the Hearing Examiner's recommendation and find that the Company's request to increase the test year cost of gasoline to \$3.00 per gallon is reasonable.⁷⁸

Charitable Donations

We find, as did the Hearing Examiner, "that Staff's proposed normalization of charitable donations produces a reasonable result and should be adopted."⁷⁹ The Company, Staff, and Consumer Counsel normalized APCo's \$3.9 million donation to the American Electric Power ("AEP") Foundation during the test year by removing two-thirds of this amount. For the remainder of the test year charitable contributions, Staff's proposed normalization adjustment based on a four-year average is reasonable.

In addition, although "Consumer Counsel pointed out that the Commission has a policy of permitting investor-owned utilities to include only fifty percent of charitable donations in revenue requirements to recognize that shareholders receive the primary benefits of such contributions[,] APCo requested that all of its charitable contributions should be reflected in rates 'given the importance of APCo's involvement in the communities in which it provides

⁶⁹ *Id.* at 53.

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² Appalachian's April 18, 2007 Comments at 46.

⁷³ Hearing Examiner's Report at 53.

⁷⁴ *Id.* at 53-54.

⁷⁵ *Id.* at 54.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.* at 55.

⁷⁹ *Id.*

service."⁸⁰ The Hearing Examiner, however, found that APCo has failed to provide sufficient reasons or provide an argument for a change in circumstances that would support a change in the Commission's long-standing ratemaking treatment of charitable contributions. We likewise "agree with Staff and Consumer Counsel that fifty percent of the normalized charitable contributions should be included in the determination of the Company's revenue requirement."⁸¹

MLR

Staff utilized actual data through June 2006 to calculate APCo's Member Load Ratio ("MLR"). We agree with the Hearing Examiner that "Staff's MLR should be used in this case."⁸²

West Virginia State Income Tax Apportionment Factors

Appalachian treats West Virginia state income taxes as the Commission has done in prior APCo cases. Staff, however, treats this issue in accordance with more recent Commission precedent as applied to the natural gas industry. As explained by the Hearing Examiner:

Consistent with the Commission's historic treatment of West Virginia state income taxes for ratemaking purposes, the Company used APCo's stand-alone West Virginia state apportionment factor for calculating the appropriate level of West Virginia corporate net income tax. Staff, consistent with the Commission's order in *VNG* used the income apportionment factors from the income tax returns actually filed by APCo in Tennessee, Ohio, West Virginia, and Virginia to develop the effective state income tax rates to be applied to Virginia jurisdictional taxable income.⁸³

The Company "calculated that applying stand-alone apportionment factors to APCo stand-alone taxable income produces a West Virginia state income tax expense of \$3,381,158."⁸⁴ In contrast, Staff applied a consolidated apportionment factor to APCo's stand-alone taxable income, which results in an expense of \$824,845. The Hearing Examiner found that, based on the precedent in *VNG*, Staff's methodology should be used in this case. This resulted in the Hearing Examiner using "a 3.16% effective state income tax rate in the gross revenue conversion factor to calculate his recommended rate increase."⁸⁵

Appalachian responds that "the use of the West Virginia consolidated state apportionment factor in this case would be contrary to the methodology used in APCo's previous rate filings [and] would grossly understate the impact of APCo's participation in the West Virginia consolidated income tax return. . . ."⁸⁶ The Company concludes that "[t]o properly determine the Company's revenue requirement, an effective state income tax rate of 5.783%, which is based upon the West Virginia stand-alone apportionment factor . . . should be used to determine the gross revenue conversion factor in this case."⁸⁷ We adopt the Hearing Examiner's recommendation on this issue, which is consistent with our recent precedent in *VNG*.

State Income Tax Expense

The Hearing Examiner excluded deferred fuel-related tax adjustments from the calculation of state income tax expense "because deferred fuel may be positive or negative."⁸⁸ The Hearing Examiner did not conclude that the same deferred fuel-related tax adjustment is likely to be recurring on an annual basis. We adopt the Hearing Examiner's recommendation.

Tax Effect of AEP Debt

The Company opposed adjustments to income tax expense made by Staff, Consumer Counsel, and the Old Dominion Committee, which reflected "tax savings available to AEP in the form of interest deductions associated with AEP debt that supports its investment in APCo."⁸⁹ The Hearing Examiner adopted such adjustments, finding "that the proposed parent company debt adjustment to income tax expense properly allocates a tax benefit received by AEP, to APCo and is consistent with well-accepted Commission practice."⁹⁰

⁸⁰ *Id.* at 55 (citation omitted).

⁸¹ *Id.* at 55.

⁸² *Id.* at 56.

⁸³ *Id.* at 56 (citing *Virginia Natural Gas, Inc., For Investigation of Justness and Reasonableness of Current Rates, Charges, and Terms and Conditions of Service in Compliance with Prior Commission Order*, Case No. PUE-2005-00062, Final Order (July 24, 2006) ("*VNG*").

⁸⁴ Hearing Examiner's Report at 56.

⁸⁵ Appalachian's April 18, 2007 Comments at 44.

⁸⁶ *Id.* at 42.

⁸⁷ *Id.* at 44.

⁸⁸ Hearing Examiner's Report at 57.

⁸⁹ *Id.*

⁹⁰ *Id.* at 58.

The Hearing Examiner further explained his finding as follows:

I agree with [Staff and Consumer Counsel] that each asset is supported by the underlying capital structure. This is why APCo's revenue requirement is determined by multiplying rate base, *i.e.*, the total assets employed by the Company to provide service to customers, by the overall cost of capital. Assignments of specific capital sources to specific assets is both impractical and fails to reflect the realities of capital formation.

In addition, as pointed out in briefs filed by Staff, Consumer Counsel, and the Old Dominion Committee, the adjustment to reflect tax savings associated with parent company debts is well-established and has been upheld by the Virginia Supreme Court.⁹¹

Appalachian responds that its "evidence shows that in this instance the cited general principal does not apply."⁹² The Company asserts that the "positions of the Staff, [Consumer Counsel, and Old Dominion Committee] do not comport with the reality of the transactions. The funds in question were lent to the Company by its parent, and no equity infusions were made. . . . The capital in question is proven to be debt not equity, and the Company proposes to treat it as debt rather than equity for purposes of calculating its tax expense."⁹³

We adopt the Hearing Examiner's recommendation. We also find, contrary to APCo's assertion, that it is reasonable to treat the financing at issue herein as equity.

Interest on Customer Deposits

We agree with the Hearing Examiner that adjustments should be made to interest on customer deposits to reflect the most current interest rate.

Transmission Line and Generating Plant Investment

Michel King "argued for the exclusion of investments and costs related to the construction of the Wyoming-Jackson's Ferry transmission line or the Ceredo generating plant, based on the Company's failure to offer adequate support for the prudence of these investments and because APCo failed to respond appropriately to related interrogatories."⁹⁴ The Hearing Examiner rejected this request, finding that "the record of this case contains no evidence to suggest that the Wyoming-Jackson's Ferry transmission line and the Ceredo generating plants are not used and useful in providing service to customers or are otherwise tainted by imprudence of any kind."⁹⁵

Mr. King responded that the "Hearing Examiner erred: a) in assigning a burden of proof regarding the prudence of these investments to Mr. King rather than to APCo; and b) in proceeding upon the theory that a capital project that is 'used and useful' and not 'otherwise tainted by imprudence' meets the various requirements §§ 56-234.3, 56-235.1 and 56-235.3."⁹⁶ Mr. King asserts that "[i]t is an established matter of law that the burden of proof in rate cases regarding the prudence of a utility's expenses rests with the utility, not with Staff or respondents."⁹⁷ Mr. King quotes the following Commission precedent: "'Va. Code § 56-235.3 imposes on the Company the burden of showing its proposed rate changes to be just and reasonable [and t]hat burden extends to each item of expense."⁹⁸ In addition, Mr. King contends that the "criteria specifically called out in the relevant statutes (§§ 56-235.1, 56-235.3 and 56-234.3) regarding whether a utility expense is eligible for rate base recovery are that such an expense be 'just', 'reasonable', 'proper', 'efficient', and 'reasonably calculated to promote the maximum effective conservation and use of energy and capital resources."⁹⁹

We find that the expenses for the Wyoming-Jackson's Ferry transmission line and the Ceredo generating plant were prudent and satisfy the statutory standards referenced by Mr. King. We note, however, that Mr. King's concerns in this matter are not baseless. There is minimal evidence in the record supporting the prudence of these expenditures. Mr. King states that the Hearing Examiner declared during the hearing that "'it's very clear to me that there hasn't been a prudence review done in this case."¹⁰⁰ Mr. King is correct that it is within the Commission's discretion to deny recovery of these costs. We find, nonetheless, that there is sufficient evidence for us to conclude that these expenditures satisfy Virginia statutory requirements. For example, the

⁹¹ *Id.* at 57-58 (citing *GTE South Incorporated v. AT&T Communications of Virginia, Inc.*, 259 Va. 338 (2000); *Application of GTE South Inc.*, Case No. PUC-1995-00019, 1997 S.C.C. Ann. Rep. 216; *Application of Virginia-American Water Co., For a General Increase in Rates*, Case No. PUE-1995-00003, 1997 S.C.C. Ann. Rep. 333; *Commonwealth of Virginia ex rel. David W. Desmond v. United Water Virginia, Inc.*, Case No. PUE-1997-00544, 1999 S.C.C. Ann. Rep. 389; and *Application of Virginia-American Water Company, For a General Increase in Rates*, Case No. PUE-2003-00539, 2004 S.C.C. Ann. Rep. 395).

⁹² Appalachian's April 18, 2007 Comments at 44.

⁹³ *Id.* at 45.

⁹⁴ Hearing Examiner's Report at 58.

⁹⁵ *Id.*

⁹⁶ Michel King's April 18, 2007 Comments at 2.

⁹⁷ *Id.* (citing *Central Tele. Co. v. State Corp. Comm'n*, 219 Va. 863 (1979)).

⁹⁸ *Id.* at 3 (quoting *Commonwealth Gas Svcs., Inc.*, Case No. PUE-1986-00031, 88 P.U.R. 4th 533).

⁹⁹ *Id.* at 8.

¹⁰⁰ *Id.* at 6 (quoting Hearing Examiner, Tr. 801-802).

transmission line in question was previously approved by this Commission,¹⁰¹ has been constructed in accordance therewith, and, as noted by Mr. King, is currently in service.¹⁰² Although the Company did not provide specific documentation as sought by Mr. King on the expenses related to the Ceredo generating plant, we find credible APCo's assertions, as alluded to by Mr. King, that prior to incurring the generating plant costs the Company "justif[ie]d these expenses as less costly than various other alternatives considered, including various conservation programs, energy efficiency programs, demand response programs, expanded use of existing Time-of-Day metering programs, etc."¹⁰³

We reaffirm the Commission's expectation, however, that in future proceedings the Company produce sufficient evidence to carry its burden on the prudence of all expenditures, not just the ones discussed by Mr. King herein or raised by a party in a subsequent case; this includes but is not limited to items such as PJM Administrative Fees, public relations expenses, advertising, and generating plant investments.

Jurisdictional Cost Allocation

The Company proposed a six coincident peak ("6-CP") demand allocation methodology to assign generation and transmission-related demand responsibility to each of the jurisdictions that the Company serves.¹⁰⁴ Appalachian "supported use of the 6-CP methodology on the basis that such a methodology recognizes the Company's dual peaking nature and that different AEP-East System companies peak at different times of the year."¹⁰⁵ In contrast, Staff, Consumer Counsel, and the Steering Committee requested continued use of a twelve coincident peak ("12-CP") methodology for jurisdictional cost allocation purposes.¹⁰⁶

The Hearing Examiner stated "that consistency in jurisdictional cost allocation methodologies to avoid double recovery of costs is the primary concern in choosing between the 12-CP and 6-CP methodologies" and found "that APCo should continue to allocate costs to its Virginia jurisdiction pursuant to the 12-CP methodology."¹⁰⁷ The Hearing Examiner explained that both Staff and Consumer Counsel "pointed out that the 12-CP methodology is used in the Company's other jurisdictions, including West Virginia and FERC, and that use of a 6-CP methodology may result in a double recovery of costs. Indeed, both calculated that APCo's proposed 6-CP methodology allocates a higher level of cost to the Virginia jurisdiction than the 12-CP methodology."¹⁰⁸ We adopt the Hearing Examiner's recommendation.

Cost Allocation and Rate Design

The Hearing Examiner separated the cost allocation and rate design issues into three categories: (1) class cost of service; (2) revenue apportionment; and (3) rate design.

Class Cost of Service

Class Demand Allocation Factor

The Company uses a 6-CP demand allocator for its class cost of service study, which the Commission has approved in prior cases. Consumer Counsel opposed the continued use of a 6-CP methodology, arguing that it shifts costs to residential customers and that using 12-CP more reasonably recognizes that power production facilities are needed to serve peak demands throughout the year. Staff, the Old Dominion Committee, and Wal-Mart supported the continued use of 6-CP for this purpose.

The Old Dominion Committee explained that using 12-CP overlooks the fact that APCo's peaks are driven primarily by the three winter and summer months and that such peaks are pronounced when compared to other peaks. We adopt the Hearing Examiner's finding "that APCo should continue to utilize a 6-CP demand allocator for its class cost of service study in this proceeding."¹⁰⁹

Allocation of Environmental Investment Costs

The Hearing Examiner rejected Consumer Counsel's request to allocate the Company's incremental environmental compliance investment costs on the basis of a 50% demand - 50% energy allocation factor. Rather, the Hearing Examiner "agree[d] with the Company and the Old Dominion Committee

¹⁰¹ *Application of Appalachian Power Co.*, Case No. PUE-1997-00766, 2001 S.C.C. Ann. Rep. 366, Order Granting Authority to Construct Transmission Facilities (May 31, 2001).

¹⁰² Michel King's April 18, 2007 Comments at 5.

¹⁰³ *Id.* at 6. Although Mr. King asserts that APCo failed to provide requested information, Mr. King did not seek to compel production of information during the discovery period in this case. As explained by the Hearing Examiner in response to Mr. King's argument, after the discovery phase of the case, that APCo failed to respond appropriately to interrogatories, "[t]he remedy for unresponsive answers to interrogatories is to file a motion to compel." Hearing Examiner's Report at 58.

¹⁰⁴ The 6-CP methodology allocates costs based on the demand that occurred at the Company's six highest monthly peaks in demand.

¹⁰⁵ Hearing Examiner's Report at 59.

¹⁰⁶ The 12-CP methodology allocates costs based on the demand that occurred at each of the Company's 12 monthly peaks in demand.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at 61.

that environmental compliance investment costs become part of APCo's generating facilities and should be allocated to customer classes [based on demand] as any other fixed generation asset."¹¹⁰ We adopt the Hearing Examiner's finding.

Allocation of Distribution Costs

Wal-Mart states that APCo uses only demand allocators, as opposed to both demand and customer allocators, in allocating certain distribution plant costs. Wal-Mart's "primary recommendation in this case was to have the Commission require APCo to file, in its next rate case, its [class cost of service study] allocating the distribution costs related to Accounts 364 through 368 utilizing a demand and customer cost component."¹¹¹ Wal-Mart explains that these plant accounts are "sometimes referred to as 'distribution line costs'" and include investments "such as poles, towers and fixtures, overhead conductors and devices, underground conduit, underground conductors and devices and line transformers."¹¹² Wal-Mart "would expect that at least 30% of these costs would be allocated on a customer component and, at the most, 70% on a demand component. This would tend to increase the cost of service to those customer classes that have a larger number of customers who utilize distribution lines."¹¹³

We find that, in the Company's next rate case, the Commission and case participants should have an opportunity to evaluate the allocation of Accounts 364 through 368 using demand and customer allocators. Accordingly, in its next rate case, APCo shall file a class cost of service study using demand allocators as approved herein and also shall file a class cost of service study using both demand and customer allocators for Accounts 364 through 368 as requested by Wal-Mart.

Revenue Apportionment

The Hearing Examiner recommended that the revenue increase approved in this case be apportioned among customer classes based on the methodology proposed by APCo and explained that "[t]here is general agreement among APCo, Staff, Consumer Counsel, and Wal-Mart that the apportionment of the proposed rate increase among customer classes should follow the Company's proposed apportionment methodology that will move each class toward parity based on the relative rate of return for each class."¹¹⁴ The Company's methodology was opposed by Kroger and the Old Dominion Committee. In addition, Wal-Mart stated that "APCo's proposed revenue allocation does not result in bringing rates close to cost of service" and "that if the Commission determined less of an increase than APCo's requested amount, [Wal-Mart] recommended that any reduction be first allocated to those customer classes whose rates are above their cost of service and then to all classes based on rate base."¹¹⁵

Kroger asserts that, under APCo's approach, "among the subsidy-paying classes, the customer classes that deserve the smallest rate increases would actually receive the largest rate increases, and vice versa [and that this] approach turns cost-based ratemaking on its head and is inherently unreasonable."¹¹⁶ Rather, "for the subsidy-paying classes [Small General Service ('SGS'), Medium General Service ('MGS'), Large General Service ('LGS'), and Large Power Service ('LPS')], Kroger recommends that each class receive a rate increase equal to its cost-of-service based-increase plus an approximately equal percentage additional increase in order to fund the Residential subsidy."¹¹⁷ Kroger states that it proposes "rationale and equitable" rate increases of MGS – 1.80%, LGS – 5.96%, and LPS – 9.71%, whereas the Hearing Examiner proposes increases of MGS – 8.02%, LGS – 7.76%, and LPS – 7.52%.¹¹⁸

The Old Dominion Committee states that although the Hearing Examiner does not adopt its recommended approach, "based on the revenue deficiency recommended in the Report, the results of [the Hearing Examiner's] recommended approach to inter-class revenue apportionment are similar to those that would be achieved pursuant to the approach recommended by [the Old Dominion Committee]."¹¹⁹ The Old Dominion Committee asserts that the Hearing Examiner's "recommended approach would move such rate classes halfway toward 'parity' based on the rate of return for each class relative to the average rate of return."¹²⁰ The Old Dominion Committee further states that the Hearing Examiner "appropriately rejects the new methodology proposed by Kroger, which . . . would have dramatically and unfairly increased the subsidies paid by the large industrial customers in order, in essence, to *maintain* the subsidy paid to the residential class."¹²¹

We adopt the Hearing Examiner's recommended revenue apportionment, which we find reasonably moves customer classes toward parity and results in just and reasonable rates for all rate classes.

¹¹⁰ *Id.*

¹¹¹ Wal-Mart's April 17, 2007 Comments at 5.

¹¹² *Id.* at 4.

¹¹³ *Id.* at 5.

¹¹⁴ Hearing Examiner's Report at 64.

¹¹⁵ Wal-Mart's April 17, 2007 Comments at 6-7.

¹¹⁶ Kroger's April 18, 2007 Comments at 2.

¹¹⁷ *Id.* at 3.

¹¹⁸ *Id.* at 4.

¹¹⁹ Old Dominion Committee's April 18, 2007 Comments at 39.

¹²⁰ *Id.* at 38.

¹²¹ *Id.* at 38-39 (emphasis in original).

Rate Design

We adopt the Hearing Examiner's recommended rate design. The Hearing Examiner noted that the rate design issues "were resolved by the end of the hearings," except for the matters discussed below.¹²²

LGS Rate Design

The Hearing Examiner explained that, according to Kroger: (1) "APCo's proposed rate design for LGS has demand charges below LGS demand cost of service and proposed LGS energy charges above LGS energy cost of service;" and, thus, (2) "the Company's proposal will cause higher load factor LGS customers to subsidize lower load factor LGS customers."¹²³ Appalachian agreed with Kroger, in theory, but opposed Kroger's request to design LGS rates to reflect demand and energy cost of service. As stated by the Hearing Examiner, APCo "testified that Kroger's proposal will cause the MGS-LGS Secondary load factor crossover point to move from 39% to 43%, which will cause the following problems: (i) customers with load factors around the crossover point would be adversely affected as they were forced to migrate to another rate schedule while high-load factor customers would be benefited; (ii) the migration of customers would change the cost characteristics of the MGS and LGS classes, thereby rendering Kroger's cost-based rates incorrect; and (iii) the Company could experience revenue erosion."¹²⁴

The Hearing Examiner "agree[d] with APCo that it should design MGS and LGS rates to maintain the currently proposed load factor crossover points" and further found that "APCo should be directed to utilize any reductions in the revenue requirement apportioned to LGS to design rates to move closer to cost of service, while maintaining current crossover points."¹²⁵ In response, "Kroger recommends adoption of the Report's directive to utilize any reduction in the revenue requirement apportioned to move the LGS demand charge closer to cost-of-service, but recommends that the Commission reject the arbitrary and unduly burdensome requirement that the crossover point between classes cannot change."¹²⁶ We find that the Hearing Examiner's recommended rate design, which moves intra-class LGS rates closer to cost of service while maintaining the current cross-over points, appropriately balances the interests of all LGS customers and results in just and reasonable rates for both high and low load factor customers within the rate class.

Sales and Use Tax Surcharge

The Company "currently recovers incremental sales and use tax through a surcharge that became effective September 1, 2004" and "argued that the 2004 Act of the General Assembly that instituted the sales and use surcharge, mandates the existing surcharge and its true-up mechanism."¹²⁷ Staff, however, "recommended that the sales and use surcharge be rolled into base rates" and "argued that such treatment is consistent with the elimination of the sales and use surcharge for Roanoke Gas Company, Craig-Botetourt Electric Cooperative, and Columbia Gas of Virginia, Inc."¹²⁸

The Hearing Examiner noted that "2004 Va. Acts Sp. Sess. I, ch. 3, cl.5¹²⁹ provides as follows:"

That notwithstanding any provision of law to the contrary, including § 56-582 of the Code of Virginia, any public utility that is, as a result of the provisions of this act, subject to a sales and use tax on tangible personal property purchased or leased for use or consumption by such utility in the rendition of its public service is hereby authorized to recover from each customer that customer's pro rata share of the public utility's actual expense therefore by means of a *sales and use tax surcharge*. The surcharge shall be subject to *annual review and verification* by the State Corporation Commission in the year subsequent to the surcharge, based on data provided in an annual information filing or other information provided to the State Corporation Commission by such utility; however, such review and verification shall *neither constitute a rate case nor be the subject of a rate case*. If the State Corporation Commission determines that the amount of the surcharge differed from the actual sales and use tax incurred as a result of the provisions of this act, a surcharge adjustment shall be applied in the following year. Any excess in the surcharge shall be refunded to ratepayers as a deduction against the surcharge to be imposed in that subsequent year. Any shortfall in the surcharge shall be recovered through an increase in the surcharge to be imposed in that subsequent year. A surcharge that is allocated on a proportionate basis or according to the allocation factors in the utility's most recent State Corporation Commission-approved cost allocation study shall be presumed valid.¹³⁰

The Hearing Examiner agreed with APCo, finding as follows: "Based on my reading of the above act of the General Assembly, I find that the surcharge and the subsequent annual review and adjustments, if necessary, are required. Moreover, the act explicitly states that the surcharge is not to be the subject of a rate case."¹³¹

¹²² Hearing Examiner's Report at 64-65.

¹²³ *Id.* at 65.

¹²⁴ *Id.* at 66.

¹²⁵ *Id.*

¹²⁶ Kroger's April 18, 2007 Comments at 5.

¹²⁷ Hearing Examiner's Report at 66.

¹²⁸ *Id.*

¹²⁹ See Editor's note to § 58.1-609.3.

¹³⁰ Hearing Examiner's Report at 66-67 (emphasis added).

¹³¹ *Id.* at 67.

In response, Staff asserts "that while the Act does state that, 'the surcharge shall be subject to annual review and verification . . . however, such review and verification shall neither constitute a rate case nor be the subject of a rate case,' this language specifically refers only to the review and verification process that can otherwise give rise to a surcharge true-up adjustment. Rolling the surcharge into base rates, when otherwise permitted by the Act, is simply not prohibited by this language."¹³² Staff states that APCo "should be directed to cease billing the surcharge, be permitted to collect or refund any under- or over-recovery position as of the date of interim rates in the instant proceeding, and be directed to refund any surcharge billed after that date."¹³³

We find that it is reasonable for APCo to continue to recover incremental sales and use taxes through a surcharge in the manner explicitly permitted by the above statute.

Terms and Conditions

We adopt the terms and conditions recommended by the Hearing Examiner, which include but are not limited to the following contested matters: (1) with regard to billing errors, customers will receive refunds for any overbillings made during the prior thirty-six months, and the Company will collect from customers any underbillings made during the prior twelve months; and (2) under the "Denial of Service" provision and the "Discontinuance of Service With Notice" provision of the "DENIAL OR DISCONTINUANCE OF SERVICE" section of the tariff, APCo will include language to state that service can be denied for prior indebtedness by a previous customer provided that the current applicant or customer occupied the premises at the time the prior indebtedness occurred and the previous customer continues to be an owner or bona fide lessee of the premises.¹³⁴

Affiliates Act Approval

The Hearing Examiner noted that Staff "recommended that 'the Commission direct APCo to file a new Chapter 4 application for approval of its service company agreement with [AEP Service] within 30 days of the Final Order in this case.'"¹³⁵ The Hearing Examiner adopted Staff's recommendation.¹³⁶ In response, APCo asserts that "[t]here is no reason for such a filing" and that "none is given in the [Hearing Examiner's] Report."¹³⁷ APCo also explains that the "Company does not object to working with the Staff to identify any specific concerns with its affiliates agreements and to address them as necessary. The Commission, however, should neither endorse an unsupported implication that there are such specific concerns nor require an affiliate filing without any reason."¹³⁸

Staff witness Carr testified "that the Commission's Order approving the current service agreement between APCo and [AEP Service] is six years old."¹³⁹ Mr. Carr further explained as follows:

Since that time, APCo and the energy industry in general have experienced dramatic changes, including the collapse of Enron and the rapid growth of the PJM regional transmission organization. In addition, Staff notes that the current service agreement contains numerous references to the Public Utility Holding Company Act of 1935, which has been repealed, and does not incorporate any of the changes caused by the enactment of the Energy Policy Act of 2005. Finally, Staff notes that the current service agreement includes an 'Other Services' clause, which could be construed to allow APCo and [AEP Service] to add or delete corporate services provided under the service agreement without separate Commission approval. The Commission has consistently denied approval of such open-ended clauses in recent service company orders. Taken together, these factors suggest that an update to the service agreement and to the Commission's regulatory approval is in order.¹⁴⁰

We adopt Staff's and the Hearing Examiner's recommendation. Appalachian shall file a new Chapter 4 application for approval of its service company agreement with AEP Service within 30 days of the Final Order in this case.

Legislation Enacted in the 2007 Session of the Virginia General Assembly

The Company notes that on "April 4, 2007 the General Assembly approved the Governor's Amendment in the Nature of a Substitute for Senate Bill 1416 and House Bill 3068."¹⁴¹ Appalachian asserts that this proceeding is governed, in part, by this recently passed legislation. For example, the Company contends that this new legislation must inform our analysis regarding OSS margins, cost of equity, and income tax apportionment. If Appalachian is correct, we acknowledge that application of the new statute to the current proceeding would result in a rate increase that can be estimated to be approximately \$47.65 million more than the rate increase we otherwise approve herein.

¹³² Staff's April 18, 2007 Comments at 3 (footnote omitted).

¹³³ *Id.*

¹³⁴ Hearing Examiner's Report at 68.

¹³⁵ *Id.* at 16-17.

¹³⁶ *Id.* at 70.

¹³⁷ Appalachian's April 18, 2007 Comments at 47.

¹³⁸ *Id.*

¹³⁹ Carr, Exh. 54 at 15.

¹⁴⁰ *Id.* (footnote omitted).

¹⁴¹ Appalachian's April 18, 2007 Comments at 8.

We would not typically address a statute that has yet to take effect; however, since Appalachian has asserted that the new statute applies, at least in part, to this case, we are compelled to address APCo's assertions in this opinion.

The Constitution of Virginia provides that bills passed by the General Assembly and signed by the Governor shall become effective the following July 1, unless enacted as emergency legislation.¹⁴² Furthermore, it is a standard rule of statutory construction in Virginia that legislation applies prospectively absent an express provision to the contrary.¹⁴³ Accordingly, and as further discussed below, we reject APCo's claims that our findings in the instant case must be modified as a result of the recently enacted statute.

OSS Margins

Appalachian asserts that this new statute "adds a new § 56-249.6.D.1 to the fuel factor statute" and "will take effect July 1, 2007 (Va. Const., Art. IV, § 13), so beginning July 1, 2007 OSS margins must be used as provided in § 56-249.6.D.1."¹⁴⁴ APCo states that new § 56-249.6.D.1 provides as follows:

1. Energy revenues associated with off-system sales of power shall be credited against fuel factor expenses in an amount equal to the total incremental fuel factor costs incurred in the production and delivery of such sales. In addition, 75 percent of the total annual margins from off-system sales shall be credited against fuel factor expenses; however, the Commission, upon application and after notice and opportunity for hearing, may require that a smaller percentage of such margins be so credited if it finds by clear and convincing evidence that such requirement is in the public interest. The remaining margins from off-system sales shall not be considered in the biennial reviews of electric utilities conducted pursuant to § 56-585.1. In the event such margins result in a net loss to the electric utility, (i) no charges shall be applied to fuel factor expenses and (ii) any such net losses shall not be considered in the biennial reviews of electric utilities conducted pursuant to § 56-585.1. For purposes of this subsection, 'margins from off-system sales' shall mean the total revenues received from off-system sales transactions less the total incremental costs incurred. . . .¹⁴⁵

APCo concludes that: (a) the new statute "will control the use of OSS margins beginning July 1, 2007, so the conflicting recommendation in the Hearing Examiner's report *must be rejected*;" (b) the "statutory 75% OSS margin sharing should be applied to the period October 2, 2006 through December 31, 2007 via a revised Temporary Sales Rider and 'true-up' to actual OSS margins for that period as part of the Company's 2008 fuel factor proceeding;" (c) "[i]n annual fuel factor cases the Commission should use estimated annual OSS margins, as well as fuel costs, with later 'true-up' to actual amounts, not previously realized OSS margins which would create a gap in OSS credits to customers prior to December 31, 2007;" and (d) "[u]se of the revised Rider as described in [(b)] above makes unnecessary any revision of the current fuel factor as of July 1, 2007."¹⁴⁶

We reject APCo's arguments. The new statute does not become effective until July 1, 2007. In addition, APCo's quote, above, of the new statute omits the language that immediately precedes new § 56-249.6.D.1. Specifically, § 56-249.6 D begins with this phrase: "D. In proceedings under subsections A and C:". The instant case is not a proceeding under subsections A and C of § 56-249.6; rather, Appalachian initiated this rate case pursuant to § 56-582 C of the Code. We agree with the legal analysis provided by the Attorney General, who in addition to serving as Consumer Counsel is the chief legal officer of the Commonwealth: "This [new] legislation does not become effective until July 1, 2007, and thus has no bearing on the question and does not in any way bind the Commission in this case. Moreover, the measures prescribed in this legislation apply only to 'proceedings under subsections A and C' of Virginia Code § 56-249.6. The new law does not apply to Appalachian's off-system sales margins until the Company's next fuel factor proceeding following the legislation's July 1, 2007, effective date."¹⁴⁷

Likewise, we reject Appalachian's assertion that the new statute dictates the form of any rider established to credit OSS margins to customers. As explained above, we have established a separate OSS Margin Rider based on the law and facts applicable to this proceeding. The manner in which that OSS Margin Rider is, or is not, impacted in any subsequent case under the new law will be determined in that subsequent case.

As argued by APCo, however, we acknowledge that application of the new statute to this case would significantly increase the Company's revenue requirement. For example, under the OSS margin treatment found reasonable in this case by the Commission, customers receive a credit of \$100.6 million. In contrast, under the Company's interpretation of the new statute, which Appalachian asserts should govern this case, customers would receive a credit of 75% of \$100.6 million, or \$75.5 million. Thus, if we applied the new statute to the current proceeding – as and in the manner requested by APCo – the Company's customers would see their rates increased by an additional \$25.1 million over the rates approved herein.

¹⁴² Va. Const. Art. IV, § 13 ("All laws enacted at a regular session, including laws which are enacted by reason of actions taken during the reconvened session following a regular session, but excluding a general appropriation law, shall take effect on the first day of July following the adjournment of the session of the General Assembly at which it has been enacted; . . . unless in the case of an emergency (which emergency shall be expressed in the body of the bill) the General Assembly shall specify an earlier date by a vote of four-fifths of the members voting in each house. . . .").

¹⁴³ See, e.g., *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193, 217 S.E.2d 815, 823 (1975) ("The general rule is that statutes are prospective in the absence of an express provision by the legislature. Thus when a statute is amended while an action is pending, the rights of the parties are to be decided in accordance with the law in effect when the action was begun, unless the amended statute shows a clear intention to vary such rights." (citing *Burton v. Seifert Plastic Relief Co.*, 108 Va. 338, 350-51, 61 S.E. 933, 938 (1908))).

¹⁴⁴ Appalachian's April 18, 2007 Comments at 8-9.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* at 15 (emphasis added).

¹⁴⁷ Consumer Counsel's April 18, 2007 Comments at 5 n.12.

Cost of Equity

APCo also points to newly enacted SB 1416 and HB 3068 to support its proposed cost of equity. Appalachian states that the new legislation, in part, directs as follows:

In such proceedings the Commission shall determine fair rates of return on common equity applicable to the generation and distribution services of the utility. In so doing, the Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility, nor shall the Commission set such return more than 300 basis points higher than such average. 2007 Va. Acts c. 933, § 56-585.1 A.¹⁴⁸

The Company asserts that: (1) the "new law will create a floor on return on equity that is likely to be higher than the return recommended in the [Hearing Examiner's] Report;" (2) the Hearing Examiner's recommendation "does not adequately reflect ... the intent of the new statutory provisions;" and (3) "[w]hile the record in this case does not contain an express analysis of return on equity calculations under the new legislation, there is evidence that the reported returns in other states to which the new statute refers will likely be in the range recommended by [Appalachian witness] Moul of 11% to 12%."¹⁴⁹

We have no factual basis to disagree with Appalachian's conclusion regarding the likely results of the new statute, if it were applied to this case. Indeed, a sample calculation of the average returns on common equity derived from reports filed with the Securities and Exchange Commission ("SEC"), for the three-year period 2004-2006, of potential peer utilities as reflected in the new statute is 11.55%.¹⁵⁰ If the two utilities with the lowest return and the two utilities with the highest return are removed as reflected in § 56-585.1 A 2 b of the new law, the resulting return is 11.88%. These results are consistent with Appalachian's assertion that the peer utilities referenced in the new statute support Mr. Moul's recommended return of 11% to 12%. Thus, if we applied the midpoint of Mr. Moul's recommended range of return (*i.e.*, 11.5%) in this proceeding – as opposed to 10.0% as found reasonable herein – APCo's customers would see their rates increased by an additional \$19.95 million over the rates approved in this case.¹⁵¹

For the reasons discussed above, however, Appalachian is incorrect that the new statute should inform this case. As explained above, based on the record developed in this proceeding, we find that a cost of equity ranging from 9.6% to 10.6%, using 10.0% to calculate revenue requirement, results in a fair and reasonable return for both the Company and its customers.

West Virginia State Income Tax Apportionment Factors

We adopted, above, Staff's and the Hearing Examiner's recommendation to use the income apportionment factors from the income tax returns actually filed by APCo in Tennessee, Ohio, West Virginia, and Virginia to develop the effective state income tax rates to be applied to Virginia jurisdictional taxable income. The Company, however, explains that SB 1416 and HB 3068 recently codified APCo's position "on this issue by amending § 56-235.2 A of the Code of Virginia. That section will now provide in pertinent part . . . that APCo's 'apportioned state income tax costs shall be calculated according to the applicable statutory rate, as if the utility had not filed a consolidated return with its affiliates. . . .'"¹⁵² Appalachian states that "[a]lthough this new statute is not effective until July 1, 2007, its legislative intent is clear. The statute rejects the Hearing Examiner's recommendation to use a consolidated state apportionment factor."¹⁵³

If we agreed to APCo's request, customers would see their rates increased by an additional \$2.6 million over the rates approved in this case.¹⁵⁴ We are not bound, however, by a statute that is not yet in effect.

Rates and Refunds

Finally, the Company argues that: (1) its customers should continue to be charged APCo's higher rates currently in effect, which we have found unjust and unreasonable, for a *minimum* of two more months after the date of this Final Order; and (2) its customers should wait a *minimum* of six months before receiving any credits or refunds owed to them by APCo.

¹⁴⁸ Appalachian's April 18, 2007 Comments at 21.

¹⁴⁹ *Id.* at 21-22.

¹⁵⁰ The following peer utilities were used for this example, with common equity returns based on reports filed with the SEC: Monongahela Power Company (5.87%); Entergy Mississippi, Inc. (9.59%); Tampa Electric Company (10.24%); Cleco Power (10.87%); FP&L Company (11.31%); Gulf Power (12.00%); Progress Energy Florida, Inc. (12.14%); Alabama Power (13.18%); Georgia Power (13.44%); Mississippi Power (13.71%); and Progress Energy Carolinas, Inc. (14.67%). The peer utilities, calculations, and comparisons in this Final Order do not represent findings of fact but are for illustrative purposes in addressing Appalachian's assertions and do not serve as precedent for implementation of any part of the new statute.

¹⁵¹ This revenue requirement increase is estimated as follows: \$831,142,082 (Common Equity Capital, Hearing Examiner's Report at Attachment 1, Line 28) x 1.5% (increased return on equity, 11.5% minus 10.0%) ÷ 0.624876 (Revenue Conversion Factor for taxes and accounts receivable factoring) = \$19,951,368.

¹⁵² Appalachian's April 18, 2007 Comments at 43 (emphasis omitted).

¹⁵³ *Id.*

¹⁵⁴ *Id.*

Specifically, the Company "requests that it be given a minimum of sixty (60) days from the date of a Final Order to prepare a compliance cost-of-service and to file rates designed to produce the revenue found reasonable by the Commission."¹⁵⁵ In addition, "[d]ue to the expected volume of calculations and the complexity of rebilling the unbundled rates, the Company requests that it be given a minimum of one hundred twenty (120) days from the date the Commission approves its compliance tariff to complete any customer refunds ordered by the Commission."¹⁵⁶

Appalachian's request in this matter is entirely unjustified. The Company's customers have endured three rate increases over the past year, which include paying significantly higher rates as a result of APCo's request in this case. Now that the Commission has rejected a large portion of Appalachian's most recent rate hike, the Company seeks to prolong this episode another six months – at a minimum. We find that such request is not just and reasonable and not in the public interest, and, indeed, that APCo's customers deserve better treatment than the Company wishes to impose upon them. We will require that the Company charge new rates, in accordance with the findings made herein, for bills rendered on and after thirty (30) days from the date of this Final Order, and that the Company effectuate refunds (with interest computed as set forth below) within ninety (90) days from the date of this Final Order.¹⁵⁷

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The findings and recommendations of the March 28, 2007 Hearing Examiner's Report are adopted in part and modified in part as set forth herein.

(2) Appalachian shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the findings made herein, for bills rendered on and after thirty (30) days from the date of this Final Order.

(3) Appalachian shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on and after October 2, 2006 and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.

(4) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three months of the preceding calendar quarter.

(5) The refunds ordered herein may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. Appalachian may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. Appalachian may retain refunds to former customers when such refund is less than \$1. Appalachian shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.

(6) On or before September 30, 2007, Appalachian shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Final Order, detailing the costs of the refunds and the accounts charged.

(7) Appalachian shall bear all costs incurred in effecting the refund ordered herein.

(8) Steel Dynamics' Motion for Leave to File and Reply is denied.

(9) The Company is ordered to comply with the directives set forth in this Final Order.

(10) This case is dismissed.

¹⁵⁵ *Id.* at 48.

¹⁵⁶ *Id.* at 49.

¹⁵⁷ This is consistent with prior Commission cases in which new rates and refunds (with interest computed using the average prime rate) were required to be implemented within a 90-day window. *See, e.g., Application of Appalachian Power Co. for an expedited increase in base rates*, Case No. PUE-1994-00063, 1996 S.C.C. Ann. Rep. 255, 257, Final Order (May 24, 1996) (requiring refunds on or before July 26, 1996); *Application of Appalachian Power Co. for an alternative regulatory plan*, Case No. PUE-1996-00301, 1999 S.C.C. Ann. Rep. 367, 368, Final Order (Feb. 18, 1999) (requiring revised tariffs to be filed by March 1, 1999 and refunds to be made by May 18, 1999); *Application of Washington Gas Light Co.*, Case No. PUE-2003-00603, 2004 S.C.C. Ann. Rep. 411, 413, Final Order (Sept. 27, 2004) (requiring new rates to be implemented "commencing with the October 2004 monthly billing cycle" and refunds to be made "within 90 days of the issuance of this Final Order"); *Application of Atmos Energy Corporation for an increase in rates*, Case No. PUE-2003-00507, S.C.C. Ann. Rep. 322, 323 (Jan. 7, 2005) (requiring refunds "within ninety (90) days of the entry of this Order").

**CASE NO. PUE-2006-00065
MAY 30, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For an increase in electric rates

**ORDER DENYING
RECONSIDERATION AND CLARIFICATION**

On May 4, 2006, Appalachian Power Company ("Appalachian," "APCo," or "Company") filed with the State Corporation Commission ("Commission") an application, pursuant to § 56-582 C of the Code of Virginia and the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, for an increase in electric rates. Appalachian requested an annual increase in base revenues of \$225.8 million and proposed a \$27.3 million credit to its fuel factor, resulting in an overall increase of \$198.5 million in charges to its customers.

On May 15, 2007, the Commission issued a Final Order that, among other things: (1) found that APCo's requested net increase of \$198.5 million does not result in just and reasonable rates; and (2) approved an overall net increase of approximately \$24.0 million.

On May 25, 2007, the Company filed a Petition for Reconsideration and Clarification under 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure. Appalachian: (1) "asks the Commission to clarify its Final Order to permit the Company to place an expiration clause . . . on the [off-system sales ('OSS')] Margin Rider adopted in this case;" and (2) "respectfully requests that the Commission reconsider and modify its decisions on the three broad issues in this case."¹

First, Appalachian quotes the following passage from the Final Order:

As explained above, we have established a separate OSS Margin Rider based on the law and facts applicable to this proceeding. The manner in which that OSS Margin Rider is, or is not, impacted in any subsequent case under the new law will be determined in that subsequent case.²

The Company states that the "next 'subsequent case' to which this passage could refer will almost certainly be a fuel factor proceeding under § 56-249.6 of the Code of Virginia. However, the Commission's language might be interpreted to require two 'subsequent cases' – a fuel factor proceeding to apply the OSS margin provisions of the new statute and a general rate proceeding to terminate the OSS Margin Rider adopted by the Commission in this case."³ Appalachian further asserts that "[u]nder such an interpretation of the Final Order, it might be argued that the Company is required to provide duplicate OSS margin credits during the time it would take the Company to file, and the Commission to decide, a complete general rate case to terminate the OSS Margin Rider."⁴ As a result, APCo "respectfully requests that the OSS Margin Rider in the tariffs required by ordering paragraph (2) of the Final Order contain an expiration clause that terminates the OSS Margin Rider upon the effectiveness of the Company's next fuel factor."⁵

Next, Appalachian "respectfully disagrees with the Commission's rulings on the three major issues in this proceeding: the cut-off date for adjustments, the treatment of OSS margins, and a reasonable rate of return on the Company's equity capital."⁶ The Company states that "[f]or the reasons previously stated in this case, which are based on the evidence of record and current law, the Company continues to believe that the OSS margin and return on equity⁷ issues should be resolved in its favor, as well as in a manner that will create a smooth transition to the rate regime of the new legislation."⁸ APCo also asserts that "adjustments in this case should be forward-looking to reflect the level of costs that will be incurred to provide service during the time rates established in this proceeding will be in effect and to provide rate stability for APCo's customers now and in the future."⁹

NOW THE COMMISSION, having considered this matter, denies APCo's Petition for Reconsideration and Clarification. First, as discussed in the Final Order, we will not determine – under the record and the law applicable to this case – the exact manner in which the OSS Margin Rider must be impacted in any subsequent case that is not yet before us and that may be filed under a new statute. Likewise, we also have not concluded – in this case – that the Company is restricted in the means by which it may request, in any subsequent case, the expiration of the OSS Margin Rider. As this rider is not embedded in either fuel or base rates, the Company can ask the Commission to address the OSS Margin Rider comprehensively in either type of proceeding

¹ Appalachian's May 25, 2007 Petition for Reconsideration and Clarification at 6.

² *Id.* at 1 (quoting Final Order at 45).

³ *Id.*

⁴ *Id.* at 1-2.

⁵ *Id.* at 2.

⁶ *Id.* at 2-3.

⁷ The Company also asserts that the "Final Order at pages 46-47 recognizes that other utilities are currently *authorized* to earn returns consistent with the Company's recommendation in this case." *Id.* at 5 (emphasis added). However, the new statute to which APCo and the Final Order refer does not use "authorized" returns approved by other state public utility commissions but, rather, requires the Commission to utilize actual returns reported to the Securities and Exchange Commission. *See* Final Order at 46-47.

⁸ Appalachian's May 25, 2007 Petition for Reconsideration and Clarification at 3.

⁹ *Id.*

in the future. Finally, for the reasons stated in the Final Order, we also deny Appalachian's request that the Commission "reconsider and modify its decisions on the three broad issues in this case."¹⁰

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Petition for Reconsideration and Clarification is denied.
- (2) This case is dismissed.

¹⁰ *Id.* at 6.

**CASE NO. PUE-2006-00068
FEBRUARY 27, 2007**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of an amendment to the purchased gas cost tariff provision and for a pilot program relating to natural gas financial hedging

**ORDER ACCEPTING REPORT ON PILOT
PROGRAM HEDGING ACTIVITIES FOR 2006**

On October 23, 2006, the State Corporation Commission ("Commission") issued an Order Approving Pilot Program ("October 23, 2006 Order") in the above-captioned case. Pursuant to the October 23, 2006 Order, the Commission directed Washington Gas Light Company ("Company") to file annual reports beginning February 1 of each year from 2007 through 2010, detailing the terms of the hedged gas contracts, any costs associated with the hedged contracts, the calculation of the volumes to be hedged through the use of futures contracts during the upcoming summer storage season, and the schedule for purchasing those volumes.

On January 31, 2007, the Company filed its Report of Pilot Program Hedging Activities for 2006, including Appendix "A", which is the estimate of volumes to be hedged through the use of futures contracts for the 2007 summer storage season ("January 31, 2007 Report"). The Company requested the Commission to accept the January 31, 2007 Report as the Company's first annual report in compliance with the Commission's October 23, 2006 Order.

The January 31, 2007 Report explained that the Company could not enter into any natural gas financial hedging transaction for planned injections for the 2006 summer storage fill period because the Commission's authorization was not given until October 23, 2006. As there were no natural gas financial hedging transactions for planned injections for the 2006 summer storage fill period, the Company submitted the January 31, 2007 Report in lieu of the annual report format recommended by the Staff and required by the October 23, 2006 Order.

On February 21, 2007, the Company filed a Motion for Leave to Supplement the January 31, 2007 Report with attached Supplement ("Motion and Supplement"). Pursuant to agreement with the Commission's Staff, the Supplement was filed to report the schedule for purchasing the hedged transactions associated with the summer 2007 storage volumes. The data contained in the Motion and Supplement is based on estimated storage injection volumes as of February 1, 2007.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company's Motion should be granted and that the January 31, 2007 Report and the Supplement filed February 21, 2007, should be accepted into the record in compliance with the reporting requirement of the Commission's October 23, 2006 Order.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion is hereby granted, and the Company's January 31, 2007 Report and the Supplement filed February 21, 2007, are received into the record of this case in compliance with the reporting requirement of the Commission's October 23, 2006 Order. However, the Company shall be required to submit future annual reports in the format as ordered on October 23, 2006.

(2) This case shall remain open to receive the further reports and other pleadings required by the October 23, 2006 Order.

**CASE NO. PUE-2006-00070
MARCH 19, 2007**

APPLICATION OF
DALE SERVICE CORPORATION

For an expedited increase in rates

ORDER

On May 17, 2006, Dale Service Corporation ("Dale Service" or "Company") filed an application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. The Company filed financial and operating data for the twelve months ending December 31, 2005, in support of its proposed increase in annual revenues of \$821,004, which represents an increase of 11.2 percent. The Company

requested this increase to cover increased operating expenses and to compensate for a decline in connection fee revenues due to a slowdown in building activity.¹ The Company's total revenue requirement was based on a debt service coverage ("DSC") ratio of 1.20 times, which was approved in the Final Order of January 19, 2005.²

Dale Service is a privately owned, Class A, sewer-only utility operating in Dale City, Virginia. As of June 2006, the Company provided service to approximately 21,451 residential customers and 1,671 commercial and public authority taps. The Company collects revenues from its customers on a fixed-charge non-volumetric basis; customers are charged a fixed fee for quarterly sewer service regardless of the volume of sewer services used. The current rates were set to reflect an expected 500 new service connections annually at \$1,800 per connection. Thus, the Company's current rates were set to assume that \$900,000 in service connection revenues would be generated annually. The Company's current application projects only 222 new service connections annually. Dale Service filed proposed rates designed to recover the additional operating revenues requested in its application. Under the Company's proposed tariff changes, the rates of residential customers would increase from \$78.30 to \$87.20 per quarter, and the rates of commercial customers would increase from \$98.30 to \$111.00 per quarter.

On June 12, 2006, the Commission entered its Order for Notice and Hearing ("June 12 Order"). The June 12 Order authorized the Company to place its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after July 1, 2006. The June 12 Order also appointed a hearing examiner ("Examiner" or "Hearing Examiner") to conduct all further proceedings on behalf of the Commission; scheduled a public hearing on the application for November 2, 2006; established a procedural schedule for the filing of testimony and exhibits by the Company, Staff, and respondents; and provided for the filing of written comments by public witnesses.

On July 18, 2006, the Hearing Examiner issued a Ruling changing the location of the public hearing from the Commission's Courtroom in Richmond, Virginia, to the Board of Supervisors Chambers in Prince William County. The change in hearing location was in response to two requests from local government officials to hold the hearing in Prince William County to accommodate the Company's customers. The remainder of the procedural schedule established in the June 12, 2006 Order remained unchanged.

The public hearing convened as scheduled, and the Company presented testimony by its witness, Norris Sisson ("Sisson"), followed by testimony from Staff's three witnesses, Scott C. Armstrong, Farris M. Maddox, and Gregory L. Abbott (collectively, "Staff"). Four public witnesses appeared at the local hearings and testified in opposition to the application.

At the hearing, several issues remained in controversy, prominent among them were: connections fees and Staff's accounting adjustments on capitalization of certain expenses and its recommended depreciation expenses.

On January 10, 2007, the Office of Hearing Examiners issued the Report of Michael D. Thomas, Hearing Examiner. Therein, Examiner Thomas provided a detailed history of the case, summarized the record, discussed the primary issues, and made the following findings and recommendations:

- (1) The use of test year ending December 31, 2005, is proper in this proceeding;
- (2) The Staff's accounting adjustments are reasonable, in particular, the Staff's depreciation expense and capitalizing, rather than expensing, certain costs;
- (3) The Commission should set the number of annual connections used to compute the Company's revenues at 300;
- (4) The Company's revenue requirement is \$586,636;
- (5) The Company's quarterly rate for its Residential Class should be \$84.53;
- (6) The Company's quarterly rate for its Commercial Class should be \$106.12;
- (7) The Commission should direct the Company to develop a volumetric rate schedule for submission with its next rate case; and
- (8) The Commission should include the language from Paragraph 6 of the Joint Stipulation in Case No. PUE-2004-00035 in its final order in this case.

Examiner Thomas recommended that the Commission enter an order that adopts the findings and recommendations of his Report; grants the Company an increase in gross annual revenues of \$586,636; directs the prompt refund of amounts collected under interim rates in excess of the rate increase found reasonable; and dismisses this case from the Commission's docket of active cases and passes the papers therein to the file for ended causes.

On January 30, 2007, Dale Service, by counsel, filed exceptions to the Report of Examiner Thomas. The Company claimed that overall the Report reflected receptiveness to the positions of Dale Service and the Company appreciated the Examiner's recommendation for a decrease in the annual number of presumed connections. Additionally, the Company commented on the Hearing Examiner's Report relative to the following issues: calculation of plant electricity expense, depreciation expense, and volumetric billing.

Dale Service objects to the Examiner's acceptance of Staff's adjustment for plant electricity expense. The Company calculated plant electricity expense of \$1,305,866 based on annualizing actual usage at current rates from January through August 2006.³ A Staff accounting adjustment calculated

¹ Under the terms and conditions of a stipulation ("Stipulation") accepted by the Commission during its last rate case, the Company's present rates were approved by Final Order dated January 19, 2005. *Application of Dale Service Corporation, For a general increase in rates*, Case No. PUE-2004-00035, 2005 S.C.C. Ann. Rep. 345.

² *Id.*

³ Rebuttal Testimony and Exhibits of Sisson at NLS- 3.

plant electricity expense at \$1,225,205, which is \$84,631 less than the amount offered by Dale Service.⁴ The Company contends that Staff annualized the actual usage by the Company for the first six months of 2006 at current rates to calculate the pro forma expenses for office electricity and water. However, for plant electricity expense, the Company further contends, rather than applying the consistent methodology used for calculating the office electricity and water expenses, Staff simply increased the actual costs for the test year's electricity usage data by a factor of 4.5%, and amended to 4.8%.⁵ The Company objects to Staff's calculation of plant electricity expense and the Examiner's acceptance thereof, because the Company believes that Staff's methodology does not allow the Company to fully recover through rates the recent increase in the cost of plant electricity going forward.

Staff acknowledged the use of different methodologies in calculating office electricity and water expense and that of plant electricity expense. Staff explained that the magnitude in electricity costs between administrative office usage and the electricity costs attributed to running the plant system factored into the use of different methodologies. Staff contends that it incorporated twelve months of actual plant electricity costs through July 15, 2006, to calculate the going level of plant electricity expense. Staff further contends that to calculate the actual plant electricity costs for a full annual period rather than annualizing a portion of a year for that expense is a better methodology.⁶

The Examiner found Staff's adjustment to plant electricity expense reasonable. The Commission accepts the finding of the Examiner as supported by the record and concurs with the Staff's methodology of using actual electricity costs in determining the plant electricity expense. In this particular case, Staff used different methodologies in computing electricity expense for administrative office usage and that for plant electricity expense. However, Staff's present methodology for calculating plant electricity expense is not inconsistent when juxtaposed against plant electricity expense determinations made by Staff in Dale Service's last rate case. This methodology of using actual billing data to calculate plant electricity expense in this case is the same methodology adopted by the Commission in Case No. PUE-2004-00035.⁷

The Examiner found Staff's adjustment to depreciation expense reasonable.⁸ Dale Service objects to the Examiner's acceptance of Staff's depreciation expense. The Company argues that the proceeds of a federal grant, which were recorded as CIAC and used to retire bond principal, should be amortized at the same rate as the associated plant. In Case No. PUE-2001-00200, the Commission established a 20-year useful life for the equipment financed by the 20-year bonds and a 30-year useful life for all other plant and equipment and CIAC. The Company argues that the Federal grant was used to pay down the 20-year bonds, and therefore, the associated CIAC should be amortized over 20 years. Staff's proposal is to amortize all CIAC at a 3% annual rate.

The Examiner found Staff's proposal to be reasonable. He further found that the stipulation ("Stipulation") adopted by the Commission in Case No. PUE-2001-00200 resolves the issue of how to depreciate the plant and amortize the CIAC. Paragraph 4 of the Stipulation states, in part, that other than the facilities supported by the bonds "[a]ll other depreciable plant, CIAC, and any replacement plant shall be depreciated and amortized using the 3% composite rate."⁹ Additionally, the Commission order in that proceeding adopted the Hearing Examiner's recommendation 19, which states that "Dale Service should apply a 5% depreciation rate to the portion of new facilities supported by its bonds and shall apply a 3% composite rate to all other depreciable plant, CIAC, and any replacement plant."¹⁰ We accept the finding of the Examiner on this issue as reasonable and supported by the record.

Finding seven of the Examiner's Report recommends that the Commission direct the Company to develop a volumetric rate schedule for submission with its next rate case. In its Exceptions to the Hearing Examiner Report, Dale Service did not object to moving toward a volumetric billing methodology. The Company contends that operational issues relevant to volumetric billing may be overcome, but not necessarily in time for the Company's next rate application, which may be filed as soon as October 2007. Consequently, the Company requested an allowance of additional time in order to explore a complete strategy for converting from flat rate to volumetric billing.

The Commission is concerned about the Company's continued use of a flat rate billing structure. With the Company serving approximately 23,000 customers, and its need of significant revenues to adequately service customers, the Commission is concerned that a portion of the Company's customers are negatively impacted by flat rate billing and that minimum use customers are subsidizing higher usage customers. The Commission believes that it may be appropriate for the Company to have a more sophisticated rate design. We understand that the Company is a sewage-only utility and the development of a volumetric usage rate depends on the cooperation of Virginia-American Water Company, the water utility operating in the Company's service territory. We further understand the engineering challenges presented with metering a sewage-only utility. Nevertheless, the Company is directed to exert all reasonable efforts to proceed expeditiously to design volumetric billing for our consideration in its next rate case. Additionally, we will require the Company to file a report with the Commission by June 1, 2007, outlining its efforts and strategy to convert to a volumetric billing system prior to its next rate case, and the results thereof.

Finding eight of the Examiner's Report recommends that the Commission include the language from Paragraph 6 of the Joint Stipulation in Case No. PUE-2004-00035 in its final order herein. Paragraph 6 reads as follows:

Dale Service shall continue to be subject to the Commission's Annual Information Filing ("AIF") requirements for the calendar year 2004 and beyond. The Company's AIFs shall include a Debt Service Coverage ("DSC") calculation, fully adjusted, on a basis consistent with that utilized by the Staff in this proceeding and shall assume 500 new service connections until the Company and Staff agree otherwise. If any

⁴ *Id.*

⁵ Exceptions of Dale Service at p. 2.

⁶ Transcript at p. 47.

⁷ Testimony of Armstrong at p. 6. Transcript at p. 39.

⁸ Depreciation expense is net of amortization of CIAC.

⁹ *Application of Dale Service Corporation for an increase in rates*, Case No PUE-2001-00200, 2003 S.C.C. Ann. Rept. 316.

¹⁰ *Id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Dale Service AIF calculates a DSC based on appropriately adjusted test year results that exceed 1.20, Dale Service agrees to reduce rates going forward as of the next quarterly billing to produce a 1.20 DSC. If the Commission later adjusts Dale Service's AIF such that it results in an increase to the DSC above 1.20, and above that calculated by Dale Service, then rates shall be adjusted on a going forward basis as of the next quarterly billing to produce a 1.20 DSC based on the Commission adjustments. The Company will use its best efforts to file each AIF in a timely manner without an extension of time.

The Company filed no exception to finding eight of the Examiner's Report. We accept finding eight to be reasonable; however, only 300 new service connections shall be assumed in the Company's analysis.

NOW THE COMMISSION, having considered the record herein, the Report of the Hearing Examiner, the applicable law, and the comments to the Examiner's Report, is of the opinion that the findings and recommendations of the Examiner's Report are reasonable and should be adopted, except that the Company should also be required to file a report by June 1, 2007, as found herein above. Accordingly, we will approve the recommended revenue requirement, rates, and recommendations of the Hearing Examiner.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted and approved as amended.
- (2) Dale Service shall be granted an increase in gross annual revenues of \$586,636. Based on test year operations, the rate revisions will produce a return on rate base of 6.92%; a return on equity of 10.68%; and a debt service coverage ratio of 1.20.
- (3) Paragraph 6 of the Joint Stipulation approved in Case No. PUE-2004-00035 is incorporated herein by reference, except that 500 new service connections shall be changed to 300, and Dale Service shall remain subject thereto.
- (4) Consistent with the findings herein, the Company shall forthwith file revised tariffs with the Division of Energy Regulation that will produce the amount of additional annual operating revenues authorized herein.
- (5) The Company shall refund, with interest, the difference between the interim rates that became effective for service rendered on or after July 1, 2006, and those rates we adopt herein, as set forth as items numbers five (5) and six (6) in the findings and recommendation section of the Examiner's Report. These refunds along with interest at the Commission-determined rate shall be initiated as credits to customers' bills commencing within ninety (90) days from the date of this Order.
- (6) Interest upon the ordered refunds shall be computed from the date payments of quarterly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate of each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's selected Interest Rates (Statistical Release H. 15) for the three months of the preceding calendar quarter.
- (7) Refunds ordered pursuant to Ordering Paragraph five (5) shall be credited to the bills of current customers. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is one dollar (\$1.00) or more. Dale Service may offset the credit or refund to the extent of any undisputed portion of an outstanding balance. Dale Service may retain refunds issued to former customers for which the refund is less than one dollar (\$1.00). Dale Service shall maintain a record of former customers for which the refund is less than one dollar (\$1.00), and such refunds shall be made promptly upon request of the customer. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.
- (8) The Company shall exert all reasonable efforts and proceed expeditiously to design volumetric billing for approval in its next rate case. The Company shall file a report with the Commission by June 1, 2007, outlining its efforts and strategy to design a volumetric billing system prior to its next rate case, and the results thereof.
- (9) This case is hereby continued to consider the Company's report and further action by the Commission.

**CASE NO. PUE-2006-00070
DECEMBER 21, 2007**

APPLICATION OF
DALE SERVICE CORPORATION

For an expedited increase in rates

ORDER CLOSING CASE

On March 19, 2007, the State Corporation Commission ("Commission") issued an Order ("Order") granting Dale Service Corporation ("Dale Service" or "Company") an increase in the Company's rates. Pursuant to the Commission's Order:

The Company shall exert all reasonable efforts and proceed expeditiously to design volumetric billing for approval in its next rate case. The Company shall file a report with the commission by June 1, 2007, outlining its efforts and strategy to design a volumetric billing system prior to its next rate case, and the results thereof.

Ordering Paragraph (8).

The Company filed a Report of Action on June 1, 2007, as ordered. Thereafter, the Company filed its next rate case, docketed as Case No. PUE-2007-00076, without proposing volumetric billing. The Commission issued an Order of Notice and Comment in Case No. PUE-2007-00076 on September 21, 2007, which granted the Company leave to file its volumetric billing in a separately docketed case.

On November 2, 2007, Dale Service filed an application for volumetric rate design approval in Case No. PUE-2007-00105, and the Commission issued an Order for Notice and Comment and Request for Hearing on December 17, 2007, in that case.

NOW THE COMMISSION, having noted the Company's filing of its application for volumetric rate design approval in Case No. PUE-2007-00105, as ordered, is of the opinion and finds that this case should be closed.

Accordingly, IT IS ORDERED THAT this case is dismissed from the Commission's docket of active proceedings.

**CASE NO. PUE-2006-00077
JULY 9, 2007**

JOINT PETITION OF
ALPHA WATER CORPORATION
and
RIVERVIEW DEVELOPMENT CORPORATION

For approval of a change in ownership of the utility assets and expansion of service area

FINAL ORDER

On July 5, 2006, Alpha Water Corporation ("Alpha") and Riverview Development Corporation ("Riverview") (collectively "Petitioners") filed with the State Corporation Commission ("Commission") a Joint Petition requesting authority, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("§ 56-88 *et seq.*") (the "Transfers Act"), for Alpha to acquire certain utility assets owned by Riverview, which are known as "The Tides Lodge" water system and "The Green" water system. Collectively, these two water systems serve the twenty-four unit condominium known as "The Green, Inc.," the twenty-five residential lots known as "The Highlands," the Tides Lodge conference center, the Pro Shop restaurant, the boat marina, and the ninth hole restroom on the Tartan Golf Course, all located in Lancaster County, Virginia. Alpha intends to interconnect these two water systems with the Kingsland Public Water System that it already owns and operate all three systems as a single integrated system to be known as "The Tartan Waterworks."

The Petitioners also request, pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia, that Alpha's certificate of public convenience and necessity ("CPCN") be expanded to include water service to the territory presently served by Riverview through "The Tides Lodge" and "The Green" water systems.

On October 16, 2006, the Commission issued an Order for Notice and Comment ("Notice Order") setting forth a procedural schedule for review of this Joint Petition. On November 21, 2006, Alpha filed a Motion to Amend Procedural Schedule. In this Motion, Alpha advised that it failed to provide the notice set forth in Ordering Paragraph (4) of the Commission's Notice Order, to-wit, mailing a copy of the notice to customers in Alpha's proposed service territory by November 13, 2006. Alpha requested in its Motion that the procedural schedule be amended so as to allow Alpha until November 30, 2006, to mail its customers the required notice and until December 11, 2006, to provide proof of notice and service.

On November 22, 2006, the Commission granted Alpha's Motion in an Order Amending Procedural Schedule.

On January 24, 2007, the Staff Report was filed in which the Staff recommended that the Commission approve the transfer petition and service territory expansion subject to the following requirements.

- (1) Within thirty (30) days of completing the proposed transfer, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Aqua's accounting entries recording the transfer. Such accounting entries should be in accordance with the Uniform System of Accounts ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.
- (2) Riverview should be directed to provide all records related to the transferred assets at closing to Alpha, which should be directed to maintain them henceforth in accordance with the USOA.
- (3) The Commission's Utility Transfers Act approval of the proposed transfer should have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval should not guarantee recovery of any costs directly or indirectly related to the transfer.
- (4) The Commission should defer any ratemaking decision on the contingency payments until such time as they actually occur and are potentially includible in Alpha's cost of service in the context of a rate proceeding. The Commission should also direct Alpha to contact Staff for accounting guidance if and when the contingency payments actually occur so that the appropriate data can be maintained for consideration in future rate proceedings.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (5) The Commission should direct Alpha that:
- (a) The quality of service in The Tartan Waterworks service territory should not deteriorate due to a lack of maintenance or capital investment;
 - (b) The quality of service in The Tartan Waterworks service territory should not deteriorate due to a reduction in the number of employees providing services; and
 - (c) Alpha should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Alpha's timely response to Staff inquiries with regard to its provision of service in Virginia.
- (6) The Commission should not address Alpha's plan to implement new rates in this proceeding. Instead, Alpha should be directed to provide post-transfer notice of the proposed change in customer rates, rules, regulations, charges and/or customer deposit requirements pursuant to § 56-265.13:5 of the Code prior to implementing the changes.

These recommendations address Staff's three specific issues with the Petitioners' request. First, Staff, noted that while the notice provided was sufficient for the approval requested by the Petitioners, it did not address the impact on rates or allow customers an opportunity to address rate changes. Second, Staff opposed Alpha's plan to book the entire purchase price of the utility assets to plant in service even though original plant records did not exist. Instead, Staff recommended following the USOA for recording the transfer and accounting for post-transfer operations. Under the USOA, the absence of original cost records results in the purchase price being booked to Account 114 as an acquisition adjustment. Third, Staff took issue with the Petitioners' proposed treatment of contingency payments. Since no payments have been made, the Staff believes the Commission should defer any ratemaking decisions until Alpha's next rate proceeding.

On February 8, 2007, the Petitioners filed their Response to the Staff Report of the Divisions of Public Utility Accounting and Energy Regulation ("Petitioners' Response") wherein Alpha responded to the three issues raised by Staff. With regard to issue one, Alpha states that it does not object to additional, post-transfer notice as proposed by the Staff if deemed necessary by the Commission, though they state that an additional voluntary notice of a potential increase in bill accounts was sent to the five Highland customers on January 17, 2007.

With regard to the second issue, Alpha states that it does not object to the Staff's recommendation for booking any difference between the purchase price and utility assets' net book value as an acquisition adjustment. However, Alpha disagrees with the Staff's concerns regarding net book value and states that it will conduct an original cost study to determine the proper net book value.

With regard to the third issue, Alpha does not object to deferring any ratemaking decisions regarding contingency payments.

On March 1, 2007, the Staff filed a Motion for Leave to File Response of Staff, seeking permission to file a Response to the Petitioners' Response wherein the Petitioners presented a counter proposal as an alternative to a recommendation made by the Staff. Staff opposes Petitioners' plan to conduct a cost study to determine the "original costs of the purchased utility assets" on the grounds that (1) these costs could only be estimated since original costs do not exist, (2) booking in this manner would be a deviation from the USOA, and (3) this action would be contrary to the Commission's practice of directing that Utility Transfer Act proceedings shall have no ratemaking implications.

On March 21, 2007, the Petitioners filed a Response to Motion for Leave to File Response of Staff, in which Alpha requested that the Commission deny the Staff's motion and approve the transaction without any condition prohibiting Alpha from an opportunity to record for accounting purposes an estimated original cost value for the acquired facilities.

NOW THE COMMISSION upon consideration of the Joint Petition, Staff Report, and Comments, is of the opinion and finds that the Staff's Motion for Leave to File Response of Staff should be granted, and the Staff Response to Petitioners' Response to the Staff Report of the Divisions of Public Utility Accounting and Energy Regulation should be made a part of the record along with the Response of Alpha Water Corporation to Motion for Leave to File Response of Staff.

In Joint Petition of Alpha Water Corporation and Blundon and Hinton, Case No. PUE-2006-00037 (Final Order, July 20, 2006), we held that the applicant's proposal to conduct an "original cost study" in order to determine what value, if any, should be recorded as an acquisition adjustment was unnecessary because our approval of the transfer should have no ratemaking implications. Likewise, in the present proceeding, Alpha should be required to conform its accounting treatment of the transfer of utility assets in compliance with the USOA. In this case, the USOA does not require that an original cost study be conducted to determine net book value. Therefore, we find that Alpha's accounting entries recording the transfer should be prepared in accordance with USOA as proposed by the Staff. The Commission need not prohibit nor require the undertaking of an original cost study by Alpha in the course of this proceeding.¹ The merits of such a study, if any, should only be addressed in any subsequent ratemaking proceeding involving the company. With regard to the underlying petition, the Commission finds that (i) the Staff's recommendations numbered (1) through (6) should be accepted as set out above; (ii) the transfer of utility assets that comprise the water systems of Riverview should be approved, subject to all recommendations and actions proposed by Staff; and (iii) Alpha's CPCN should be amended to permit Alpha to provide water service to the water systems by which Riverview currently services its customers, subject to all recommendations and actions proposed by Staff and found accepted above.

¹ On April 5, 2007, Alpha filed a copy of the original cost study it offered to provide in its February 8, 2007 Petitioners' Response. On behalf of Alpha, a letter report estimating the Original Cost Less Depreciation of the water utility assets of The Tides Lodge and The Green water systems was provided by a water engineering and management consultant.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

(1) Staff's Motion for Leave to File Response of Staff is granted. The Staff Response to Petitioners' Response to the Staff Report of the Divisions of Public Utility Accounting and Energy Regulation and the Response of Alpha Water Corporation to Motion for Leave to File Response of Staff shall be made a part of the record.

(2) Pursuant to § 56-89 of the Code of Virginia, Riverview is hereby authorized to transfer the utility assets comprising its water system to Alpha, consistent with the findings above and subject to all recommendations of Staff:

- (a) Within thirty (30) days of completing the proposed transfer, the Petitioners shall file a Report of Action ("Report") with the Commission. Included in the Report shall be the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Aqua's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.
- (b) Riverview shall provide all records related to the transferred assets at closing to Alpha, which shall be directed to maintain them henceforth in accordance with the USOA.
- (c) The Commission's Utility Transfers Act approval of the proposed transfer shall have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval shall not guarantee recovery of any costs directly or indirectly related to the transfer.
- (d) Any ratemaking decision on the contingency payments shall be deferred until such time as they actually occur and are potentially includible in Alpha's cost of service in the context of a rate proceeding. Alpha is directed to contact Staff for accounting guidance if and when the contingency payments actually occur so that the appropriate data can be maintained for consideration in future rate proceedings.
- (e) Alpha shall ensure that:
 1. The quality of service in The Tartan Waterworks service territory does not deteriorate due to a lack of maintenance or capital investment;
 2. The quality of service in The Tartan Waterworks service territory does not deteriorate due to a reduction in the number of employees providing services; and
 3. A high degree of cooperation with the Commission Staff is continued and that all actions necessary to ensure Alpha's timely response to Staff inquiries with regard to its provision of service in Virginia is continued.

(3) Alpha is hereby authorized to amend its CPCN to expand Alpha's service territory to include The Tides Lodge and The Green water utility systems, consistent with the findings above, and subject to the Staff's recommendation that Alpha provide post-transfer notice of the proposed change in customer rates, rules, regulations, charges and/or customer deposit requirements pursuant to § 56-265.13:5 of the Code prior to implementing the changes.

(4) Alpha's proposed modification to Staff's recommendation is hereby denied.

(5) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00081
SEPTEMBER 11, 2007**

APPLICATION OF
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.

Application for an Increase in the Maximum Authorized Level of Tolls

FINAL ORDER

On July 19, 2006, Toll Road Investors Partnership II, L.P. ("Toll Road Investors" or "Partnership"), filed with the State Corporation Commission ("Commission") its Application of Toll Road Investors Partnership II, L.P., for an Increase in the Maximum Authorized Level of Tolls ("Application") for the Dulles Greenway. Toll Road Investors propose incremental increases in the maximum toll for two-axle vehicles over five years. The maximum toll would rise from \$3.00, as of July 1, 2007, to \$4.00 as of January 1, 2012.¹ The Partnership also proposes to change its toll structure for vehicles with more than two axles and to implement congestion pricing during periods of peak usage.

¹ In the Final Order of July 6, 2004, in Toll Road Investors Partnership, II, L.P., Case No. PUE-2003-00230, 2004 S.C.C. Ann. Rep. 357, the Commission authorized the Partnership to implement toll increases through July 1, 2007. On May 29, 2007, the Partnership filed its Supplement No. 6 to Virginia S.C.C. Tariff No. 1, Fourth Revised Schedule, which took effect July 1, 2007. This last increase, authorized in Case No. PUE-2003-00230, brought the maximum toll for a two-axle vehicle to \$3.00.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Before the Commission is the Report of Howard P. Anderson, Jr., Hearing Examiner, of June 28, 2007 (hereinafter "Report"). In the Report, Examiner Anderson recommended that the Partnership's application be granted. The Examiner also endorsed a Commission Staff ("Staff") proposal to study modifications of the toll structure to reflect the distance traveled.

The Commission is impressed by the extent of public comment responding to Partnership's Application. Approximately 600 comments have been received, substantially all of which expressed opposition to the proposed toll increases. We are mindful of these as well as the large number of public witnesses who testified at a public hearing held January 30, 2007, in Leesburg. In his Report, the Hearing Examiner summarized the substance of each of these public witnesses and the Commission has read the transcript of their testimony.

The public witnesses included a number of public officials. The opposition expressed by public witnesses may be fairly characterized as unanimous and vehement, terms such as "highway robbery" and "cash cow" being expressed.

We are particularly sensitive to individual descriptions of the financial burden placed on commuters compelled to use the toll facility because of the extremely congested conditions on alternate routes. We take note of the resolutions adopted by the Board of Supervisors of Loudoun County and the Town Council of Leesburg expressing opposition to the proposed toll increases.

Almost 20 years ago, the Commonwealth made a series of policy decisions that leave us little choice but to make the decision we make in this case. Those decisions led to a regulated private company constructing and operating the Dulles Greenway. This was done pursuant to legislation passed by the General Assembly during its 1988 session. This Commission authorized the construction of the facility and approved its original and subsequent financing. During the progress of the case resulting in that authorization, the Staff filed its report on April 17, 1990. In that report, the Staff compared the cost of construction, timeline for construction, and impact on the consuming public over the life of the project between what appeared to be two competing proposals, one by the Virginia Department of Transportation ("VDOT") and one by the applicant, Toll Road Corporation of Virginia ("TRCV"). The Staff report concluded that "projected total cost of service to the using public over the 40 year life of the project is \$894.8 million for VDOT compared to \$3.5 billion for TRCV." The report explained that the private build option would be significantly higher based on TRCV's higher debt service cost compared to debt issued by government agency, projected dividend payments to its shareholders in excess of \$1.1 billion over the life of the project, and payment of income taxes and property taxes in excess of \$785 million by TRCV that are not required of VDOT. Our Staff was unable to recommend issuance of a certificate because of doubts about the project's viability based on the information in the application at that time.

This Commission had no opportunity to decide between these competitors, for on May 1, 1990, the Commissioner of VDOT filed a letter in the case announcing that: "The department has no plans to build this facility with public funds." The Commissioner testified at the evidentiary hearing that his department was in support of the application and recommended that a certificate be issued.

It is fair to state that it was known with a reasonable certainty that a private toll road would have the burden of greatly increased tolls over those that might be charged by a VDOT constructed highway. This Commission noted that with regards to toll rates, "the VDOT traffic and revenue study projected the VDOT constructed project to require as little as a \$1 toll constant over the life of the project." The Town of Leesburg and the County of Loudoun were among the participants in the certification case, and the Commission noted that there was general support favoring the building of the extension by TRCV. At that point in time the situation presented was that if a private toll road was not to be built, there would be no road at all. In its order dated July 6, 1990, the Commission stated that: "Having found that there is a public need for the project, it would be inconsistent with the public interest to deny the application on the ground that its relative project life costs greatly exceed those of VDOT which had become totally academic with VDOT having said it does not intend to build the project. Succinctly, the applicant's proposal is the only game in town."

Some of the public witnesses expressed condemnation of the concept of a project built as a "public-private partnership," and well they might in view of their practical experience as users of the Greenway. This case presents the private part of that partnership, and the piper must be paid. The payment is in the form of an amount "which will provide the operator no more than a reasonable return."

Our duty to determine if the earnings derived from this toll facility exceed a reasonable level is fulfilled with relative ease. As Staff witness Oliver states in his pre-filed testimony, the Partnership has lost money every year it has been in existence. Mr. Oliver testified that the Partnership's interest expense alone has exceeded its total revenues over most of the years it has operated, and that it has never earned a positive return on its partner's supplied capital.

The Hearing Examiner states in his report: "Mr. Oliver next addressed TRIP II's rate of return if the proposed toll increases are approved. Based on the Greenway's 2006 traffic totals and assuming that toll rates were already established at \$4 for cars and \$14 for trucks as of January 1, 2006, TRIP II's net income would have been \$8,465,000, a return of approximately 0.62%." This is hardly a "cash cow" enterprise, nor "highway robbery" as some of the public witnesses have asserted.

The financial and economic evidence submitted by the Partnership and by the Staff witnesses is undisputed. We have no credible evidence challenging the accuracy of financial data. Furthermore, this Commission has approved several restructuring and refinancing arrangements undertaken by this applicant and its predecessors, and has received and reviewed periodic financial reports over the life of the project. The most current financial data filed in this case likely presented no surprises to the Staff.

The record before the Commission supports our determination that the level of tolls will, as required by § 56-542 of the Code of Virginia (hereinafter "Code"), provide the Partnership with no more than a reasonable return. As discussed in the Hearing Examiner's Report, at 18-19, an increase in tolls will almost certainly discourage some use. We recognize that the statutory provision governing initial and revised tolls, § 56-542 of the Code, mandates tolls that will provide no more than a reasonable return while not discouraging use of the Dulles Greenway. Examiner Anderson observed in the Report that it is debatable whether the decline in use will be material.

Further, as in prior cases, the Commission approves a toll structure which authorizes, but does not mandate, increases. Toll Road Investors may implement a lower toll, and toll changes could be implemented on different dates, so long as the maximum toll does not exceed the ceiling as of January 1, 2009, July 1, 2010, and January 1, 2012. The Partnership may, to the extent authorized by this Order, adjust tolls to deter migration from the Greenway.

To offset the impact of the increase, the Partnership may continue its Promotional Discount Plan (VIP Miles), which provides a cash rebate for drivers who accumulate at least 2,800 miles of annual travel on the Greenway. (Exhibit B (Revised) to Ex. 2.) Drivers' vehicles must be equipped with an

automatic vehicle identification transponder. While the Application, Ex. 2, does not expressly provide for modification of the calculation of the rebate, the Commission assumes that formula will be revised to reflect the maximum base toll in effect or any variance. We will prescribe clarifying language.

We will require notice to the Commission and to users of the Dulles Greenway of the timing and amount of any increase. Accordingly, we will, prescribe some modification to the language in the illustrative tariff sheet filed with the Partnership's Application, Exhibit B (Revised) to Ex. 2, to specify notice of the amount and timing of any increase.

The Examiner also recommended that the Partnership be authorized to increase tolls during hours of peak use to reduce congestion. The Partnership presented testimony that the Dulles Greenway is now operating at maximum capacity. Congestion pricing would induce some shift of traffic from peak periods. (Report at 19.)

Toll Road Investors' toll structure now in effect provides for reduced tolls on weekends at the Main Toll Plaza and Exits 7 and 8. These discounts would be eliminated in the proposed toll structure. As we noted in our discussion of the increase in base tolls, the Partnership is not obligated to implement the full differential between the base and congestion tolls. After considering the evidence on the increased use of the Dulles Greenway and the resulting congestion during certain periods, the Commission finds that the congestion pricing proposed in the Application should be authorized.

According to the Partnerships' Application, Ex. 2 at 6, the maximum congestion management toll would be set by increasing the maximum base toll by approximately 20 percent. On the illustrative tariff sheet, Exhibit B (Revised) to Ex. 2, increases in the maximum toll were rounded to one-tenth of a dollar. The illustrative tariff sheet shows only maximum base and congestion tolls. As noted previously, Toll Road Investors may implement a lower toll, and toll changes could be implemented on different dates, so long as the maximum base toll or congestion management toll does not exceed the ceiling as of January 1, 2009, July 1, 2010, and January 1, 2012. To address the possibility of a variance from the maximum, we will prescribe language limiting the congestion management toll to 120 percent of the base toll, rounded down to the nearest tenth of a dollar, if the Partnership should implement less than the maximum authorized.

The language in the illustrative tariff sheet filed with the Partnership's application, Exhibit B (Revised) to Ex. 2, also includes a footnote, which provided for application of the congestion tolls during weekday peak periods. The peak periods were defined as the busiest three-hour periods eastbound in the morning and westbound in the afternoon. TRIP II witness Yelds testified that peak periods were 6:00 a.m. to 9:00 a.m. for eastbound traffic and 4:00 p.m. to 7:00 p.m. for westbound traffic. (Ex. 5 at 6 & n.1.) TRIP II witness Sines testified that frequent modification of the peak periods was not anticipated. (Tr. at 225-26.) To assure understanding of the toll structure, we will direct TRIP II to specify the peak periods in its tariff. Should the peak periods shift, the Partnership shall file a revised tariff provision proposing new peak periods along with supporting information for the Commission's consideration.

As recommended by the Hearing Examiner, the Commission will approve the proposed toll structure for vehicles with three or more axles. We will authorize this modification to take effect on October 1, 2007.²

In the Report, at 19-20, the Hearing Examiner endorsed the Commission Staff proposal that the feasibility of distance-based tolls be studied. We will not adopt the study proposal. The Commission has previously considered the issue of redesigning the toll structure to give heavier weighting to distance traveled and the necessary modification of Dulles Greenway facilities and operations. Most recently, we addressed this issue in the Final Order of July 6, 2004, in Toll Road Investors Partnership II, L.P., Case No. PUE-2003-00230, 2004 S.C.C. Ann. Rep. 357, 358. As in 2004, the Commission will not direct the Partnership to conduct a study of a distance-sensitive toll structure. If the Partnership does make such a study, we encourage TRIP II to share the results with the Commission Staff and interested state and local agencies.

As of July 1, 2007, the toll structure provides a discount of \$0.70 at Exits 4, 5, and 6 from the maximum toll of \$3.00. The discount at these exits increases to \$0.85 for vehicles equipped with automatic vehicle transponders. Toll structures have provided for some discount at these exits since the Greenway opened. The proposed toll structure provides for uniform base and congestion management tolls without differentiating between exits or the Main Toll Plaza. Toll Road Investors could, however, implement variances from the maximum toll levels for some exits.

In summary, the Commission finds that the proposed toll structure with its ceilings for two-axle vehicles and other vehicles and phased implementation will satisfy the statutory criteria and should be approved. Further, the introduction of congestion pricing to the toll structure will promote the efficient utilization of the Dulles Greenway.

Accordingly, IT IS ORDERED that:

(1) The application of Toll Road Investors for an increase in its maximum authorized tolls be granted to the extent found herein and otherwise be denied.

(2) As soon as practicable after entry of this Order, Toll Road Investors shall file with the Clerk of the Commission, Document Control Center, in Case No. PUE-2004-00103, a complete revised schedule of its tolls and related rules and regulations.³ The filing should include a revised tariff sheet or revised tariff sheets setting out the maximum base tolls and the maximum congestion management tolls for two-axle vehicles and vehicles with three axles or more, which generally conforms to the illustrative tariff sheet filed as Exhibit B (Revised) to Ex. 2, as approved in this Order, subject to the revisions prescribed in Ordering Paragraphs (3), (4), and (5) below. Each revised tariff sheet shall bear an effective date of October 1, 2007, and shall indicate that the sheet was filed pursuant to Final Order in Case No. PUE-2006-00081.

² On May 29, 2007, the Partnership filed its Supplement No. 6 to Virginia S.C.C. Tariff No. 1, Fourth Revised Schedule, which set out Maximum Base Tolls for vehicles with three axles or more. While Supplement No. 7 bore an effective date of July 1, 2007, the Partnership acknowledged in its transmittal letter that the toll could not take effect until entry of this Order.

³ By Order of August 27, 2004, the Commission established Case No. PUE-2004-00103 for maintenance of the Partnership's tariff. The revised tariff and any supplements should be filed in that case in accordance with the Order of August 27, 2004.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) The revised tariff sheet or sheets filed as prescribed in Ordering Paragraph (2) above shall include the language in Paragraph 5 in the illustrative tariff sheet filed as Exhibit B (Revised) to Ex. 2 with the additional language shown in italics, or a reasonable variation, as follows:

The Company may implement variance(s) from the maximum toll levels stated in Paragraphs 1 and 2, in accordance with Paragraph 4, provided that no such variance shall cause the actual toll to exceed the maximum toll. *If any variance from the Maximum Base Toll is implemented, the Congestion Management Toll may not exceed 120 percent of the variance from the Maximum Base Toll rounded down to the nearest one-tenth of \$1.00.* The Company shall record such variance(s) in a supplement to the tariff to be filed *with the Clerk, State Corporation Commission, Document Control Center, in Case No. PUE-2004-00103 not less than 30 days* prior to the implementation. As originally set forth in Supplement No. 3 to the Company's Fourth Revised Schedule, included in the Application in Case No. PUE-2003-00230, the VIP Miles promotional discount plan shall continue to remain in effect.

(4) The revised tariff sheet or sheets filed as prescribed in Ordering Paragraph (2) above shall include the language in the footnote identified with a single asterisk in the illustrative tariff sheet filed as Exhibit B (Revised) to Ex. 2 with the additional language shown in italics, or a reasonable variation, as follows:

Congestion management toll price premiums will be applied to weekday peak period traffic traveling in the peak direction. Weekday peak period is defined as *6:00 a.m. to 9:00 a.m. for eastbound traffic and 4:00 p.m. to 7:00 p.m. for westbound traffic.*

(5) The revised tariff sheet or sheets filed as prescribed in Ordering Paragraph (2) above shall delete the date July 1, 2007, from the first column and insert the date October 1, 2007, for Maximum Base Tolls for vehicles with three axles or more as shown in Paragraph 2 of the illustrative tariff sheet filed as Exhibit B (Revised) to Ex. 2. A line for July 1, 2007, showing N/A for the columns headed 4 axles, 5 axles, 6 axles, and 6+ axles may be inserted.

(6) The revised tariff sheet or sheets filed as prescribed in Ordering Paragraph (2) above shall provide that the mileage factor for the Promotional Discount Plan (VIP Miles) be calculated using the Maximum Base Toll or variation for the class of vehicle, two axle vehicle or vehicle with three axles or more, in effect as of the close of the Participating Customer's VIP Miles Period.

(7) This Case No. PUE-2006-00081 be dismissed from the Commission's docket and placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PUE-2006-00082
MAY 25, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in Arlington County: Clarendon-Ballston 230 kV Transmission Line

FINAL ORDER

On February 2, 2007, Virginia Electric and Power Company, d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), filed with the State Corporation Commission ("Commission") its Application of Virginia Electric and Power Company for Approval and Certification of Electrical Facilities: Clarendon-Ballston 230 kV Transmission Line, Application No. 231. Dominion Virginia Power proposed to construct and operate an underground 230 kV transmission line for a distance of approximately 2,200 feet between its existing Clarendon and Ballston Substations in Arlington County. By Order for Notice of March 2, 2007, the Commission directed the Company to provide notice of the Application and invited comments and requests for hearing on the Application.

On March 13, 2007, the Company filed with the Commission Clerk proof of notice to Arlington County, and, on March 27, 2007, the Company filed proof of newspaper publication of notice. The Commission finds that required notice of the Application was provided as required by § 56-46.1 B of the Code of Virginia ("Code"). In response to the notice, no comments or requests for a hearing were filed with the Commission.

In the Order for Notice, we also directed the Commission Staff to analyze the Application and file a report on its findings and recommendations. In the Staff Report filed with the Commission Clerk on May 7, 2007, the Staff recommended that we grant the Application. Dominion Virginia Power filed on May 14, 2007, brief comments on the Staff Report. The Company urged the Commission to grant the Application as the Staff had recommended.

The Commission has considered the Application and the materials filed with it on February 2, 2007, and the Staff Report. On the basis of this record, we will grant the Application. In the Application Appendix and in prepared testimony and exhibits filed with the Application, Dominion Virginia Power presented information on the growth of demand for electricity in this highly developed area of Arlington County. The Company proposed the 230 kV transmission line and related facilities as the most efficient means of meeting growing demand. In its investigation, the Staff reviewed the Application and associated materials filed on February 2, 2007, and additional information obtained from the Company through an interrogatory and request for documents. Based upon its investigation, the Staff agreed with the Company's analysis of need and proposed solution. Accordingly, the Commission finds that the additional transmission facilities are required to serve customers.

Dominion Virginia Power proposed construction of the 230 kV transmission line under streets in a highly urbanized area. The Company and the Staff agreed that there was no practical overhead route for a line between the Clarendon and Ballston stations. The Company filed as part of its Application copies of correspondence from a number of state and Arlington County agencies, which addressed potential environmental impact. As we discussed in the Order for Notice, Dominion Virginia Power had addressed its statutory obligation to provide information on wetland impacts before it had filed the

Application. After reviewing this record, the Commission determines, as required by § 56-46.1 B of the Code, that the proposed underground transmission line would have minimal adverse environmental impact on this area of Arlington County.

In this Application, the Company has proposed to use different underground construction technology than in past projects. As described in the Application Appendix and the prepared testimony and exhibits of Dominion Virginia Power witness Thomas W. Reitz, Jr., previous underground transmission projects in urban areas, which the Commission has approved, employed high pressure fluid-filled ("HPFF") cable. Among other features, HPFF cable is encased in a steel pipe, and the pipe is filled with a dielectric liquid under pressure. According to Mr. Reitz, this type of construction has been used by the Company for many years, and, in Dominion Virginia Power's experience, HPFF construction has been highly reliable. In this instance, the Company proposes to use extruded dielectric cross-linked polyethylene ("XLPE") cable. XLPE cables are installed in plastic ducts that are incased in concrete duct banks. According to Mr. Reitz, construction of XLPE lines operating at 230 kV is a relatively new development in the United States. The proposed facility would provide the Company an opportunity to gain experience with XLPE operated at 230 kV. Since this proposed facility would be located in an urban area with significant transmission facilities already in place, a failure of an XLPE line could be managed with limited service disruption. The cost of underground urban construction for an XLPE line is reasonably comparable to HPFF construction.

We commend Dominion Virginia Power's decision to use a different technology for this project. We encourage the Company to investigate and employ new technologies while also considering the reliability of its system and the financial impact on all ratepayers. While we will not establish a formal procedure, we direct the Company to inform the Commission's Division of Energy Regulation of the progress of this installation and to provide information on cost, engineering, construction, and future operation.

In the Order for Notice, the Commission discussed Motion of Virginia Electric and Power Company for Entry of a Protective Ruling of February 2, 2007. While we deferred ruling on the motion, we directed the Staff to afford confidential treatment to designated documents. Since this case will be ended by this Order, we will deny the motion as moot. The Commission will provide for disposition of confidential material provided by the Company.

Accordingly, IT IS ORDERED THAT:

- (1) As provided by §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Application be granted.
- (2) The Company be authorized to construct and operate in Arlington County an underground transmission line of 230 kV between its Clarendon and Ballston Substations.
- (3) Pursuant to the Utility Facilities Act, Chapter 10. 1 (§ 56-265.1 et seq.) of Title 56 of the Code, the Company be issued the following certificate of public convenience and necessity:

Certificate No. ET-79jj, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities, and to construct and operate facilities as authorized in Case No. PUE-2006-00082; all as shown on the Fairfax County confidential map attached to the certificate;

Certificate No. ET-79jj will cancel Certificate No. ET-79ii issued to Virginia Electric and Power Company on November 22, 1999.
- (4) The Commission's Division of Energy Regulation shall forthwith provide the Company a copy of the certificate issued in Ordering Paragraph (3) above with the detailed map attached.
- (5) The Motion of Virginia Electric and Power Company for Entry of a Protective Ruling of February 2, 2007, be denied as moot.
- (6) Not later than forty (40) days after the date of this Order, the Commission's Office of General Counsel shall return all confidential documents to the Company or identify those documents that shall be retained in the confidential files of the Division of Energy Regulation.
- (7) This Case No. PUE-2006-00082 be dismissed from the Commission's Docket and be placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PUE-2006-00087
FEBRUARY 9, 2007**

PETITION OF
MYRA-DELIA D. KAGEY,
Petitioner
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

On August 7, 2006, the letter request of Ms. Myra-Delia D. Kagey to initiate a formal complaint proceeding against Roanoke Gas Company ("Roanoke") was forwarded to the offices of the Clerk of the State Corporation Commission ("Commission"). Ms. Kagey disputes the size of bills she received from Roanoke for the months of January, February, and March 2006. On August 9, 2006, the Commission entered its Order Initiating Proceeding and appointed a Hearing Examiner to conduct further proceedings.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On October 26, 2006, a conference call was conducted by Hearing Examiner Howard P. Anderson, Jr., to establish a procedural schedule in the matter. Subsequently, written evidence was received by the Hearing Examiner from both Roanoke and Ms. Kagey.

On January 23, 2007, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was issued. The Report reviews and summarizes the evidence received in this matter and Examiner Anderson concludes that "Ms. Kagey has presented insufficient facts to support her petition." Further, Examiner Anderson found that Roanoke had provided a "reasonable explanation for the unusually high gas bills, but counter [to] any suggestion that an error was made." The Report recommends that the Commission enter an Order dismissing the case with prejudice.

By letter dated January 30, 2007, Ms. Kagey filed comments on the Report, reiterating a belief that "Roanoke Gas Company is indeed culpable in this billing issue," and requesting further consideration.

NOW THE COMMISSION, being sufficiently advised, is of the opinion that the findings and recommendations in the Report are reasonable and should be adopted without modification.

Accordingly, IT IS ORDERED that his matter be dismissed with prejudice and the papers transferred to the file for ended causes.

**CASE NO. PUE-2006-00089
JANUARY 3, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
FAIRFAX COUNTY WATER AUTHORITY

For authority to sell utility assets

ORDER GRANTING AUTHORITY

On August 14, 2006, Virginia Electric and Power Company ("Dominion Virginia Power") and Fairfax County Water Authority ("FCWA") (collectively, the "Petitioners") filed a petition with the State Corporation Commission ("Commission") under the Utility Transfers Act requesting authority for Dominion Virginia Power to sell and FCWA to purchase certain utility assets.

Dominion Virginia Power is a public service corporation with its principal office in Richmond, Virginia, and is engaged in the business of providing electric utility service in Virginia and northeastern North Carolina.

FCWA is a water authority created pursuant to § 15.2-5100 of the Code of Virginia. Its principal office is located in Fairfax, Virginia.

Dominion Virginia Power provides service to FCWA pursuant to an agreement dated September 21, 1999, for the Corbalis Water Treatment Plant and an agreement dated September 22, 1999, for the Potomac Raw Water Pumping Station.

In the petition, Dominion Virginia Power proposes to sell and FCWA proposes to purchase certain utility assets. Pursuant to the Facilities Purchase Agreement ("FPA") between Dominion Virginia Power and FCWA, Dominion Virginia Power and FCWA agreed that Dominion Virginia Power would sell and FCWA would purchase certain utility assets, subject to Commission approval.

The utility assets covered by the FPA currently are used by Dominion Virginia Power in connection with the sale of electricity to FCWA. Included in these utility assets are the substation delivery points know as Stuart Ridge 1 Substation, Stuart Ridge 2 Substation, Seneca Substation, and the 34.5 kV distribution feed on the property that currently serves the substations. At closing, Dominion Virginia Power will execute and deliver to FCWA a Bill of Sale conveying the utility assets and a properly executed Deed of Quitclaim, quitclaiming Dominion Virginia Power's interest in the distribution easements to FCWA. The purchase price is \$681,572.00, which represents reproduction cost new depreciated, subject to any adjustments as provided in §§ 4 and 15 of the FPA. FCWA will be responsible for the cost associated with isolating the purchased utility assets from Dominion Virginia Power's remaining system in the amount of approximately \$446,942.00, an administrative fee of \$15,000.00, and the reasonable administrative and legal costs of Dominion Virginia Power associated with quitclaiming the distribution easements.

The Petitioners represent that the utility assets will remain as they currently are, an electric substation supplying the power needs for FCWA treatment and pumping stations. The Petitioners are interconnected electrically through four delivery points at the Corbalis Water Treatment Plant and the Potomac Raw Water Pumping Station. FCWA has requested that Dominion Virginia Power discontinue the provision of electric service to one of the two existing delivery points on each of the two FCWA properties. The Petitioners represent that this will allow FCWA the ability to install additional electric facilities that will improve the reliability of service to its customers. Since FCWA is the only customer served by the utility assets, there will be no impact on other Dominion Virginia Power customers.

THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of utility assets will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Dominion Virginia Power and FCWA are hereby granted authority for Dominion Virginia Power to sell and for FCWA to purchase the utility assets as described herein for a total sales price of \$681,572.00.

(2) The Petitioners shall file a report of the action taken pursuant to the authority granted herein within thirty (30) days of the transaction taking place, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting. Such report shall include the date the sale took place, the actual sales price, and the actual accounting entries reflecting the transaction.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00095
SEPTEMBER 5, 2007**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For Approval of an Experimental Weather Normalization Adjustment for General Service Customers

ORDER APPROVING EXPERIMENT

On August 18, 2006, Virginia Natural Gas, Inc. ("VNG" or the "Company"), filed in Case No. PUE-2002-00237 a "Motion to Make Permanent Weather Normalization Adjustment Rider for Residential Customers" ("Motion") and "Application for an Experimental WNA Rider for General Service Customers" ("Application") with the State Corporation Commission ("Commission"). By a Final Order dated September 13, 2006, entered in Case No. PUE-2002-00237, the Commission granted the Company's Motion, dismissed Case No. PUE-2002-00237, and noted it would establish a separate docket for the Application and issue a procedural Order therein.

On September 13, 2006, the Commission issued an Order for Notice and Hearing in the above-captioned case which, among other things, docketed the Application herein in accordance with the provisions of § 56-234 of the Code of Virginia ("Code"); appointed a Hearing Examiner to conduct all further proceedings; prescribed notice and established a procedural schedule and hearing; and directed the Commission Staff ("Staff") to investigate the Application and file a Report.

In its Application, VNG proposes to apply a Weather Normalization Adjustment ("WNA") to its General Service Customer Class, *i.e.*, Rate Schedule 2 - General Firm Gas Sales Service and Rate Schedule 4 - General Air Conditioning Firm Gas Sales Service, on an experimental basis. The proposed experimental WNA for the General Service Class follows the termination of VNG's experimental WNA for the General Service Class in Case No. PUE-2002-00237.

The instant Application is a revision of an earlier approved rate experiment applying a WNA for VNG's General Service Class in Case No. PUE-2002-00237. On April 16, 2002, VNG applied for approval of a WNA Rider ("Experimental Rider") applicable to both the Residential and the General Service Classes in Case No. PUE-2002-00237. By its Order dated September 27, 2002, the Commission allowed VNG to implement the Experimental Rider for two years and required VNG to file annual reports. VNG implemented the Experimental Rider during the 2002-2003 heating season and filed its report in 2003. The Staff reviewed the report, analyzed the data provided by VNG, and prepared an internal report dated August 14, 2003.

On June 4, 2004, VNG filed an application to extend the Experimental Rider until July 1, 2007, and proposed changes to the WNA methodology in response to data gathered during the two-year experimental period and issues raised in the Staff Report. On August 16, 2004, Staff filed its Report on the Company's application to extend the experiment. This Report included the Staff's August 14, 2003 internal report. Staff agreed with the Company's proposed changes and with the comments filed by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") on July 30, 2004, which recommended using an updated 30-year average and a rolling 30-year average in subsequent years to compute the WNA for residential customers. Staff recommended termination of the WNA experiment applicable to the General Service Class and adoption of VNG's proposed changes to the WNA for the Residential Class.

On September 17, 2004, the Commission issued an Order Approving Extension of Experiment ("Order Approving Extension"), which extended the experimental WNA for the Residential Class, but directed VNG to discontinue use of the WNA for the General Service Class. We further noted in the Order Approving Extension that "[o]ur determination herein [to discontinue the WNA] does not preclude the Company, however, from conducting further studies of the WNA and General Service customers and making application to the Commission to modify and re-implement the WNA Rider for the General Service tariff at a later time."¹

On August 10, 2006, the Commission ordered VNG to file a revised WNA Rider for the Residential Class consistent with recommendations made by Staff, and further directed VNG to file a motion in Case No. PUE-2002-00237 requesting that the revised WNA Rider be made permanent for the Residential Class and that Case No. PUE-2002-00237 be dismissed.²

On August 18, 2006, VNG filed the Motion in Case No. PUE-2002-00237 as directed by the Commission. The Commission, by Final Order issued September 13, 2006, made permanent VNG's WNA for the Residential Class, and dismissed Case No. PUE-2002-00237.

On September 13, 2006, as previously noted, the Company's instant Application was docketed.

¹ *Application of Virginia Natural Gas, Inc., For extension of its Weather Normalization Adjustment Rider*, Case No. PUE-2002-00237, 2004 S.C.C. Ann. Rept. 323, 324. On October 22, 2004, the Commission issued an Order amending the September 17, 2004 Order, extending the experiment until September 27, 2006, for the Residential Class customers. *Id.*, 2004 S.C.C. Ann. Rept. 325.

² *Application of Virginia Natural Gas, Inc., For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6*, Case No. PUE-2005-00057 ("PBR Case") and *General Rate Case Filing of Virginia Natural Gas, Inc., For investigation of justness and reasonableness of current rates, charges, terms and conditions of service in compliance with prior Commission Order*, Case No. PUE-2005-00062, 2006 S.C.C. Ann. Rept. 350, 351.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On November 21, 2006, the Staff filed a Motion to Dismiss the Application ("Motion to Dismiss") in the captioned docket, arguing that the Company's proposed WNA rider applicable to the General Service Class did not represent an experiment necessary to acquire information which is or may be in furtherance of the public interest as required by § 56-234 of the Code.

On December 13, 2006, the Company filed its response opposing the Motion to Dismiss, which argued that its Application is consistent with § 56-234 of the Code and with its current performance-based rate ("PBR") plan approved pursuant to § 56-235.6 of the Code.

On December 21, 2006, Staff filed its reply, reaffirming that the Application should be dismissed and maintaining that the Commission previously addressed this issue in an earlier determination in a *Washington Gas Light Company* case wherein it was decided that additional proposed WNA experiments were not necessary.³

The Hearing Examiner took Staff's Motion to Dismiss under advisement and conducted an evidentiary hearing on March 6, 2007, in which the Company and Staff participated. No public witnesses appeared.⁴ The Company presented testimony and exhibits in support of the Application and Staff presented testimony and exhibits opposing the Company's proposed experimental WNA for the General Service Class. The witnesses for the Company and Staff were each cross-examined, and the hearing was concluded.

On July 11, 2007, the Report of Howard P. Anderson, Jr., Hearing Examiner, was filed ("Hearing Examiner Report"). The Hearing Examiner Report, after reviewing the record, summarized the opposing positions of the Company and Staff and found that the Company should be given an opportunity to implement its proposed General Service WNA and determine whether, as the Company contended, the proposed experimental General Service WNA will correct the problems encountered in the Company's previous General Service Class WNA. The Hearing Examiner found that Staff's Motion to Dismiss should be denied, that the Company's proposed experimental WNA for the General Service Class should be approved, and that the Company should be directed to make regular reports to Staff regarding the experiment at intervals determined by the Commission.

On August 1, 2007, the Company filed comments, with supporting arguments, urging adoption of the findings and recommendations set out in the Hearing Examiner Report and requesting Commission approval of the Company's proposed experimental WNA for the General Service Class.

On August 1, 2007, Staff filed comments, taking exception to the Hearing Examiner Report and urging the Commission to deny the Company's proposed WNA for its General Service customers. Staff maintained that the proposed WNA for General Service customers is not an innovative rate mechanism that is properly the subject for a rate experiment under § 56-234 of the Code; that it is defective in design; and that it will not acquire information which is or may be in furtherance of the public interest, as required by § 56-234 of the Code.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner Report, and comments filed herein, is of the opinion and finds that the findings and recommendations contained in the Hearing Examiner Report should be accepted and that VNG should be granted approval to implement its proposed WNA for the General Service Class for a period of two (2) years from the date of this Order, effective for the 2007 and 2008 winter heating seasons. We agree with the Hearing Examiner that the Company should be given the opportunity to implement this rate experiment.

We find, under § 56-234 of the Code, that the proposed WNA is necessary to acquire information that may be in furtherance of the public interest. We direct VNG to file reports in this docket on or before July 1, 2008 and 2009, which address the following: (1) the impact of the WNA on bill volatility; (2) customer reaction to the WNA, including the number and substance of customer comments by month; (3) the impact of the WNA on the Company's cash flow; (4) any planning and performance benefits achieved by the Company as a result of the WNA, and how such benefits have impacted customers; (5) the Company's earned rate of return on rate base and return on common equity, both with and without revenues from the WNA; (6) the findings of an annual internal audit of the WNA mechanism for the General Service Class to ensure tariff compliance and to determine the accuracy of the mechanism's application to individual customers; and (7) any other information requested by Staff relevant to the experiment. The information acquired from this experiment will not be limited to these enumerated items.

Accordingly, IT IS ORDERED THAT:

(1) VNG may implement an Experimental Weather Normalization Adjustment Rider as proposed in the Application. This experiment shall be effective for the 2007 and 2008 winter heating seasons and shall terminate two (2) years from the date of this Order. For good cause shown, the period of this experiment may be extended, and if VNG desires to extend or alter the instant experiment, it may file an application to do so with the Commission on or before July 1, 2009.

(2) The Company shall file reports in this docket on or before July 1, 2008 and 2009, which address the following: (a) the impact of the WNA on bill volatility; (b) customer reaction to the WNA, including the number and substance of customer comments by month; (c) the impact of the WNA on the Company's cash flow; (d) any planning and performance benefits achieved by the Company as a result of the WNA and how such benefits have impacted customers; (e) the Company's earned rate of return on rate base and return on common equity, both with and without revenues from the WNA; (f) the findings of an annual internal audit of the WNA mechanism for the General Service Class to ensure tariff compliance and to determine the accuracy of the mechanism's application to individual customers; and (g) any other information requested by Staff relevant to the experiment.

(3) Within five (5) days of the date of this Order, the Company shall file with the Commission's Director of the Division of Energy Regulation a tariff for the Experimental Weather Normalization Adjustment Rider for the General Service Class consistent with the findings made herein.

(4) The Motion to Dismiss filed herein is denied.

(5) This matter is continued pending further order of the Commission.

³ *Application of Washington Gas Light Company, For approval of an experimental Weather Normalization Adjustment*, Case No. PUE-2005-00010, 2005 S.C.C. Ann. Rept. 399 ("*Washington Gas*").

⁴ An earlier public hearing was convened on February 26, 2007, for the sole purpose of receiving testimony from public witnesses. No public witnesses appeared, and the hearing was continued to March 6, 2007.

**CASE NO. PUE-2006-00098
JANUARY 22, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING MOTION

On November 13, 2006, the State Corporation Commission ("Commission") entered an order allowing Kentucky Utilities Company, d/b/a Old Dominion Power Company ("Company"), to issue up to \$53,000,000 of unsecured notes to Fidelia Corporation ("Fidelia"), an "affiliated interest" of the Company as defined by § 56-76 of the Code of Virginia. The Commission further held that the interest rate on the notes issued to Fidelia would be the lowest of: (1) the effective cost of capital for E.ON AG ("E.ON"), (2) the effective cost of capital for Fidelia, or (3) the Company's effective cost of capital from an independent third party determined in accordance with the Best Rate Method described in the Company's application.

On January 16, 2007, the Company filed a Motion to Modify Order ("Motion"). In its Motion, the Company requests that the Best Rate Method described in its original application be modified. The Commission's November 13, 2006, Order Granting Authority provides that when determining the interest rate on notes issued to Fidelia under the Best Rate Method, the Company will use the lower of: (1) the average of three quotes obtained from international investment banks for an unsecured bond issued by E.ON for the applicable term of the loan, or (2) the lowest of three quotes obtained by the Company from international investment banks for an unsecured bond issued by the Company for the applicable term of the loan. The Company's Motion requests that the Best Rate Method be modified in subsection (2) above to provide that the Company will request quotes for secured bonds rather than unsecured bonds when directing the Company's effective cost of capital under the Best Rate Method.

NOW THE COMMISSION, having considered the Company's Motion, is of the opinion and finds that the Motion should be granted and the Best Rate Method should be modified as requested by the Company. Interest rates on secured bonds are generally lower than the interest rates on unsecured bonds. The modification of the Best Rate Method may therefore produce lower interest rates for the Fidelia notes and benefit the Company's customers.

Accordingly, IT IS ORDERED THAT:

- (1) The Best Rate Method approved by the Commission be, and the same is hereby, modified to read as follows:

The interest rate on the note[s] would be the lower of (a) the average of three quotes obtained by the affiliate company from international banks for an unsecured bond issued by E.ON for the applicable term of the loan; and (b) the lowest of three quotes obtained by the Company from international investment banks for ~~an unsecured~~ a secured bond issued by the Company for the applicable term of the loan.

- (2) All other provisions of the November 13, 2006, Order Granting Approval shall remain in full force and effect.
(3) This matter be continued subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00099
APRIL 9, 2007**

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited increase in rates

FINAL ORDER

On September 14, 2006, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke sought to increase its annual revenues by \$1,746,313, an increase of approximately 1.97%. The Company also requested that it be allowed to place its proposed rates for services and all terms and conditions proposed in its supporting testimony into effect for service rendered on and after October 23, 2006.

By Order dated October 5, 2006, the Commission authorized the Company to place its rates into effect on an interim basis, effective October 23, 2006, subject to refund. The Commission appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission; established a procedural schedule for the case; and set a hearing date for March 29, 2007, to receive evidence on the Company's application.

The hearing was convened as scheduled on March 29, 2007. Charlotte P. McAfee, Esquire, appeared as counsel for the Company. Don R. Mueller, Esquire, appeared as counsel for the Staff. No public witnesses appeared at the hearing.

The Company and Staff offered an executed Stipulation at the hearing in which they proposed to offer their respective prefiled testimony into the record with waiver of all cross-examination.¹ The Stipulation sets forth the agreement of the Company and Staff that the record supports a fair and

¹ The Stipulation was filed March 14, 2007, with a Motion by the Company to accept the stipulation as full and fair resolution of the issues in this proceeding.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

reasonable annual increase in revenues of \$1,667,940 based on the capital structure reflected in the Staff's testimony and exhibits. The increase is based on a return on equity of 10.0% and a range of 9.5% to 10.5%. The Stipulation provides that the Company may file its next expedited rate application based on a return on equity of 10.1% as established in Roanoke's last general rate case. The executed Stipulation was received into the record at the hearing. Also, the Company's prefiled testimony of John B. Williamson, III, J. David Anderson, and Dale P. Lee (including additional and supplemental copies of Schedules 7, 9, 12, 15, 25, and 30(B)); and the prefiled Staff testimony of Thomas P. Handley, Gregory L. Abbott, and Michael W. Gleason were all received into the record.

Pursuant to the Stipulation, the Company requested that Roanoke be permitted to place the lower rates into effect since the revenue requirement in the Stipulation is lower than the revenue requirement that rates placed in effect on October 23, 2006, were designed to recover and such action would decrease the Company's ultimate refund liability. Pursuant to the Chief Hearing Examiner's Report of March 29, 2007, Roanoke was directed to implement the rates contained in the Stipulation as interim rates.

The March 29, 2007, Chief Hearing Examiner's Report recommended the Commission enter an Order approving the Stipulation and the proposed revenue increase, accounting adjustments, the stipulated rates now in effect on an interim basis, and refund the difference between the stipulated tariffs and the tariffs that went into effect on October 23, 2006. By the Company's Motion to Accept Stipulation and Staff's agreement, we deem the Company and the Staff to have waived comments on the Report based upon acceptance of the Stipulation on the record of the hearing by the Chief Hearing Examiner.

The Commission accepts the recommendations of the Chief Hearing Examiner and finds, pursuant to the Stipulation and supporting testimony, as follows:

- (1) The use of a test year ending June 30, 2006, is proper in this proceeding;
- (2) Roanoke's test year operating revenues, after all adjustments, were \$117,777,468;
- (3) Roanoke's test year operating income and adjusted net operating income, after all adjustments were \$3,667,708 and \$3,567,827, respectively;
- (4) Roanoke's test year operating deductions, after all adjustments, were \$114,109,760;
- (5) Roanoke's current rates produce a return on adjusted rate base of 6.606% and a return on equity of 6.528%;
- (6) Roanoke's current cost of equity is in the range of 9.5% to 10.5%, and the midpoint of 10.0% should be used to calculate rates;
- (7) Roanoke's overall cost of capital, using the midpoint of the return on equity range and the capital structure reflected in Schedule 3 of Staff Witness Gleason's testimony is 8.400%;
- (8) Roanoke's adjusted test year rate base is \$54,010,291, as reflected in Statement III of Staff Witness Handley's testimony;
- (9) Roanoke requires \$1,667,940 in additional gross annual revenues to earn a reasonable return on rate base;
- (10) The rates stipulated and provided in Attachment B of the Stipulation are designed to produce the required additional gross annual revenues and are just and reasonable;
- (11) Roanoke's cost of equity range of 9.5% to 10.5% should be used for purposes of future earnings tests until the Commission establishes otherwise;
- (12) In accordance with the Stipulation, Roanoke may file its next expedited rate application based on the midpoint of the cost of equity range determined in its prior general rate application, or 10.1%; and
- (13) Roanoke should be required to refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the March 29, 2007 Chief Hearing Examiner's Report are hereby adopted.
- (2) The Company's stipulated rates currently approved on an interim basis are hereby made permanent.
- (3) On or before July 15, 2007, Roanoke shall recalculate, using the rates and charges approved in Ordering Paragraph (2) above, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on October 23, 2006. Where application of the new rates results in a reduced bill, Roanoke shall refund the difference with interest as set out below.
- (4) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three months of the preceding calendar quarter.
- (5) The refunds ordered in Ordering Paragraph (3) above may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. Roanoke may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. Roanoke may retain refunds to former customers when such refund is

less than \$1. Roanoke shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.

(6) On or before September 15, 2007, Roanoke shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order, detailing the costs of the refunds and the accounts charged.

(7) Roanoke shall bear all costs incurred in effecting the refund ordered herein.

(8) Since there is nothing further to come before the Commission, this case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2006-00100
FEBRUARY 14, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING FUEL FACTOR

On November 9, 2006, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an application along with testimony and exhibits and a proposed tariff intended to increase its current fuel factor from 1.785¢ per kWh to 2.030¢ per kWh, effective with bills rendered on and after January 1, 2007. According to the Company, this revision is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2007, through December 31, 2007, within the meaning of § 56-249.6 of the Code of Virginia. The proposed fuel factor change would result in an estimated annual revenue increase of approximately \$38.7 million.

On November 22, 2006, the Commission issued an order establishing a procedural schedule and setting this matter for hearing on January 23, 2007. The procedural order permitted Appalachian to implement the proposed fuel factor, on an interim basis, effective with bills rendered on and after January 1, 2007. The Commission directed Appalachian to provide public notice of the application and interested persons were given an opportunity to participate either as respondents or as public witnesses in this proceeding. The Commission instructed the Staff of the Commission ("Staff") to investigate the application and to file testimony. Appalachian was permitted to file testimony in rebuttal to the testimony filed by respondents and Staff.

Notices of participation in this proceeding were filed by the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), VML/VACo APCo Steering Committee ("Steering Committee"), and the Old Dominion Committee for Fair Utility Rates ("Old Dominion"). These respondents filed no testimony or exhibits addressing the Company's application.

On December 27, 2006, Appalachian filed with the Clerk of the Commission proof of service and notice.

On January 9, 2007, the Staff filed its testimony. Therein, the Staff addressed, among other things, the in-period and correction components of Appalachian's proposed fuel factor and the reasonableness of the assumptions and projections underlying these components. Overall, the Staff found that the Company's application was reasonable and recommended that the Commission approve the continuation of the 2.030¢ per kWh fuel factor that became effective with bills rendered on and after January 1, 2007.

On January 16, 2007, Appalachian informed the Commission by letter that it would not file rebuttal testimony or exhibits.

The hearing convened on January 23, 2007. One public witness appeared: Charles Eric Young, the county attorney for the County of Tazewell, Virginia, presented oral testimony and a written statement into the record. Appearances were made by counsel for Appalachian, the Steering Committee, Consumer Counsel, and the Staff. By stipulation entered into by counsel for all of the respective parties in this docket and Staff, testimonies and exhibits were entered into the record without cross-examination.

NOW THE COMMISSION, having considered the record herein and the applicable statutes and regulations, is of the opinion that a revision in the Company's fuel factor from 1.785¢ per kWh to 2.030¢ per kWh, is reasonable and appropriate.

Approval of this factor, however, should not be construed as ultimate approval of Appalachian's actual fuel expenses. Our present order is based upon Appalachian's estimates of future expenses and unaudited booked expenses—estimates that the Staff found reasonable, and to which the other parties to this proceeding did not object. For each calendar year, an audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted. The Commission determines what are, in fact, appropriate, reasonable and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. Therefore, while we find that the 2.030¢ per kWh fuel factor should be continued, no finding in this Order is final, as this matter is continued generally, pending audit of Appalachian's actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

(1) The fuel factor of 2.030¢ per kWh, established by Commission Order dated November 22, 2006, effective with bills rendered on and after January 1, 2007, shall remain in effect.

(2) This case is continued generally.

**CASE NO. PUE-2006-00103
JULY 30, 2007**

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For approval of an expedited increase in rates

FINAL ORDER

On September 20, 2006, Southwestern Virginia Gas Company ("SWVG" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an increase in rates. The Company requested an expedited increase in rates. SWVG sought to increase its annual revenues by \$277,908, an increase of approximately 1.8%. SWVG stated that the rate of return earned by the Company for the 12 months ended June 30, 2006, was below the overall rate of return allowed by the Commission in the Company's last rate case (Application of Southwestern Virginia Gas Company, for approval of an increase in rates and to initiate a weather normalization adjustment, Case No. PUE-2003-00426, 2004 S.C.C. Ann. Rep. 372 (June 3, 2004)). The Company requested that the increase in rates be allowed to go into effect for bills rendered on and after November 30, 2006.

In its application, SWVG also requested a waiver pursuant to 20 VAC 5-200-30 A 11 for reporting information for Southwestern Virginia Energy Industries, Ltd. (the "Parent"), and consolidated information of the Parent and the Company as required in Schedules 1, 2, 6 and 7. In support of its request, SWVG stated that: (1) the Parent has historically never contributed to the raising of capital for the Company; (2) the Parent has historically never assisted the Company in raising capital either by guaranteeing debt or in any other manner securing the Company's obligations; (3) the Parent is a closely held corporation and not traded publicly; and (4) the Parent does not have financial statements prepared for public distribution.

The Company further requested a waiver of the requirement to prepare a jurisdictional cost of service study - Schedule 30. SWVG stated that it serves very few governmental non-jurisdictional customers; in fact, the Company states that the only non-jurisdictional customers - governmental offices and schools - represent less than 0.06% of the Company's customers and 3.6% of its gas throughput. According to SWVG, these non-jurisdictional customers pay for service on the basis of Commission-approved rates; thus, the Company asserted that there is virtually no impact on the per customer cost of service and no economic justification to expend the money, time, and effort to create a non-jurisdictional cost study. The Company also requested a waiver of the requirements to file this application in strict accordance with the provisions of Article 2 of Chapter 10 of Title 56 of the Code of Virginia ("Code") and the provisions for expedited rate cases in 20 VAC 5-200-30 et seq. so that the effect of refinancing long-term debt, which occurred after the end of the test year, can be included in the proposed rate increase.

By Order dated October 31, 2006, the Commission authorized the Company to place its proposed rates into effect on an interim basis subject to refund. The Commission also established a procedural schedule and set a hearing date for May 24, 2007, to receive evidence on the Company's application.

The hearing was convened as scheduled on May 24, 2007. Richard D. Gary, Esquire appeared as counsel for the Company. Raymond L. Doggett, Jr., Esquire, appeared as counsel for the Staff. No public witnesses appeared to offer comments on the application.

The Company and Staff offered a Stipulation at the hearing in which they proposed to offer the prefiled testimony into the record without causing the witnesses to come forward and be subject to cross-examination. The Stipulation sets forth the agreement of the Company and Staff that the record supports a fair and reasonable annual increase in revenues of \$220,282 based on the capital structure and cost of capital reflected in the Staff's testimony and exhibits. The increase is based on a return on equity of 10% and a range of 9.3% to 10.3%. Further, the Company agrees, subject to certain specified exceptions, not to file an application to increase its rates prior to September 20, 2008.

Pursuant to the Stipulation, the Company offered the prefiled testimony of Lance G. Heater, Company President and CEO, and Bernadette J. Stowe, Vice-President-Finance and Treasurer of SWVG, in support of its application. The Staff offered the prefiled testimony of Tanya R. Klaus, a public utility accountant with the Commission's Division of Public Utility Accounting, John R. Ballsrud, a principal financial analyst in the Division of Economics and Finance, and Marc A. Tufaro, a utilities analyst in the Division Energy Regulation. Pursuant to the Stipulation, all of the prefiled testimony was entered into evidence without cross-examination, and the Stipulation was also entered into the record of this case.

Paragraph 3 of the Stipulation provided that the Company would seek to have rates at the stipulated level of annual revenue go into effect during the May billing cycle in lieu of the higher rates currently in effect subject to refund. At the hearing, counsel for the Company moved that SWVG be allowed to place the lower rates into effect for bills rendered on and after May 30, 2007. Counsel stated such an action would decrease the Company's ultimate refund liability and afford customers an expedited lower rate. This motion was granted subject to check by Commission Staff of the revised schedules.

In its application the Company requested a waiver of the requirement to prepare a jurisdictional cost of service study - Schedule 30 - as noted above. Because the non-jurisdictional customers pay the same rates as jurisdictional customers and account for only 0.06% of total customers and 3.6% of total gas throughput, Staff did not object to this waiver request. Staff, therefore, prepared its exhibits based on total Company revenues, expenses, and rate base. SWVG also requested in its application a waiver of the rule requiring the reporting of Parent and consolidated information of the Parent and Company. At the hearing, the Company renewed their waiver motions, which were granted by the Hearing Examiner.

On July 3, 2007, Hearing Examiner Howard P. Anderson issued a Report in which the Examiner summarized the record and reviewed and analyzed the evidence and issues in this proceeding. The Examiner's Report also included the following findings:

- (1) The use of a test year ending June 30, 2006, is proper in this proceeding;
- (2) The Company's test year operating revenues, after all adjustments, were \$15,717,861;
- (3) The Company's test year operating deductions, after all adjustments, were \$15,328,917.
- (4) The Company's current rates produce a return on adjusted rate base of 6.532%;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (5) A reasonable return on equity for the Company is 10.0% within a range of return of 9.3% to 10.3%;
- (6) The Company's adjusted test year rate base is \$5,731,683;
- (7) The Company requires \$220,282 in additional gross annual revenues to earn a return on rate base of 8.914% and a return on common equity of 10.0%;
- (8) The Company should be granted a waiver of the rules requiring the report of information for its Parent and the consolidated information of the Parent and the Company;
- (9) The rate design proposed by the Company is acceptable and an adjustment to increase the customer service charge from \$6.50 to \$7.00 per month for residential customers should be approved;
- (10) The volumetric revenues associated with the rate increase should be spread between the volumetric rate blocks based on Staff's recommended proportion of non-gas revenues of the rate block to the total volumetric non-gas revenue for the class;
- (11) The Company should be allowed to eliminate its Rate Schedule "D" pertaining to customers using gas-powered air conditioners; and
- (12) The Stipulation agreed to by Staff and the Company is reasonable and should be adopted.

NOW THE COMMISSION, having considered the record, the Stipulation, the Examiner's Report, and the applicable law, is of the opinion and finds that the recommendations of the Examiner, including the waiver of the requirement to file a jurisdictional cost of service study, should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the June 28, 2007 Hearing Examiner's Report are hereby adopted, consistent with the findings above.
- (2) Rates reflecting the new revenue requirement are to be billed to the Company's customers, pursuant to the Company's Motion granted at the hearing, on and after May 30, 2007.
- (3) Within ninety (90) days from the date of entry of this Order, SWVG shall recalculate using the rates and charges prescribed in Ordering Paragraph 2 above, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on October 31, 2006. Where application of the new rates resulted in a reduced bill, SWVG shall refund the difference with interest as set out below.
- (4) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three months of the preceding calendar quarter.
- (5) The refunds ordered in Ordering Paragraph 3 above may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. SWVG may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. SWVG may retain refunds owed to former customers when such refund is less than \$1. SWVG shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.
- (6) Within one hundred twenty days (120) from the date of entry of this Order, SWVG shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and detailing the costs of the refund and the accounts charged.
- (7) SWVG shall bear all costs incurred in effecting the refund ordered herein.
- (8) Since there is nothing further to come before the Commission, this case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2006-00104
APRIL 20, 2007**

APPLICATION OF
WINTERGREEN VALLEY UTILITY COMPANY, L.P.

To amend its certificates of public convenience and necessity

FINAL ORDER

On September 21, 2006, Wintergreen Valley Utility Company, L.P. ("Wintergreen" or "Company") filed an application with the State Corporation Commission ("Commission") to amend its certificates of public convenience and necessity, Certificate Nos. W-270 and S-78, pursuant to § 56-265.3 D of the Code of Virginia. The current certificates authorize the Company to provide water and sewer service in the Stoney Creek Community located in the Wintergreen Development in Nelson County, Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Wintergreen seeks to amend its certificates to allow the Company to provide water and sewer service in the following areas: (i) 29.118 acres added to the Wintergreen Master Plan on December 14, 2004; (ii) 18.49 acres located in the village of Nellysford, a portion of which is adjacent to the Wintergreen Master Plan and another portion of which is located across State Route 151; and (iii) land around the 24th and 25th holes of the golf course located in the Wintergreen Master Plan. According to the Company's application, the line extensions necessary to serve these areas will have no financial impact on the Company's current customers.

On January 31, 2007, the Commission entered an Order for Notice and Comment that required the Company to provide public notice of its application; allowed interested persons to file comments or request a hearing on the Company's application; and directed the Commission Staff to investigate the Company's application and file a report containing the Staff's findings and recommendations. The Commission has received no comments or requests for hearing from interested persons.

On April 11, 2007, the Commission Staff filed its report with the Clerk of the Commission containing the Staff's findings and recommendations. The Staff report noted, among other things, that Wintergreen has provided a satisfactory level and quality of water and sewer service to its customers, and that the proposed amendment to the Company's certificates will not impact or jeopardize the provision of adequate service to the public at just and reasonable rates. The Staff therefore recommended that the Company's application be granted by the Commission.

On April 13, 2007, the Company filed a response to the Staff report indicating that the Company has no objection to the report.

NOW THE COMMISSION, having considered the application, the Staff report, and the Company's response to the Staff report, is of the opinion and finds that the amendment to the Company's certificates pursuant to § 56-265.3 D of the Code of Virginia is in the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Wintergreen Valley Utility Company L.P.'s certificate No. W-270 is cancelled, and the Company is issued amended certificate of public convenience and necessity No. W-270(a) to allow the Company to provide water service in the following areas: (i) 29.118 acres added to the Wintergreen Master Plan on December 14, 2004; (ii) 18.49 acres located in the village of Nellysford, a portion of which is adjacent to the Wintergreen Master Plan and another portion of which is located across State Route 151; and (iii) land around the 24th and 25th holes of the golf course located in the Wintergreen Master Plan, all as more particularly described in the Company's application.

(2) Wintergreen Valley Utility Company L.P.'s certificate No. S-78 is cancelled, and the Company is issued amended certificate of public convenience and necessity No. S-78(a) to allow the Company to provide sewer service in the following areas: (i) 29.118 acres added to the Wintergreen Master Plan on December 14, 2004; (ii) 18.49 acres located in the village of Nellysford, a portion of which is adjacent to the Wintergreen Master Plan and another portion of which is located across State Route 151; and (iii) land around the 24th and 25th holes of the golf course located in the Wintergreen Master Plan, all as more particularly described in the Company's application.

(3) This case shall be dismissed from the Commission's docket of active cases.

**CASE NO. PUE-2006-00110
JANUARY 22, 2007**

PETITION OF
BRANDI WINE WATER WORKS, LTD.,
G W CORPORATION,
JOHN K. HAMNER,
BRENDA J. HAMNER,
and
DAVID G. PETRUS

For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus

ORDER GRANTING APPROVAL

On October 10, 2006, Brandi Wine Water Works, Ltd. ("Brandi Wine"), G W Corporation ("GW"), John K. Hamner, Brenda J. Hamner (together with John K. Hamner, the "Sellers"), and David G. Petrus ("Petrus") (collectively, the "Petitioners") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval to consummate a transaction whereby control of Brandi Wine and GW would be transferred from the Sellers to Petrus. On December 8, 2006, an Order was entered to extend the period of review through January 23, 2007.

Brandi Wine and GW are both regulated public service corporations organized and existing under the laws of the Commonwealth of Virginia. Brandi Wine holds certificate of public convenience and necessity ("CPCN") No. W-278, issued on May 25, 1995, to furnish water service in the Five Lakes Subdivision in New Kent County, Virginia. GW holds CPCN No. W-288 issued October 23, 1998, to furnish water service in the Glenwood Gardens Subdivision in both the City of Richmond and Henrico County, Virginia. Brandi Wine has the capability of serving one hundred twelve (112) connections and currently serves ninety-one (91) residential customers and one (1) commercial customer. GW has the capability of serving one hundred seventeen (117) connections and currently serves one hundred twelve (112) customers. Both Brandi Wine and GW are wholly owned by the Sellers. Brandi Wine and GW do not currently have employees. Their administrative and day-to-day operations are handled through Hamco Enterprises, Ltd. ("Hamco"). Brandi Wine and GW are collectively referred to as the "Water Companies."

Petrus, individually and through Petrus Environmental Services, Inc. ("PES"), has been in the business of owning, operating, and/or managing water and sewage companies in Virginia since 1991. Petrus currently provides operation, maintenance, and management services to over thirty (30) water and wastewater facilities throughout Virginia.

Pursuant to a Stock Purchase Agreement entered into by the Petitioners on September 14, 2006, Petrus will purchase one hundred percent of the issued and outstanding common stock of Brandi Wine and GW. After the proposed transfer of stock, Petrus will have sole controlling interests in both Brandi Wine and GW. The Petitioners state that the Sellers are transferring control in order to retire from the water company business. The transaction is scheduled to take place on the first day of the subsequent month, but not less than fifteen (15) business days from the time that the Petitioners receive all of the necessary approvals from the Commission.

After control of Brandi Wine and GW have been transferred to Petrus, the contract with Hamco will be terminated, and Petrus will contract with PES to provide management and day-to-day operations for the Water Companies. The Petitioners represent that, after the proposed transfer of control, the Water Companies will continue to offer the same level of water service to their customers at the same rates. The Petitioners state that, in addition to being regulated by the Commission, the water quality of Brandi Wine and GW will also continue to be regulated by the Virginia Department of Health's Office of Drinking Water. The Petitioners further state that, after the proposed transfer of control, Brandi Wine and GW will continue to be operated by a Board of Directors and that, after Petrus acquires control of the Water Companies, he will adopt the tariffs of the Water Companies currently filed with the Commission.

The Petitioners represent that the proposed transfer will not jeopardize or impair the provision of adequate service to the public at just and reasonable rates. The Petitioners state that the customers will benefit from the systems being operated by experienced water system operators and from economics of scale from numerous systems. The Petitioners expect that the proposed transaction will produce benefits for Virginia consumers as they will benefit from the continuity of being provided quality water service at just and reasonable rates while ensuring that Brandi Wine and GW continue in business.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transaction will neither impair nor jeopardize the provision of adequate service at just and reasonable rates and should, therefore, be approved.

The Staff has advised the Commission in its recommendation of approval of this petition that Petrus has not complied with the Commission's ordered reporting requirements in several cases, which we now take judicial notice of. The Staff reports that Petrus has not filed the required reports of action in Case No. PUA-2001-00071 (Joint Application of Westlake Water Company, Inc., and Lake Area Development, Inc., For approval of utility transaction), PUE-2005-00040 (Petition of The Franklin Waverly Water Company, David G. Petrus, and Harry H. Hunt, III, and the HHHunt Family Trust I, For approval of a change of control of a Virginia water public utility company), and PUE-2004-00138 (Petition of Twin Coves Water Works, Inc., and Twin Coves Water Company, For approval of a transfer of assets and control of a Virginia water public utility). The Staff also reports that in Case No. PUA-2001-00077 (Application of Castle Craig Water Company, Inc., and Castle Craig Water Works, Inc., For approval of utility transaction), Petrus has not responded to a Staff request for additional information regarding the report of action filed. The Commission finds that Petrus should take the necessary steps to file these reports and ensure timely filing of all future reports of action and responses to Staff requests for information.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Petitioners are hereby granted approval of the Stock Purchase Agreement resulting in the transfer of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus, as described herein.
- (2) The approval granted herein shall have no ratemaking, implications and does not include any findings as to the reasonableness of the proposed affiliate charges from PES to either Brandi Wine Water Works, Ltd., or G W Corporation or the reasonableness of any acquisition adjustment.
- (3) David G. Petrus shall file all outstanding reports of action and respond to information requests as previously described within thirty (30) days of the date of this Order and shall take the necessary steps to ensure that all future reports of action are filed and responses to Staff requests for information are completed in a timely manner.
- (4) The Petitioners shall file a report of action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place, the actual price paid by Petrus, and the actual accounting entries on Brandi Wine Water Works, Ltd.'s and G W Corporation's books. Accounting for the transfers approved herein shall be made in accordance with the Uniform System of Accounts for Class C Water Companies.
- (5) Brandi Wine Water Works, Ltd., and G W Corporation shall provide all records related to the transferred assets at closing to David G. Petrus, and David G. Petrus is hereby ordered to maintain such records transferred in accordance with the Uniform System of Accounts.
- (6) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00111
JANUARY 8, 2007**

APPLICATION OF
TENASKA VIRGINIA II PARTNERS, L.P.

For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2 and exemption from Chapter 10 of Title 56

ORDER GRANTING CERTIFICATE

On October 12, 2006, Tenaska Virginia II Partners, L.P. ("Tenaska Virginia II" or the "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("CPCN") pursuant to Va. Code § 56-265.2 to be effective January 10, 2007 through December 27, 2010, and for exemption pursuant to Va. Code § 56-265.2 B from the provisions of Chapter 10 of Title 56 of the Code of Virginia ("Chapter 10").

The Company proposes to construct and operate in Buckingham County, Virginia, a natural gas-fired, combined cycle power plant located off of State Route 670, approximately one mile southeast of New Canton, Virginia (the "Facility"), to be built in two phases of construction and ultimately provide approximately 900 MW of power. The first phase of construction will be to build 660 MW with two combustion turbine generators, two Heat Recovery Steam Generators with duct burners, and a single steam generator. The Company intends to build the remaining 240 MW at a later date as the electricity market develops to support additional generation at this site.

The Commission previously granted to the Company a CPCN to construct and operate the proposed Facility on January 9, 2003, in Case No. PUE-2001-00429.¹ In that case, the Facility was proposed to be built in one phase of construction and operate as a 900 MW plant. The CPCN granted in Case No. PUE-2001-00429 was subject to certain conditions including an expiration date of two years, if construction had not commenced. Amendments to Va. Code § 56-580 H enacted in 2004 had the effect of extending the expiration date of the CPCN for an additional two years. The current CPCN will expire on January 9, 2007.

On October 19, 2006, the Commission entered an Order for Notice and Hearing in the instant proceeding directing that notice of the application should be given to the public, that interested persons should have an opportunity to comment or to request a hearing in this matter, and that the Commission Staff should investigate the application and file a report presenting its findings to the Commission.

On October 23, 2006 and November 9, 2006, Tenaska Virginia II filed proof of the notices required by the October 19, 2006 Order for Notice and Hearing. No written comments, requests for hearing, or notices of participation as a respondent in the proceeding were filed.

On December 13, 2006, the Commission Staff filed its Report. The Staff Report indicated that, with the exception of the proposal to build the Facility in two phases, there are no significant changes from the Facility approved in Case No. PUE-2001-00429. The Staff Report stated that the Facility will add generating capacity and evaluated the direct economic benefits derived from preliminary construction activities, construction, and operation, noting that the Buckingham County Board of Supervisors supports the proposed Facility. In addition, the Staff Report addressed the impact the Facility may have on the issue of market power and, therefore, recommended that the Commission direct the Company to report the name and corporate affiliation of any company entering into a tolling agreement for the Facility's output.

The Staff found the proposed Facility to be a viable project. The Staff Report noted that Tenaska Virginia II represents the proposed Facility will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth. The Staff Report further determined that the proposed Facility would have no material adverse effect upon reliability of electric service provided by any regulated public utility and is not otherwise contrary to the public interest. Apart from any potential issues identified by the Virginia Department of Environmental Quality ("DEQ") pursuant to the Commission and the DEQ's Memoranda of Agreement regarding coordination of reviews of the environmental and wetlands impacts of proposed electric generating plants and associated facilities,² the Staff recommended that the Commission grant the Company a CPCN, to expire December 27, 2010, if construction has not commenced. The Staff further recommended that, upon any expiration, the Company be required to obtain further authority from the Commission to build the proposed Facility.

On December 15, 2006, the DEQ filed a letter with the Commission providing a summary of existing requirements and the compliance status of the proposed Facility. The DEQ noted that Tenaska Virginia II was issued an air pollution control permit, combined with a new source review permit, to satisfy both federal Clean Air Act requirements for Prevention of Significant Deterioration and the State Air Pollution Control Board's Regulations for the Control and Abatement of Air Pollution. With respect to water quality and wetlands, the DEQ indicated that the Company was issued a Virginia Water Protection Permit for the construction and operation of the water supply intake, a Virginia Water Protection Permit for the construction and operation of the reservoir and outfall structure, and a Virginia Pollutant Discharge Elimination System ("VPDES") Permit for discharge from the proposed Facility. The DEQ also stated that the Company has been issued other environmental permits and authorizations by the Virginia Marine Resources Commission and the Army Corps of Engineers. In addition, the DEQ listed several permits that would be required including a Solid Waste Management and Hazardous Waste Management Permit, a VPDES General Stormwater Permit, and water and sewer line approvals by the Virginia Department of Health.

The DEQ recommended that the Company: maintain compliance with the Facility's existing permits and zoning authorization; commit and maintain compliance with a prospective permit modification; and notify the DEQ South Central Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air, water, waste, or petroleum tanks.

¹ Application of Tenaska Virginia II Partners, L.P., For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2, an exemption from Chapter 10 of Title 56, and interim approval to make financial commitments and undertake preliminary construction work, Case No. PUE-2001-00429, 2003 S.C.C. Ann. Rep. 330.

² In the Matter of Receiving Comments on a Draft Memorandum of Agreement between the Department of Environmental Quality and the State Corporation, Case No. PUE-2002-00315, 2002 S.C.C. Ann. Rep. 559, and In the Matter of Receiving Comments on a Draft Memorandum of Agreement between the State Water Control Board and the State Corporation Commission, Case No. PUE-2003-00249, 2003 S.C.C. Ann. Rep. 474.

On December 18, 2006, the DEQ Office of Wetlands and Water Protection filed a letter with the Commission stating that Tenaska Virginia II had bought the required credits from the James River Wetlands Bank, LLC, and that, provided there are no further wetlands impacts, the office has no further comments.

On December 20, 2006, Tenaska Virginia II filed a Response stating its intention to maintain the effective status of all permits and approvals currently in effect. Moreover, the Company agreed that the Waste Management and Hazardous Waste Management Permit, a VPDES General Stormwater Permit, and water and sewer line approvals by the Virginia Department of Health would need to be obtained once construction of the Facility moves forward.

NOW THE COMMISSION, upon consideration of the record, is of the opinion and finds that the application should be approved and we will grant a CPCN effective January 10, 2007 to Tenaska Virginia II to construct and operate the Facility.

We previously have noted that Va. Code § 56-580 D supplanted Va. Code § 56-265.2 in the Commission's approval process for electric generating facilities on and after January 1, 2002,³ and in Case No. PUE-2001-00429 granted a CPCN for the proposed Facility pursuant to Va. Code § 56-580 D. We therefore grant the CPCN in the instant proceeding pursuant to Va. Code § 56-580 D. As Va. Code § 56-580 D is applicable, the requested exemption from the provisions of Chapter 10 pursuant to Va. Code § 56-265.2 B is not required.

We find that, with the exception of the current proposal to build the Facility in two phases of construction to ultimately provide 900 MW, the proposed Facility is not significantly changed from the Facility approved in Case No. PUE-2001-00429. In that case as well as the instant proceeding, we evaluated the Facility according to the six general area of analysis applicable to electric generating plant applications established by the Code: (1) reliability;⁴ (2) competition;⁵ (3) rates;⁶ (4) environment;⁷ (5) economic development;⁸ and (6) public interest.⁹

We find that the proposed Facility will have no material adverse effect upon reliability of electric service provided by any regulated public utility. We further find that the proposed Facility is not otherwise contrary to the public interest in that, among other things, rates for the regulated public utility will not be impacted. In addition, we find that the Facility will provide economic benefits and may provide a competitive source of electricity.

Va. Code §§ 56-46.1 and 56-580 D direct us to give consideration to the effect of the proposed Facility "on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact." Va. Code § 56-46.1 A also provides, in part, that permits or approvals regulating environmental impact and mitigation of adverse environmental impact issued by local, state, and federal authorities having jurisdiction over such matters shall be deemed to satisfy the environmental requirements of the statute with respect to all matters that are governed by the permit or approval. The DEQ submitted a summary of existing requirements and the compliance status of the proposed Facility and made certain recommendations described herein such that the Company will maintain compliance with or notify the DEQ of any changes effecting compliance with applicable permits and approvals. We will condition the CPCN upon Tenaska Virginia II's compliance with these recommendations and the receipt of any additional permits and approvals that may be required to construct and operate the Facility.

Further, we find that Tenaska Virginia II should report the name and corporate affiliation of any company entering into a tolling agreement for the Facility's output to the Commission's Division of Energy Regulation.

Finally, we approve the construction and operation of the Facility in two phases. The CPCN will expire December 27, 2010, if construction on the Facility has not commenced. Tenaska Virginia II will be permitted, however, to petition the Commission for an extension of the authority to construct and operate the Facility beyond December 27, 2010, for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-580 D of the Code of Virginia, Tensaka Virginia II is hereby granted authority and a CPCN to construct and operate the Facility as described in this proceeding.

(2) As a condition of the CPCN granted herein, Tenaska Virginia II shall comply with the following three recommendations made by the DEQ in this case: (a) maintain compliance with the Facility's existing permits and zoning authorization; (b) commit and maintain compliance with a prospective permit modification; and (c) notify the DEQ South Central Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air, water, waste, or petroleum tanks.

³ See e.g., Application of Tenaska Virginia Partners, L.P., For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2, an exemption from Chapter 10 of Title 56, and interim approval to make financial commitments and undertake preliminary construction work, Case No. PUE-2001-00039, 2002 S.C.C. Ann. Rep. 389, 390.

⁴ Va. Code §§ 56-46.1 A and 56-580 D (i).

⁵ Va. Code § 56-596 A.

⁶ Va. Code § 56-580 D (ii). See also 20 VAC 5-302-20 14; Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: In the matter of amending filing requirements for application to construct and operate electric generating facilities, Case Nos. PUE-2001-00313 and PUE-2001-00665, 2001 S.C.C. Ann. Rep. 585.

⁷ Va. Code §§ 56-46.1 A and 56-580 D.

⁸ Va. Code §§ 56-46.1 and 56-596 A.

⁹ Va. Code § 56-580 D(ii).

(3) The CPCN granted herein shall be conditioned upon the receipt of any additional permits and approvals that may be required to construct and operate the Facility.

(4) As a condition of the CPCN granted herein, Tenaska Virginia II shall report the name and corporate affiliation of any company entering into a tolling agreement for the Facility's output to the Commission's Division of Energy Regulation.

(5) The CPCN granted herein shall expire December 27, 2010, if construction on the Facility has not commenced. Tenaska Virginia II may petition the Commission for an extension of the authority to construct and operate the Facility beyond December 27, 2010 for good cause shown.

(6) This matter shall be continued generally.

CASE NO. PUE-2006-00116
FEBRUARY 16, 2007

APPLICATION OF
BIRCHWOOD POWER PARTNERS, L.P.

For a Certificate to Operate as an Electric Generating Facility Pursuant to Virginia Code § 56-580 D

FINAL ORDER

On November 3, 2006, Birchwood Power Partners, L.P. ("Birchwood" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") requesting that the Commission issue, pursuant to § 56-580 D of the Code, a certificate of convenience and necessity ("Certificate" or "CPCN") to operate the Company's existing facility located in King George County, Virginia ("Facility"). The Facility currently operates as a qualifying cogeneration facility ("QF") under the federal Public Utilities Regulatory Policies Act ("PURPA");¹ the facility is not currently certificated by the Commission. The Company, however, desires to operate the facility as a non-qualifying electric generating facility, and is seeking a CPCN from the Commission for that purpose.²

The Commission issued an Order for Notice and Comment on November 21, 2006, ("Order for Notice and Comment") providing interested parties an opportunity to comment on the Company's Application and to request a hearing thereon. As the Commission stated in that Order, Birchwood is applying for a certificate pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure and to the extent applicable, the merchant plant rules, 20 VAC 5-302-10 *et seq.* According to the Application, Birchwood owns and operates the Facility³ and is a limited partnership organized under the laws of the State of Delaware. Ownership interests in Birchwood are described in paragraphs 2-4 of the Application.

As the Commission also noted in its Order for Notice and Hearing, Birchwood currently sells all of the Facility's output to Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") pursuant to two long-term power sale agreements: a Power Purchase and Operating Agreement ("PPOA"), and an Excess Energy Agreement ("EEA"). We would also reiterate that output from the Facility is sold at wholesale, and such transactions are subject to the jurisdiction and oversight of the Federal Energy Regulatory Commission ("FERC"). Moreover, the Application states Birchwood's intentions to file an application with the FERC in which Birchwood will seek authority to make wholesale sales of energy, capacity and ancillary services from the Facility at market-based rates. According to the Application, Birchwood's FERC application will request that its proposed market-base tariff become effective on the date that Birchwood advises FERC that it has terminated its status as a QF.

In sum, the Company requests in its Application that the Commission issue an order granting Birchwood (i) a certificate to operate the Facility, (ii) with respect to information not furnished in the Company's Application and supporting documents, a waiver of filing requirements therefor pursuant to 20 VAC 5-302-40, and (iii) such other authority, approvals and relief as may be deemed proper under the circumstances.

In support of its Application, the Company represents that granting the Facility a CPCN will have no material adverse effect on reliability of electric service provided by any regulated utility and is not otherwise contrary to the public interest.⁴ Specifically, the Application states the Facility will continue to contribute to the reliability of electric service provided by Virginia Power pursuant to the PPOA and the EEA.

¹ 16 U.S.C. § 2601 *et seq.*

² According to the Application, the Facility has been operated as a QF pursuant to PURPA since 1996. The Commission would note that § 56-580 D of the Code addresses the Commission's authority to permit the "construction and operation" of electrical generating facilities. While the facility in this case is an existing facility, the Commission has previously determined that it may nevertheless issue a certificate under the authority of this statutory provision when an applicant seeks to convert the legal status of an electric generation facility sited in Virginia from a QF to non-QF status. *See, Application of UAE Mecklenburg Cogeneration, LP, For a certificate of public convenience and necessity pursuant to Va. Code § 56-580 D, Case No. PUE-2002-00313, 2002 S.C.C. Ann Rept. 557.*

³ The Facility consists of a pulverized coal-fired steam generator ("Boiler"), a reheat steam turbine generator, and associated equipment, including interconnection equipment. Steam from the Boiler is used in the steam turbine to generate electric output while supplying thermal energy to a nearby greenhouse complex. The generator is connected to a generator step-up transformer tied to Virginia Power's grid. The steam turbine generator has a net electric power production capacity of approximately 242.2 MW. The Facility began commercial operations in November 1996.

⁴ Additionally, the Application states that the Facility will continue to provide direct and indirect economic benefits to the surrounding area and to the Commonwealth as a whole; needed power to Virginia Power; and diversity of fuel sources within the Commonwealth. The Facility is also said to provide a substantial tax base for state and local governments. The Application asserts that the Facility has been designed to minimize adverse environmental impact, and, as described in the Application's Appendix A, Birchwood is said to possess all required state and federal environmental permits for the Facility.

The Commission's Order for Notice and Comment in this matter docketed the case, and established a December 20, 2006, deadline for the Commission Staff and any interested persons to file written comments, if any, on the Application with the Clerk of the Commission. Contemporaneous with filing any such comments, interested persons were authorized to request that the Commission convene a hearing concerning the Company's Application. The Order further established January 11, 2007, as the date by which the Company could file a response to any comments or requests for hearing filed herein pursuant to this schedule. Finally, the Order directed the Company to publish a prescribed notice of this proceeding in newspapers of general circulation in King George County.

Thereafter, on December 20, 2006, Dominion Virginia Power filed a notice of participation as an interested party in this docket, together with comments requesting that the Commission grant the Application herein. As emphasized in its comments, DVP is currently the sole purchaser of electrical capacity, energy and ancillary services from Birchwood's Facility. In particular, DVP noted that while Birchwood's contracts with DVP permit Birchwood to operate the Facility as a QF or non-QF, the terms and conditions of each particular contract with a QF govern the requirements for the generating entity with regard to maintenance of QF status. Accordingly, Dominion Virginia Power sought to clarify in its comments that its support of the Application should not, in any respect, be construed as an acknowledgement that other QFs are entitled to the same change in status.

The Staff of the State Corporation Commission ("Staff") filed a letter in this docket on December 29, 2006, advising that the Staff did not oppose Birchwood's Application and that, for that reason, the Staff had not filed comments and did not intend to do so. The Staff further noted in its letter that the Department of Environmental Quality ("DEQ") had furnished its report⁵ concerning the Application by letter to the Commission dated November 29, 2006, and filed with the Clerk of the Commission.

DEQ's November 29, 2006, report indicates that no permits are required for the change in legal status sought by the Company in this application. Specifically, the DEQ report states that the existing Birchwood plant has all required permits and is not seeking any change in the Facility's operating status. Finally, DEQ reports that with respect to the Company operating permits (principally air and water quality permits), the Facility is either in compliance with such permits, or there is no evidence of any noncompliance.

Thereafter, on January 3, 2007, Birchwood filed its response to the comments of interested parties and the Staff. The Company noted, first of all, its filing of December 14, 2006, in this docket in which it furnished proofs of (i) service of the Order for Notice and Comment on the chairman of the board of supervisors of King George County, Virginia, and (ii) the publication of the notice prescribed by such Order in a newspaper of general circulation in King George County, Virginia. Birchwood noted the absence of any objection from the Commission Staff or any interested person, and thus requested that the Commission issue an Order that (i) grants the Company a certificate to operate the plant pursuant to § 56-580 D of the Code; (ii) waives any additional filing requirements by Birchwood; and (iii) grants such other and further relief as may be appropriate or necessary.

NOW THE COMMISSION, in consideration of the foregoing, and having considered the Application, the responses thereto; the report of Virginia's Department of Environmental Quality; and all applicable law, is of the opinion and finds as follows.

Pursuant to § 56-580 D of the Code, we find that Birchwood's Facility (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility; and (ii) is not otherwise contrary to the public interest. We have further evaluated the application pursuant to § 56-46.1 of the Code and have given consideration to the effect of this Facility on the environment. Section 56-46.1 of the Code provides that permits issued by federal, state, or local governmental entities that regulate environmental impact and mitigation of adverse environmental impact are deemed to satisfy the requirements of such section with respect to all matters that are governed by the permit.

In this regard, the DEQ has concluded that Birchwood facility is in compliance with water and air permits that have been issued by the DEQ. The DEQ's report does not identify any environmental issues that are not otherwise addressed in the facility's existing permits or approvals. In addition, the DEQ report recommends that the facility: (1) maintain compliance with the facility's existing permits and zoning authorization; (2) commit to and maintain compliance with a prospective permit modification;⁶ and (3) notify DEQ's Northern Virginia Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air, water, waste, or petroleum tanks. As a condition of the certificate granted herein, we will require the Company to comply with these DEQ recommendations. No other environmental issues were raised in this proceeding.

Accordingly IT IS HEREBY ORDERED THAT:

(1) Pursuant to § 56-580 D of the Code of Virginia, Birchwood Power Partners, L.P. be granted Certificate of Public Convenience and Necessity No. 175, to operate an electric generation facility in King George County, Virginia, upon the filing of site maps with the Commission's Division of Energy Regulation that conform to the filing requirements of such Division.

(2) The certificate of public convenience and necessity granted herein shall be conditioned upon Birchwood Power Partners, L.P., (i) maintaining compliance with the facility's existing permits and zoning authorization; (ii) maintaining compliance with any future permit modifications; and (iii) notifying DEQ's Northern Virginia Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air, water, waste, or petroleum tanks.

⁵ DEQ's responsibilities under a 2002 Memorandum of Agreement between DEQ and the Commission (entered into pursuant to §§ 10.1-1186.2:1 B and 56-46.1 G of the Code), require DEQ to furnish written information addressing (i) the environmental impacts of proposed electric generating plants and associated facilities, and (ii) environmental permits or approvals associated with such plants and facilities.

⁶ DEQ's report states that the Facility's Virginia Pollutant Discharge Elimination System ("VPDES") permit will expire in October 2009. The report further states that DEQ's Northern Virginia Regional Office is developing a permit modification for the Facility that should be completed in December 2006 or January 2007. The Commission is advised by Staff that it has consulted with DEQ staff, and has determined that the "prospective permit modification" to which this DEQ recommendation refers is the VPDES permit. Moreover, Staff advises—based upon information also received from DEQ—that the VPDES permit modification has not been concluded. Accordingly, we will not condition the issuance of the certificate sought in this proceeding upon the Facility's compliance with modifications to the Facility's VPDES permits, since the terms and conditions of any such modifications are unknown at this time. However, once such permit modification is concluded, the Company will be required to comply with its requirements, and our Order herein reflects such obligations.

(3) Birchwood's request for this Commission's waiver pursuant to 20 VAC 5-302-40, of any filing requirement that may apply to this proceeding, to the extent that Birchwood has not provided such information in its Application, is hereby granted.

(4) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

**CASE NO. PUE-2006-00117
JANUARY 5, 2007**

APPLICATION OF
VIRGINIA AMERICAN WATER COMPANY

For authority to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 13, 2006, Virginia American Water Company ("Applicant" or the "Company"), filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Company requests authority to issue promissory notes ("Notes") to an affiliate, American Water Capital Corporation ("AWCC"), from time to time through December 31, 2007.¹ Applicant paid the requisite fee of \$250.

In its application, the Company requests authority to issue to AWCC up to \$29,500,000 in Notes. The terms of the Notes' interest rates, timing of payments, maturity dates, and other such issues will mirror the terms set forth in the securities to be issued by AWCC. The proceeds will be used for one or more of the following purposes: the repayment of all or a portion of the Company's outstanding short-term debt; the call of debt previously issued to AWCC; the repayment at maturity of outstanding long-term debt; the purchase, acquisition and/or construction of additional properties and facilities as well as improvements to the Company's existing utility plant; and for general corporate purposes.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly, the application should be approved, subject to our approval of the affiliates' Financial Services Agreement, entered October 12, 2004, in Case No. PUE-2004-00074.

IT IS ORDERED THAT:

(1) Applicant is hereby authorized under Chapters 3 and 4 of Title 56 of the Code of Virginia to issue and sell up to \$29,500,000 in promissory notes to AWCC, under the terms and conditions and for the purposes set forth in the application. All ordering provisions of the Order Granting Authority issued October 12, 2004, in Case No. PUE-2004-00074 shall remain in effect.

(2) Applicant shall submit to the Clerk of the Commission and the Commission's Division of Economics and Finance a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(3) On or before March 1, 2008, Applicant shall file a Final Report of Action to include details concerning all financing activities completed pursuant to this authority. Such report shall include a summary of the information required in the preceding ordering paragraph, in addition to a breakeven analysis showing that the retiring of any debt prior to maturity was cost beneficial to the Company, and a comparison of the interest rate on the debt issued to the affiliate against the interest rate available to the Company from non-affiliated sources.

(4) The authority granted herein shall have no implications for ratemaking purposes.

(5) This matter shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00117
JANUARY 17, 2007**

APPLICATION OF
VIRGINIA AMERICAN WATER COMPANY

For authority to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Code of Virginia

ORDER NUNC PRO TUNC

On January 5, 2007, the State Corporation Commission ("Commission") issued an Order Granting Authority ("Order") to Virginia American Water Company to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Code of Virginia. It has since come to the attention of the Commission that footnote 1 on page 1 of the Order was omitted.

NOW THE COMMISSION finds that footnote 1 should be added to page 1 of the Order, NUNC PRO TUNC as follows:

¹ Pursuant to the Commission's Order Granting Authority, dated October 12, 2004, in Case No. PUE-2004-00074, Virginia American Water Company's existing affiliate agreement is set to expire December 31, 2007.

Accordingly, IT IS ORDERED THAT:

(1) The Commission's Order Granting Authority issued in this case on January 5, 2007, is hereby amended NUNC PRO TUNC, consistent with the findings above.

(2) This case shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00118
JANUARY 3, 2007**

APPLICATION OF
DUKE ENERGY VIRGINIA PIPELINE COMPANY
and
EAST TENNESSEE NATURAL GAS, LLC

For approval of a first amendment to the firm pipeline service agreement between affiliated entities pursuant to Chapter 4 of Title 56 of the Code of Virginia, and for such other relief as may be required by law

ORDER GRANTING APPROVAL

On November 13, 2006, Duke Energy Virginia Pipeline Company ("Virginia Pipeline") and East Tennessee Natural Gas, LLC ("ETNG") (collectively "Applicants"), filed an application with the State Corporation Commission ("Commission") seeking approval of a first amendment ("Amendment") to a firm pipeline service agreement ("FPSA") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code"), and for such other relief as may be required by law.

Virginia Pipeline is a Virginia public service corporation incorporated in 1994 that provides high-deliverability underground natural gas storage service via its Saltville gas storage field and supplies intrastate gas transportation service via its P-25 natural gas pipeline located in southwestern Virginia. Virginia Pipeline is owned by Duke Energy Gas Transmission, LLC ("DEGT"), which is a subsidiary of Duke Energy Corporation ("Duke Energy").

ETNG owns and operates an interstate natural gas pipeline that extends from western Tennessee to southwestern Virginia. ETNG is owned by DEGT.

Duke Energy is a Fortune 500 diversified energy company based in Charlotte, North Carolina, that supplies, delivers and processes natural gas and electricity for customers in North America and selected international markets. Duke Energy also owns a real estate company. Duke Energy owns and operates more than 30,000 megawatts of generation, more than 17,500 miles of natural gas transmission pipelines, and approximately 250 billion cubic feet of natural gas storage capacity.

On December 8, 2006, the Board of Directors of Duke Energy approved the spin off of Spectra Energy Corporation, a newly formed public company that will assume control over most of Duke Energy's natural gas businesses, including Virginia Pipeline, ETNG, and DEGT. The State Corporation Commission ("Commission") approved the proposed spin off in Case No. PUE-2006-00083.¹ The spin off is expected to be effective as of January 1, 2007.

The proposed Amendment reflects a change to the FPSA that the Commission initially approved in Case No. PUE-2006-00027. The current FPSA allows ETNG to transport, during the heating season months of December, January and February, up to 4,000 dekatherms per day ("dth/day") of natural gas on Virginia Pipeline's P-25 pipeline system from Saltville to ETNG's interconnection in Pulaski County near Radford, Virginia. The proposed Amendment will allow ETNG to transport an additional 6,000 Dth/day of natural gas, for a total of up to 10,000 Dth/day, on Virginia Pipeline's P-25 pipeline system.

The remaining terms and conditions of the amended FPSA will remain the same as those initially approved in Case No. PUE-2006-00027. Under the amended FPSA, ETNG will acquire Firm Transportation Service ("FTS") from Virginia Pipeline during the heating season months of December, January and February at Virginia Pipeline's tariff rate of \$9.50 per million British Thermal Units per year ("MMBtu/yr").² The amended FPSA will have an initial term of approximately eleven years commencing on the date of the Commission's approval in this case and ending on February 28, 2017. The amended FPSA provides for successive renewal terms of one year after the initial term, and either Applicant can cancel the amended FPSA by providing one hundred eighty days' written notice.

¹ *Petition of Duke Energy Corporation, Gas SpinCo, Inc., Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company, for approval of a change of control through spin-off pursuant to Chapter 5 of Title 56 of the Code of Virginia, Order Granting Approval (October 2, 2006). Doc. Con. No. 373915.*

² One MMBtu is equivalent to one dekatherm.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

According to the Applicants, the amended FPSA will provide mutual benefits. In the past, ETNG has experienced system constraints during the heating season, which has limited its ability to supply FTS to its customers along the Saltville-Radford route. The amended FPSA will enhance ETNG's ability to supply FTS to its customers during peak demand periods. From Virginia Pipeline's perspective, the amended FPSA offers incremental commercial revenues and the stability of a long-term customer relationship. The Applicants represent that Virginia Pipeline has sufficient excess capacity on its P-25 pipeline system to accommodate ETNG's requirements without adversely affecting its existing customers.

Virginia Pipeline will account for the amended FPSA transactions by debiting Account 146.2 (Accounts Receivable from Associated Companies) and crediting Account 489.2 (Revenues from Transporting Gas of Others). ETNG will book the transaction by debiting Account 858 (Transmission of Gas by Others) and crediting Account 234 (Accounts Payable to Associated Companies).

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the proposed Amendment to the FPSA is in the public interest and should be approved. The amended FPSA should enhance the reliability of ETNG's pipeline service and generate additional revenues for Virginia Pipeline while not adversely impacting Virginia Pipeline's existing customers.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Duke Energy Virginia Pipeline Company and East Tennessee Natural Gas, LLC, are hereby granted approval to enter into the first amendment to the firm pipeline service agreement as described herein, consistent with the findings above.
- 2) The approval granted herein is limited to the initial eleven-year term of the firm pipeline service agreement, as amended, commencing with the date of this Order. Any subsequent operation under the amended firm pipeline service agreement shall require further Commission approval.
- 3) Commission approval shall be required for any further changes in the terms and conditions of the firm pipeline service agreement, as amended.
- 4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.
- 6) Duke Energy Virginia Pipeline Company shall include the transactions associated with the amended firm pipeline service agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Duke Energy Virginia Pipeline Company shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00120
FEBRUARY 14, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION ENERGY, INC.

For exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or approval of reimbursements by Virginia Electric and Power Company to Dominion Energy, Inc., for periodic use of a prepaid credit currently on Dominion Energy, Inc.'s corporate accounting records

DISMISSAL ORDER

On November 16, 2006, Virginia Electric and Power Company and Virginia Dominion Energy, Inc. (collectively, the "Petitioners"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") for approval of an exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or approval of reimbursements by Virginia Electric and Power Company to Dominion Energy, Inc., for periodic use of a prepaid credit currently on Dominion Energy, Inc.'s corporate accounting records.

On February 9, 2007, the Petitioners requested to withdraw the petition without prejudice.

NOW THE COMMISSION, upon consideration of the pleadings herein, is of the opinion and finds that the request to withdraw the petition should be granted, and that the matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed without prejudice.
- (2) There being nothing further to come before the Commission in this matter, the papers herein shall be placed in the file for ended causes.

**CASE NO. PUE-2006-121
JANUARY 23, 2007**

APPLICATION OF
WORLD ENERGY SOLUTIONS, INC.

For a license to conduct business as an aggregator of natural gas and electric service

ORDER GRANTING LICENSE

On December 8, 2006, World Energy Solutions, Inc. ("World Energy" or "the Company"), filed an application with the State Corporation Commission ("Commission") for a license as an aggregator of natural gas and electric service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules"). The Company seeks authority to serve commercial, industrial and governmental customers in electric and natural gas retail access programs throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On December 21, 2006, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to natural gas utilities, electric distribution utilities, electric distribution cooperatives, and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on January 3, 2007. No comments from the public on World Energy's application were received.

The Staff filed its Report on January 11, 2007, concerning World Energy's fitness to conduct business as an aggregator of natural gas and electric service. In its Report, the Staff summarized World Energy's proposal and evaluated its financial condition and technical fitness. The Staff recommended that World Energy be granted a license to conduct business as an aggregator of natural gas and electric service to commercial, industrial and governmental customers throughout the Commonwealth of Virginia. The Company filed no comments in response to the Staff's Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that World Energy's application as an aggregator of natural gas and electric service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) World Energy Solutions, Inc., is hereby granted License No. A-26 to be an aggregator of natural gas and electric service to commercial, industrial and governmental customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2006-00122
FEBRUARY 6, 2007**

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For approval of transaction pursuant to the Affiliates Act of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On December 12, 2006, Southwestern Virginia Gas Company ("SWVG" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a Consolidated Federal and State Income Tax Allocation Agreement ("Agreement") among Members ("Member(s)") of the C.T. Williams & Co., Inc. ("CTW"), Affiliated Group ("Group") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

SWVG is a Virginia public service corporation engaged in the retail distribution and sale of natural gas to residential, commercial, and industrial customers in south-central Virginia. The Applicant's service territory includes the City of Martinsville, Henry County, and a small portion of Pittsylvania County. SWVG is a wholly owned subsidiary of Southwestern Virginia Energy Industries, Ltd. ("Energy").

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Energy is a Virginia corporation and a public utility holding company.¹ Energy is an 81.37% owned subsidiary of CTW. Initially organized as Southwestern Virginia Gas Service Corporation ("Service"), the company changed its name from Service to Energy on June 30, 1977. All of Energy's business is carried on in the Commonwealth of Virginia.

CTW is a Virginia corporation and a public utility holding company.² Initially organized as Williams Associates, Inc. ("Williams"), on July 5, 1967, the company changed its name from Williams to CTW on July 31, 1997. All of CTW's business is carried on in the Commonwealth of Virginia.

Service is a Virginia corporation primarily engaged in the sale of propane. Service is a wholly owned subsidiary of Energy. Initially organized as Phoenix Energy, Inc. ("Phoenix"), on June 30, 1977, the company changed its name from Phoenix to Service on June 30, 1977. All of Service's business is carried on in the Commonwealth of Virginia.

Midway Bottled Gas Company, Inc. ("Midway"), is a Virginia corporation primarily engaged in the sale of propane. Midway is a wholly owned subsidiary of Energy. Most of Midway's business is carried on in the Commonwealth of Virginia, with a small amount of sales in North Carolina.

SWVG, Energy, CTW, Service, and Midway, which are all Members of CTW's consolidated tax Group, are considered affiliated interests under § 56-76 of the Code. As such, SWVG must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The terms and conditions of the Agreement are as follows. First, the Agreement provides for CTW to file the consolidated federal and state income tax returns on behalf of the Members of the Group.

Second, the Agreement requires federal and state income tax expenses and liabilities to be calculated based on individual company results. This means that SWVG will be allocated and obligated to pay its separate return tax liability ("SRTL").

Third, the Agreement states that any individual company net operating loss ("NOL") deductions that benefit the Group's consolidated income tax return will be paid to the company generating the NOL.

Fourth, the Agreement states that if an Alternative Minimum Tax ("AMT") liability is created, only the individual companies that generate the AMT will share in the liability while the subsequent AMT credit will be utilized proportionately by the Members.

Fifth, the Agreement requires tax return preparation costs to be directly charged and assigned to each company.

Finally, the Agreement allows any party to terminate the Agreement upon 60 days notice to the other parties and with the approval of the CTW Board of Directors.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that the Applicant's request for approval of the Agreement is in the public interest and should be approved. The Agreement formally documents the federal and state tax allocation procedures for the CTW consolidated tax Group, under which SWVG will be allocated and will pay no more than its SRTL. Our approval will be subject to certain requirements as described below.

First, our approval will have no ratemaking implications. Second, we will reserve the right to reflect ratemaking adjustments to SWVG's income taxes in the course of our analysis and review of SWVG's cost of service in the future. Third, we will require SWVG to prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis. This tax schedule should be included in SWVG's Annual Report of Affiliate Transactions ("ARAT") to be submitted to the Director of Public Utility Accounting each year. We note that we have adopted these requirements before in similar affiliate cases.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Southwestern Virginia Gas Company is hereby granted approval of its Consolidated Federal and State Income Tax Allocation Agreement among Members of the C.T. Williams & Co., Inc., Affiliated Group as described herein, consistent with the findings above.
- 2) The approval granted herein shall have no ratemaking implications.
- 3) The Commission reserves the right to reflect ratemaking adjustments to SWVG's income taxes in the course of the Commission's review and analysis of SWVG's cost of service in the future.
- 4) Commission approval shall be required for any changes in the terms and conditions of the Agreement, including successors and assigns.
- 5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

¹ The Application cites § 3(a)(1) of the Public Utility Holding Company Act of 1935 ("PUHCA") as the basis for Energy's public utility holding company status. The Commission takes judicial notice of the issuance on December 8, 2005, by the Federal Energy Regulatory Commission ("FERC") of the FERC's Final Rule (18 CFR Parts 365 and 366) amending the FERC's regulations to implement the repeal of the PUHCA and the enactment of the Public Utility Holding Company Act of 2005 ("Order No. 665"). FERC Docket No. RM05-32-000, Order No. 665, 113 FERC ¶ 61,248, issued December 8, 2005. In compliance with the Energy Policy Act of 2005, P.L. No. 109-58, 119 Stat. 594 (2005). Order No. 665 became effective February 8, 2006.

² Id.

6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

7) SWVG shall include the transactions associated with the Agreement approved herein in its ARAT submitted to the Director of Public Utility Accounting of the Commission each year. SWVG shall also prepare an annual schedule providing a detailed reconciliation of its allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis and submit this tax schedule with its ARAT.

8) In the event that any rate filings are not based on a calendar year, then SWVG shall include the affiliate information contained in the ARAT in such filings.

9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00123
APRIL 10, 2007**

APPLICATION OF
LIBERTY POWER DELAWARE, LLC

For a license to conduct business as a competitive service provider for electricity

ORDER GRANTING LICENSE

On February 6, 2007, Liberty Power Delaware, LLC ("Liberty Delaware" or "the Company"), completed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for electricity pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in electric retail access programs in the Virginia service territories of The Potomac Edison Company d/b/a Allegheny Power, Appalachian Power Company d/b/a American Electric Power, Delmarva Power & Light Company, Kentucky Utilities Company d/b/a Old Dominion Power Company,¹ and Virginia Electric and Power Company d/b/a Dominion Virginia Power. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On March 2, 2007, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to the investor owned electric distribution utilities, and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on March 26, 2007. No comments from the public on Liberty Delaware's application were received.

The Staff filed its Report on March 29, 2007, concerning Liberty Delaware's fitness to conduct business as a competitive service provider of electric service. In its Report, the Staff summarized Liberty Delaware's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Liberty Delaware be granted a license to conduct business as a competitive service provider of electric service to commercial and industrial customers in the investor owned electric distribution utility service territories in the Commonwealth of Virginia. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that Liberty Delaware's application as a competitive service provider of electricity should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Liberty Power Delaware, LLC, is hereby granted License No. E-I 7 to be a competitive service provider of electricity to commercial and industrial customers in the Virginia service territories of The Potomac Edison Company d/b/a Allegheny Power, Appalachian Power Company d/b/a American Electric Power, Delmarva Power & Light Company, Kentucky Utilities Company d/b/a Old Dominion Power Company, and Virginia Electric and Power Company d/b/a Dominion Virginia Power, as retail access and customer choice develops. This license to act as a competitive service provider of electricity is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ Amending legislation passed by the 2003 Session of the General Assembly as House Bill 2637 to § 56-580 of the Code of Virginia, suspended application of the Restructuring Act to Kentucky Utilities operating in the Commonwealth as Old Dominion Power Company until such time as the utility provides retail electric services in any other service territory in any jurisdiction to customers who have the right to receive competitive retail electric energy.

**CASE NO. PUE-2006-00124
APRIL 10, 2007**

APPLICATION OF
LIBERTY POWER HOLDINGS, LLC

For a license to conduct business as a competitive service provider for electricity

ORDER GRANTING LICENSE

On February 6, 2007, Liberty Power Holdings, LLC ("Liberty Holdings" or "the Company"), completed an application with the State Corporation Commission ("Commission") for a license to be a competitive service provider for electricity pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in electric retail access programs in the Virginia service territories of The Potomac Edison Company d/b/a Allegheny Power, Appalachian Power Company d/b/a American Electric Power, Delmarva Power & Light Company, Kentucky Utilities Company d/b/a Old Dominion Power Company,¹ and Virginia Electric and Power Company d/b/a Dominion Virginia Power. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On March 2, 2007, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to the investor owned electric distribution utilities, and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on March 26, 2007. No comments from the public on Liberty Holdings' application were received.

The Staff filed its Report on March 29, 2007, concerning Liberty Holdings' fitness to conduct business as a competitive service provider of electric service. In its Report, the Staff summarized Liberty Holdings' proposal and evaluated its financial condition and technical fitness. The Staff recommended that Liberty Holdings be granted a license to conduct business as a competitive service provider of electric service to commercial and industrial customers in the investor owned electric distribution utility service territories in the Commonwealth of Virginia. The Company filed no comments in response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that Liberty Holdings' application as a competitive service provider of electricity should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Liberty Power Holdings, LLC, is hereby granted License No. E- 18 to be a competitive service provider of electricity to commercial and industrial customers in the Virginia service territories of The Potomac Edison Company d/b/a Allegheny Power, Appalachian Power Company d/b/a American Electric Power, Delmarva Power & Light Company, Kentucky Utilities Company d/b/a Old Dominion Power Company, and Virginia Electric and Power Company d/b/a Dominion Virginia Power, as retail access and customer choice develops. This license to act as a competitive service provider of electricity is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ Amending legislation passed by the 2003 Session of the General Assembly as House Bill 2637 to § 56-580 of the Code of Virginia, suspended application of the Restructuring Act to Kentucky Utilities operating in the Commonwealth as Old Dominion Power Company until such time as the utility provides retail electric services in any other service territory in any jurisdiction to customers who have the right to receive competitive retail electric energy.

**CASE NO. PUE-2006-00126
JANUARY 26, 2007**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

ORDER FOR NOTICE AND HEARING

On December 20, 2006, Massanutten Public Service Corporation ("Massanutten" or the "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in water and sewer rates, together with certain schedules to the application filed under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure. The application was deemed complete as of the date of filing. According to the application, Massanutten has applied for general increases in its water and sewer rates pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code"), 20 VAC 5-200-30 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"), and 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure. The Company seeks a rate increase that would produce additional annual revenues of \$824,300, consisting of \$335,300 in additional water revenues and \$489,000 in additional sewer revenues, representing an overall revenue increase of approximately 64% above per book test year revenues. The proposed increase is approximately 59% for water rates and 67% for sewer rates. The Company proposes no change in rate design, and requests that its proposed rate increase be allowed to go into effect on May 19, 2007.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the application with accompanying schedules, testimony and exhibits, finds that this application for a general increase in water and sewer rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code, notice of the application should be given. The Commission further finds that a public hearing on the lawfulness of the proposed rates should be held. We will assign a hearing examiner to conduct the hearing and to file a report with the Commission. We will also direct the Commission Staff to investigate the application and present its findings at the hearing. The Commission will also provide an opportunity for participation and representation of persons affected by the proposed changes in rates.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place its proposed rates into effect, subject to refund, on May 19, 2007. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds with interest.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten's application shall be docketed as Case No. PUE-2006-00126 and all associated papers shall be filed in that docket, subject to the confidentiality provisions afforded by 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

(2) As provided by §§ 56-237 and 56-240 of the Code, Massanutten's proposed increase in rates may take effect on May 19, 2007, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds or credits with interest.

(3) Within thirty (30) days of the date of this Order, the Company shall file with the Commission's Division of Energy Regulation appropriate replacement tariff sheets showing all proposed changes for all schedules, and terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change: "Effective May 19, 2007, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2006-00126."

(4) A public hearing shall be held at 10:00 a.m. on May 30, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.

(5) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(6) Massanutten's application and accompanying materials not subject to the confidentiality provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure may be viewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218. The Applicant shall make a copy available on an electronic basis upon request.

(7) On or before February 23, 2007, Massanutten may file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.

(8) On or before March 23, 2007, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (6) an original and fifteen (15) copies of a notice of participation as a respondent, as required by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, and shall serve a copy on counsel to Massanutten, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218, and on Commission Staff counsel, Don R. Mueller, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Massanutten shall serve upon each respondent a copy of this Order, a copy of the application, and all nonconfidential materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before March 23, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Massanutten and on all other parties. Respondents shall comply with 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*, of the Commission's Rules of Practice and Procedure.

(11) Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00126 and should be filed by March 23, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(12) The Commission Staff shall investigate the application and, on or before April 19, 2007, shall file with the Clerk of the Commission the testimony and exhibits that it intends to present at the hearing and copies of any workpapers that support the recommendations made in its testimony. Copies of the testimony and exhibits shall be served on all parties.

(13) On or before May 9, 2007, Massanutten may file with the Clerk an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(14) Rule 5 VAC 5-20-260 of the Commission's Rules of Practice and Procedure, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) answers and objections shall be served within twelve calendar (12) days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised in response to any interrogatories or requests for production of documents and things shall be filed within four (4) business days of receipt of the objection; and (iii) answers, objections, and motions on the validity of objections shall be served by 3:00 p.m. on the date due, unless the Staff or party upon whom service must be made agrees in advance to other arrangements.

(15) On or before February 23, 2007, Massanutten shall serve by first-class mail a copy of this Order on all officials previously served as required by 20 VAC 5-200-30 H of the Commission's Rate Case Rules.

(16) On or before February 23, 2007, Massanutten shall make available for inspection copies of the application and this Order at the following office during regular business hours, Monday through Friday:

Massanutten Public Service Corporation
 1550 Resort Drive
 McGaheysville, Virginia 22840

(17) Massanutten shall publish as display advertising the following notice once a week for two consecutive weeks in a newspaper or newspapers of general circulation in Rockingham County, Virginia. Publication shall be completed by March 2, 2007.

NOTICE TO CUSTOMERS OF
 MASSANUTTEN PUBLIC SERVICE CORPORATION
 OF A GENERAL INCREASE IN WATER AND SEWER RATES
 CASE NO. PUE-2006-00126

Massanutten Public Service Corporation ("Massanutten" or "Company") has filed with the Virginia State Corporation Commission ("Commission") an application for a general increase in water and sewer rates. The application has been docketed as Case No. PUE-2006-00126. The Company is seeking additional annual jurisdictional revenues of \$824,300, consisting of additional annual water revenues of \$335,300, and additional annual sewer revenues of \$489,000. This amount would represent an overall increase in annual revenues of approximately 64 percent.

The proposed rates follow:

	<u>Water</u>	
	Proposed	Present
Base charge (first 6000 gallons)	\$ 28.00	\$ 18.01
Usage charge (per 1000 gallons above 6000 gallons)	\$ 4.67	\$ 2.01
	<u>Sewer</u>	
	Proposed	Present
Base charge	\$ 41.29	\$ 25.02

The commercial sewer rate would remain at 135% of the water charge.

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, PLEASE TAKE NOTICE that the individual rates and charges approved may be either higher than or lower than those proposed by the Company.

The proposed rates shall take effect for service rendered on and after May 19, 2007. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits with interest.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at the Massanutten's business office located at 1550 Resort Drive, McGaheysville, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218. The Company will also make a copy available on an electronic basis upon request.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for interested persons to participate or be represented in the proceeding. A hearing will

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

be held on the application beginning at 10:00 a.m. on May 30, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00126 and should be filed by March 23, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>

Any interested person may participate as a public witness at the hearing on May 30, 2007. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to be a public witness.

On or before March 23, 2007, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent and an original and fifteen (15) copies of the testimony and exhibits by which the respondent expects to establish its case. Copies of a respondent's notice of participation, testimony and exhibits shall be served on counsel to Massanutten, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218, and on Commission Staff counsel, Don R. Mueller, Esquire, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23219-1197. The notice of participation shall be filed and served as required by Rules 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2006-00126 may be viewed at <http://www.scc.virginia.gov/caseinfo.htm>. The Commission's Rules of Practice and Procedure and other information may also be viewed at <http://www.scc.virginia.gov/caseinfo.htm>.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(18) Massanutten shall include once as a bill insert for its customers the text of the public notice prescribed in Ordering Paragraph (17). Including the bill insert shall commence as soon as practicable and shall continue until all customers have received the insert.

(19) On or before March 16, 2007, Massanutten shall file with the Clerk proof of the posting, mailing and publication required by Ordering Paragraphs (15), (17) and (18).

**CASE NO. PUE-2006-00126
JUNE 20, 2007**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

FINAL ORDER

On December 20, 2006, Massanutten Public Service Corporation ("Massanutten" or the "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in water and sewer rates. In its application, the Company requested a rate increase that would produce additional annual revenues of \$824,300, consisting of \$335,300 in additional water revenues and \$489,000 in additional sewer revenues. The Company proposed no change in rate design and requested that its proposed rate increase be allowed to go into effect on May 19, 2007.

On January 26, 2007, the Commission issued an Order for Notice and Hearing ("Order") which, among other things, permitted Massanutten to place its proposed rates into effect on an interim basis subject to refund on May 19, 2007; scheduled a public hearing on the application for May 30, 2007; established a procedural schedule for the filing of prepared testimony and exhibits and publication of notice; and appointed a hearing examiner to conduct further proceedings on the matter.

On March 15, 2007, Massanutten Village Property Owners Association ("Massanutten POA"), by counsel, timely filed a Notice of Participation as a Respondent in this proceeding.¹ Also on March 15, 2007, Massanutten POA filed a Motion to Extend Procedural Schedule, in which it requested an extension of the filing deadlines for Respondent and Staff testimony and exhibits, and Company rebuttal testimony and exhibits. Massanutten POA further

¹ At the May 30, 2007 hearing, counsel for the Massanutten POA advised that the legal name of the organization should be corrected to Massanutten Property Owners Association, Inc.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

requested that the currently scheduled May 30, 2007 hearing date be rescheduled to June 21, 2007. Massanutten POA's March 15, 2007 Motion was granted by Hearing Examiner's Ruling of March 19, 2007. Accordingly, the May 30, 2007 hearing was retained for the sole purpose of receiving testimony from public witnesses. The evidentiary hearing was rescheduled to June 21, 2007. The ruling further modified the filing dates for respondent testimony, Staff testimony, and Company rebuttal testimony.

The public hearing was convened as scheduled on May 30, 2007, and no public witnesses appeared; however, counsel for the Company, Massanutten POA, and the Staff of the Commission (collectively, "Participants") advised that they had reached agreement on a reasonable resolution to the case and were prepared to proceed. They agreed to the admission of all prefiled testimony which was marked and admitted into the record. The Participants presented a Motion to Accept Stipulation, and a jointly executed Stipulation;² a copy of the Stipulation is attached hereto as Attachment A. The Participants stipulate, among other things, that an appropriate annual increase in the Company's revenue requirement is \$659,400, consisting of an increase in water operations of \$284,000 and an increase in wastewater operations of \$375,400 based on a return on equity of 10%, within a range of 9.45% - 10.45%, which the Participants stipulated was reasonable for purposes of this case. The Stipulation further states that the cost of debt and capital structure as proposed by the Staff should be used, and includes schedules showing the modifications to the Staff's Rate of Return Statements made to arrive at the revenues, expenses, rate base, and capital items used to produce the stipulated increase in revenue requirement. The Stipulation provides for the rates to be designed in accordance with the Staff's proposed rate design and sets forth the resulting rates. The Stipulation further requires the Company to file a class cost of service study and to address connection fees as part of its next rate filing. The Stipulation also includes the Company's agreement to implement certain accounting and reporting procedures recommended by Staff, and its agreement not to file another rate increase application any sooner than 30 months after the filing of the application in this case. In view of the Stipulation, the Company also requested that it be permitted to implement, on an interim basis and subject to refund, the rates set forth in the Stipulation, rather than the proposed rates included in its application, for service rendered on and after May 19, 2007.

The Chief Hearing Examiner received the executed Stipulation and attached schedules (Attachment "A") into the evidentiary record, as well as the application and all testimony and exhibits prefiled by the Company, Massanutten POA, and the Staff. After closing the evidentiary record in this case, the Chief Hearing Examiner indicated in the hearing her approval of the Stipulation and her agreement that the stipulated rates should go into effect on an interim basis, rather than the filed rates as previously ordered, effective May 19, 2007. The Chief Hearing Examiner, upon the recommendation of all Participants in the hearing, cancelled the evidentiary hearing scheduled for June 21, 2007.

Following the close of the hearing, the Company filed a jointly executed Motion to Accept Stipulation and the Company's Motion to Implement Interim Rates, requesting that the stipulated rates be substituted for the filed rates before going into effect for service rendered on and after May 19, 2007.

On May 31, 2007, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner Report") was filed. The Stipulation was found in the Hearing Examiner Report to offer a reasonable disposition of the case. The Hearing Examiner Report directed that the Company bill customers the rates set forth in the Stipulation on an interim basis, rather than the higher rates proposed in the application, for service rendered on and after May 19, 2007.³ Finally, the Hearing Examiner Report recommended that the Stipulation be accepted by the Commission and approved and that the case be closed.

NOW THE COMMISSION, having considered the record of the case, the Stipulation, and recommendations of the Chief Hearing Examiner, is of the opinion and finds that the Stipulation (Attachment "A") should be approved in its entirety and that all rulings of the Chief Hearing Examiner should be affirmed and made an Order of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner Report are hereby adopted, the Stipulation is hereby adopted and approved, and the terms and conditions of the Stipulation are incorporated herein by attachment hereto.
- (2) All rulings of the Chief Hearing Examiner are hereby affirmed and made an order of the Commission.
- (3) Massanutten shall be authorized an increase in its revenue requirement in the amount of \$659,400, consisting of an increase in water revenues of \$284,000 and an increase in wastewater revenues of \$375,400 based on a return on equity of 10%.
- (4) Massanutten shall promptly file revised tariffs and terms and conditions of service with the Division of Energy regulation that will produce the amount of annual operating revenues authorized herein and are consistent with the terms of the Stipulation (Attachment "A").
- (5) This case is closed.

NOTE: A copy of Attachment A entitled "Stipulation" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

² Exhibit 14.

³ It was explained by the Company's counsel in the record of the hearing on May 30, 2007, that the Company's customers had not yet received the billing for service rendered on and after May 19, 2007, and that substitution of the stipulated rates for the filed rates would avoid any confusion over the rates to be approved.

**CASE NO. PUE-2006-00127
JANUARY 10, 2007**

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to borrow short-term debt through two lines of credit

ORDER GRANTING AUTHORITY

On December 20, 2006, Southside Electric Cooperative ("Southside" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code") for authority to borrow up to \$24,000,000 in short-term funds through two lines of credit.¹ Applicant has paid the requisite fee of \$250.

Applicant represents that the short-term borrowing is needed to provide funds for Southside's construction work plan while it waits permanent financing from the Rural Utilities Service ("RUS"). Applicant states that it has received long-term funding approval for its 2006-2007 work plan from RUS, but RUS is experiencing delays in releasing the proceeds of such financing.²

Applicant anticipates executing a \$19,000,000 line of credit with the National Rural Utilities Cooperative Finance Corporation ("CFC"). CFC will determine the interest rate, but the rate will not exceed the prevailing bank prime rate plus one percent. The line of credit will automatically renew for subsequent periods of twelve months. Applicant's existing \$16,000,000 line of credit with CFC expires on January 20, 2007.

The other line of credit is with First Citizens Bank and Trust Company ("FCB"). Applicant signed a \$5,000,000 line of credit on November 1, 2006. Interest will be determined by the rate of the one-month London InterBank Offered Rate ("LIBOR") plus 1.20%. The FCB line of credit may be renewed annually at FCB's discretion.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to enter into financial transactions to execute two lines of credit and to borrow up to \$24,000,000 in short-term debt all in the manner, under the terms and conditions, and for the purposes as set forth in the application.
- 2) Should Applicant seek to modify any terms or conditions or seek to increase the limit amounts of either line of credit approved herein, Applicant shall submit an application with the Commission at least 25 days prior to the effective date of the proposed change.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

¹ The amount of short-term debt authority requiring Commission approval is defined in § 56-65.1 of the Code of Virginia as 12% of total capitalization. However, it is permissible to grant approval for amounts of short-term debt less than the 12% threshold, which appears to be the case for Southside's application.

² In Case No. PUE-2006-00042, pursuant to a Final Order dated April 18, 2006, Southside was authorized by the Commission to borrow up to \$10,500,000 in long-term debt from the RUS to provide permanent financing for its 2006-2007 work plan.

**CASE NO. PUE-2006-00128
APRIL 17, 2007**

APPLICATION OF
LAND'OR UTILITY COMPANY, INC.

For a general increase in rates

AMENDING ORDER

On April 3, 2007, the State Corporation Commission ("Commission") issued an Order for Notice and Hearing in the above-captioned proceeding. Error has been discovered in that Order affecting the notice to be given to the public. Accordingly, this Amending Order will supersede and replace the April 3, 2007, Order for Notice and Hearing.

On December 21, 2006, Land'Or Utility Company, Inc. ("Land'Or" or the "Company"), filed an application with the Commission for a two-phase general increase in rates. The application was deemed complete as of the date of filing. On March 22, 2007, Land'Or filed a corrected version of a tariff sheet on which proposed rates and fees were set forth by the Company. According to its application, and as amended by the March 22, 2007 filing, Land'Or has applied for a two-phase general increase in rates in accordance with Chapter 10 of Title 56 of the Code of Virginia ("Code") and the provisions for rate increases set forth in the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules") (20 VAC 5-200-30). The Company seeks a total rate increase that would produce additional annual jurisdictional revenues of \$654,640. According to Land'Or's application, the proposed increase should be implemented in two phases, a Phase 1 increase of \$278,140 and a Phase 2 increase of \$376,500. The Phase 1 increase of \$278,140 is related entirely to increases in sewer revenues. The Phase 2 increase is comprised of additional sewer revenues of \$299,000 and additional water revenues of \$77,500. The Company's Phase 1 proposed revenue increase will be allowed to go into effect on an interim basis, subject to refund, on

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

May 20, 2007. The Company requests that its Phase 2 proposed revenue increase be allowed to go into effect a year later. The Company proposes a new rate design that attempts to reflect the respective costs of service within water and sewer rates. The Company proposes to change its rates as follows:

<u>WATER</u>				
	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>	
Base Charge	\$22.00	\$22.00	\$12.00	Base Charge under present rates and Phase I includes 4,000 gallons of usage. Under Phase II, no usage is included in Base Charge.
Usage Charge	\$3.70	\$3.70	\$4.20	Usage Charge is per 1,000 gallons. Under present rates and Phase I, Usage Charge applies to all usage over the minimum. Under Phase II, Usage Charge applies to all usage.
Unmetered Service	\$22.00	\$22.00	\$28.80	Unmetered service is provided per ERC, which is defined as 400 gallons of design usage per day.
<u>SEWER</u>				
	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>	
Base Charge	\$17.00	\$20.49	\$30.00	Base Charge under present rates includes 4,000 gallons of usage. Under Phase I and Phase II, no usage is included in Base Charge.
Usage Charge	\$3.70	\$6.78	\$11.01*	Usage Charge is per 1,000 gallons. Under present rates, Usage Charge applies to all usage over the minimum. Under Phase I and Phase II, Usage Charge applies to all usage. *plus any incremental increases in rates charged by Caroline County following connection to county sewer system.
Unmetered Service	\$17.00	\$47.61	\$72.80	Unmetered service is provided per ERC, which is defined as 400 gallons of design usage per day

The Company has also proposed to increase the water and sewer connection fees. The Company has also requested to increase the service initiation, extension, disconnect, reconnect, and returned check charges. The proposed rates and connection fees for sewer service include a proposed automatic pass through of cost increases from Caroline County.

Land'Or's current rates were approved by the Commission in a Final Order dated November 17, 1995, in Case No. PUE-1994-00081.¹

NOW THE COMMISSION, having considered the application with accompanying schedules, testimony, and exhibits, finds that this application for a general increase in rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code, notice of the application should be given. The Commission further finds that a public hearing on the proposed rates and charges should be held, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place Phase 1 of its proposed rates into effect, subject to refund, on May 20, 2007, 150 days after the completion of the Application, while the reasonableness of those rates and charges is investigated. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits with interest. Implementation of the proposed Phase 2 increase, to be effective no earlier than May 20, 2008, will be addressed by separate Order of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) Land'Or's application shall be docketed as Case No. PUE-2006-00128 and all associated papers shall be filed in that docket.
- (2) As provided by §§ 56-237 and 56-240 of the Code, Land'Or's proposed Phase 1 increase in rates and charges may take effect on May 20, 2007, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms and conditions, and to order refunds or credits, with interest.
- (3) On or before April 27, 2007, the Company shall file with the Commission's Division of Energy Regulation appropriate replacement tariff sheets showing all proposed changes for all schedules terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change "Effective May 20, 2007, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2006-00128."
- (4) A public hearing shall be held at 10:00 a.m. on September 6, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.

¹ Commonwealth of Virginia ex rel. State Corporation Commission v. Land'Or Utility Company Inc., Case No. PUE-1994-00081, 1995 S.C.C. Ann. Rep. 336.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Commission's Rules"), 5 VAC 5-20-120, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(6) Land'Or's application and accompanying materials may be viewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search Portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. The Applicant shall make a copy available on an electronic basis upon request.

(7) On or before April 27, 2007, Land'Or may file with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.

(8) On or before May 18, 2007, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (7) an original and fifteen (15) copies of a notice of participation as a respondent, as required by the Commission's Rules, 5 VAC 5-20-80 B, *Participation as a respondent*, and shall serve a copy on counsel to Land'Or, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and on Commission Staff counsel. The notice of participation shall be filed and served as required by the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by the Commission's Rules, 5 VAC 5-20-30, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Land'Or shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before June 8, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Land'Or and on all other parties. Respondents shall comply with the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(11) Interested persons may file written comments on the application with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00128 and should be filed by September 6, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(12) The Staff shall investigate the application, and on or before August 3, 2007, shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before August 17, 2007, Land'Or may file with the Clerk an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

(14) The Commission's Rules 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) responses to interrogatories and objections shall be served within ten (10) days after receipt of interrogatories, counting weekends and holidays.

(15) On or before May 4, 2007, Land'Or shall serve by first-class mail a copy of this Order on all official previously served as required by Commission Rule 20 VAC 5-200-30 H.

(16) On or before May 4, 2007, Land'Or shall make available for inspection copies of the application and this Order at the following offices:

Lake Land'Or Property Owners Association
319 Land'Or Drive
Ruther Glen, Virginia 22546

(17) Land'Or shall provide notice to each customer once as a bill insert or separate mailing the text of the public notice set forth below. Customer notice shall commence as soon as practicable and shall continue until all customers have received the notice and shall be completed by May 4, 2007.

NOTICE TO PUBLIC OF AN APPLICATION
BY LAND'OR UTILITY COMPANY,
OF A GENERAL INCREASE IN RATES
CASE NO: PUE-2006-00128

Land'Or Utility Company has filed with the State Corporation Commission ("Commission") an application for a two-phase general increase in rates. The application has been docketed as Case No. PUE-2006-00128. The Company seeks a total rate increase that would produce additional annual jurisdictional revenues of \$654,640. The proposed increase would be implemented in two phases, a Phase 1 increase, effective May 20, 2007 of \$278,140, and a Phase 2 increase, effective no earlier than May 20, 2008 of \$376,500. The Phase 1 increase is comprised entirely of increases in sewer revenue. The Phase 2 increase is comprised of additional sewer revenues of \$299,000 and additional water revenues of \$77,500. The Company's Phase 1 proposed revenue increase will be allowed to go into effect on an interim basis, subject to refund, on May 20, 2007. The Company requests that its Phase 2 proposed revenue increase be allowed to go into effect a

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

year later. The Company proposes a new rate design that attempts to reflect the respective costs of service within water and sewer rates. The Company proposes to change its rates as follows:

WATER

	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>
Base Charge	\$22.00	\$22.00	\$12.00

Base Charge under present rates and Phase I includes 4,000 gallons of usage. Under Phase II, no usage is included in Base Charge.

Usage Charge	\$3.70	\$3.70	\$4.20
--------------	--------	--------	--------

Usage Charge is per 1,000 gallons. Under present rates and Phase I, Usage Charge applies to all usage over the minimum. Under Phase II, Usage Charge applies to all usage.

Unmetered Service	\$22.00	\$22.00	\$28.80
-------------------	---------	---------	---------

Unmetered service is provided per ERC, which is defined as 400 gallons of design per day.

SEWER

	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>
Base Charge	\$17.00	\$20.49	\$30.00

Base Charge under present rates includes 4,000 gallons of usage. Under Phase I and Phase II, no usage is included in Base Charge.

Usage Charge	\$3.70	\$6.78	\$11.01*
--------------	--------	--------	----------

Usage Charge is per 1,000 gallons. Under present rates, Usage Charge applies to all usage over the minimum. Under Phase I and Phase II, Usage Charge applies to all usage.

*plus any incremental increases in rates charged by Caroline County following connection to county sewer system.

Unmetered Service	\$17.00	\$47.61	\$72.80
-------------------	---------	---------	---------

Unmetered service is provided per ERC, which is defined as 400 gallons of design per day.

The Company has also proposed to increase the water and sewer connection fees. The Company has also requested to increase the service initiation, extension, disconnect, reconnect, and returned check charges. The proposed rates and connection fees for sewer service include a proposed automatic pass through of cost increases from Caroline County.

The Commission has suspended implementation of the proposed Phase 1 rates and charges until service rendered on and after May 20, 2007. The proposed rates and charges shall take effect subject to the power of the Commission to fix and substitute just and reasonable rates and to order the utility to make refunds or give credits, with interests. Any Phase 2 increase must be authorized by further Commission Order. While the total revenues that may be approved will not be greater than the amount produced by the Company's proposed rates, please TAKE NOTICE that individual rates approved by the Commission may be higher or lower than those proposed by the Company.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Lake Land'Or Property Owners Association, 319 Land'Or Drive, Ruther Glen, Virginia 22546. Interested persons may also access unofficial copies through the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented by counsel in the proceeding. A hearing will be held on the application beginning at 10 a.m. on September 6, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Interested persons may file written comments on the application with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00128, and should be filed by September 6, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Any interested person may participate as a public witness at the hearing on September 6, 2007. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to be a public witness.

On or before May 18, 2007, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by the State Corporation Commission Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-80 B, *Participation as a respondent*, shall file with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Land'Or, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by the Rules of Practice, 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

On or before June 8, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Land'Or and on all other parties. Respondents shall comply with the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2006-00128 and shall simultaneously be served on counsel to the Company at the address set forth above.

LAND'OR UTILITY COMPANY

(18) Land'Or shall publish as display advertising the notice set forth in Ordering Paragraph 17 once a week for two consecutive weeks in a newspaper or newspapers of general circulation in Caroline County, Virginia. Publication shall be completed by May 4, 2007.

(19) On or before May 11, 2007, Land'Or shall file with the Clerk proof of compliance with all notice requirements as set out in Ordering Paragraphs (15) through (18).

(20) This case is continued pending further Orders of the Commission.

**CASE NO. PUE-2007-00001
FEBRUARY 28, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On January 11, 2007, Appalachian Power Company ("APCO" or "Applicant"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant requests authority to assume certain obligations and to enter into various agreements to support the issuance of up to \$175,000,000 of tax-exempt Solid Waste Disposal Facility Bonds ("SWDF Bonds") by the West Virginia Economic Development Authority (the "Authority"), pursuant to one or more indentures ("Indenture") between the Authority and a Trustee. Proceeds from the issuance of the SWDF Bonds would be loaned by the Authority to APCO, pursuant to one or more loan agreements ("Loan Agreement") between the Authority and APCO, to provide financing for portions of Applicant's environmental and pollution control facilities at its Mountaineer Generating Station in Mason County, West Virginia, its Amos Generating Station in Putnam County, West Virginia, and for portions of other environmental and pollution control facilities, as applicable.

Under the terms of the Loan Agreement, Applicant would assume the obligation to pay the principal, interest, and any premium on the SWDF Bonds. In addition, Applicant may enter into one or more guarantee agreements, bond insurance agreements and other similar arrangements assigned to the Trustee to guarantee repayment of any part of the related obligations under one or more series of SWDF Bonds.

To obtain the most advantageous financing based on market conditions at the time of issuance, Applicant requests broad authority to negotiate terms and conditions of the SWDF Bonds to be assumed by APCO. The SWDF Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The SWDF Bonds may be issued as fixed rate or variable rate debt. However, no SWDF Bonds will be issued with a fixed rate in excess of 8.0% or with an initial variable rate in excess of 8.0%. The stated maturity on any SWDF Bonds will not exceed forty (40) years. Any discount from the initial offering price of SWDF Bonds will not exceed 5% of the principal amount. Applicant estimates that issuance costs for the SWDF Bonds will be approximately \$5,035,500.

If a variable rate option is chosen, the SWDF Bonds may include provisions to convert to other interest rate modes, including a fixed rate of interest. In addition, the SWDF Bonds may include a tender purchase provision that would require Applicant to enter into one or more remarketing agreements ("Remarketing Agreement") with one or more remarketing agents. To provide immediate funding to pay for bonds tendered for purchase under

its Remarketing Agreement, Applicant may need to enter into one or more liquidity or credit facilities ("Bank Facility") with one or more banks, and may also be required to execute and deliver to the bank a note evidencing its obligation under the Bank Facility.

In lieu of or in addition to a Bank Facility, Applicant may utilize and replace one or more alternative credit facilities ("Alternative Facility") to provide credit support for variable rate SWDF Bonds. An Alternative Facility may be used to obtain credit support under better terms and conditions than a Bank Facility or to provide additional liquidity to enhance the marketability of variable rate SWDF Bonds. Alternative Facility providers may include one or more banks, insurance companies, or other financial institutions. An Alternative Facility may be in the form of a letter of credit, revolving credit agreement, bond purchase agreement, or other similar arrangement.

Finally, Applicant requests authority to enter into one or more interest rate hedging arrangements ("Hedge Agreements") from time to time through December 31, 2007. The purpose of the Hedge Agreements would be to protect against future interest rate movements when the SWDF Bonds are issued. The Hedge Agreements may be in the form of treasury lock agreements, forward-starting interest rate swaps, treasury put options or interest rate collar agreements. The aggregate principal amount of all Hedge Agreements will not exceed the corresponding amount of SWDF Bonds, up to \$175,000,000.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to assume the types of obligations and enter into the various types of agreements requested in its application for the purpose of supporting the issuance and guaranteeing the repayment of up to \$175,000,000 of one or more series of SWDF Bonds issued by the Authority on behalf of APCO in the manner and for the purposes as set forth in its application, through the period ending December 31, 2007.
- 2) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, the amount issued, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 3) Within sixty (60) days after the end of each calendar quarter in which any of the SWDF Bonds are issued or supporting arrangements are entered into pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all SWDF Bonds issued during the calendar quarter to include:
 - (a) The issuance date, type of security, amount issued, interest rate along with any spread, index, and repricing period for a variable rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant;
 - (b) A summary of the specific terms and conditions of each supporting arrangement related to the SWDF Bonds such as any Bank Facility, Alternative Facility, and Hedging Agreement;
 - (c) A copy of each Loan Agreement pertaining to all SWDF Bond proceeds received to date, which may be omitted from subsequent reports after initial submission; and
 - (d) The cumulative principal amount of SWDF Bonds issued to date and the amount remaining to be issued.
- 4) Applicant shall file a final Report of Action on or before March 31, 2008, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the obligations assumed for the SWDF Bonds issued. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date associated with the SWDF Bonds with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 5) Approval of the application shall have no implications for ratemaking purposes.
- 6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00003
MARCH 20, 2007**

JOINT APPLICATION OF
ATMOS ENERGY CORPORATION
and
BLUEFLAME INSURANCE SERVICES, LTD.

For approval of an insurances services agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On January 25, 2007, Atmos Energy Corporation ("Atmos") and Blueflame Insurance Services, Ltd. ("Blueflame") (collectively "Applicants"), filed a Joint Application ("Application") with the State Corporation Commission ("Commission") seeking approval of an insurance services agreement ("Agreement") under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

Atmos, which is headquartered in Dallas, Texas, provides natural gas service to more than 3.2 million residential, commercial, industrial and public authority customers through seven regulated utility divisions located in 12 states, including Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky,

Louisiana, Mississippi, Missouri, Tennessee, Texas, and Virginia. Atmos also has non-utility businesses that provide natural gas marketing, management, pipeline and storage services to customers in 22 states. In Virginia, Atmos provides gas distribution services to approximately 21,000 residential, commercial, and industrial customers located in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford and Wytheville and their environs.

Blueflame is a wholly owned Atmos subsidiary incorporated in Bermuda and created to act as a "captive insurance company" that will provide certain insurance services and benefits to Atmos and its affiliates.

Atmos and Blueflame are considered affiliated interests under § 56-76 of the Code. As such, Atmos must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The proposed Agreement is part of Atmos' Property and Casualty Risk Management Program ("Program"), which is a comprehensive and all-inclusive risk management tool that will cover all of Atmos' operation divisions as well as its subsidiaries. Under the Agreement, Blueflame will provide Atmos with property and casualty insurance coverage services, which may consist of direct coverage, coverage provided through reinsurance arrangements with third parties, or any combination thereof Blueflame will charge Atmos the lower of fully distributed cost or market price ("LCM") for the insurance services. The Agreement will become effective on the date it is approved by the Commission and will continue for an initial term of one year with successive year-to-year renewals until terminated. Either party may terminate the Agreement by providing at least 30 days prior written notice to the other party of the effective date of termination.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved. Under the proposed Agreement, Atmos should be able to decrease its out-of-pocket property liability exposure, increase its total coverage, and protect against negative insurance cycles at a reasonable price.

However, we will subject our approval to certain requirements. First, we will emphasize that the approval granted herein has no ratemaking implications. Second, the Agreement requires LCM pricing for the insurance services, which appears to be consistent with the Commission's LCM pricing practice for affiliate charges as described in the *Application of GTE South Incorporated, For revisions to its local exchange, access and intraLATA long distance rates*, 1997 S.C.C. Ann. Rept. 216, 218, aff'd sub nom. *GTE South Incorporated v. AT&T*, 259 Va. 338 (2000), which states that:

Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. The market test applied by this Commission and the Court is to test whether the affiliate's costs are reasonable.

However, we also note that Code §§ 56-78 and 56-79 and Virginia case law require the utility to bear the affirmative burden of proof of demonstrating that affiliate charges are just and reasonable in any future rate proceedings. *Commonwealth Gas Services, Inc. v. Reynolds Metals Co., et al.*, 236 Va. 362, 368, 374 S.E.2d 35, 39 (1988). Therefore, we will require Atmos to pay the lower of cost or market price for insurance services received under the Agreement and bear the burden of proving in any rate proceeding that it paid the lowest possible cost for such services.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Atmos Energy Corporation is hereby granted approval to enter into an Insurance Services Agreement with Blueflame Insurance Services, Ltd., as described herein.
- 2) The approval granted herein shall have no ratemaking implications.
- 3) Commission approval shall be required for any changes in the terms and conditions of the Agreement including, but not limited to, any changes in services received, pricing practices, or successors or assigns.
- 4) Atmos shall pay the lower of fully distributed cost or market price for the insurance services provided by Blueflame under the Agreement and bear the burden of proving in any rate proceeding that it paid the lowest possible cost for such services.
- 5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 7) Atmos shall include the transactions associated with the Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before April 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 8) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Atmos shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2007-00006
OCTOBER 10, 2007**

APPLICATION OF
ATMOS ENERGY CORPORATION

For an Annual Informational Filing for 2006

**ORDER ADOPTING RECOMMENDATIONS
AND DISMISSING PROCEEDING**

On February 1, 2007, Atmos Energy Corporation ("Atmos" or the "Company") delivered its application for an Annual Informational Filing ("AIF") for the twelve months ending September 30, 2006, to the Clerk of the State Corporation Commission ("Commission"). Atmos filed supplemental information and completed its AIF on February 28, 2007. The Company's application consisted of financial and operating data for the twelve months ended September 30, 2006.

On July 27, 2007, the Staff filed its Report on Atmos' AIF.¹ That Report included both financial and accounting analyses. In its financial analysis, the Staff noted that no significant debt or equity issuances occurred during the test year. However, the Staff Report noted several significant financing transactions affecting Atmos' capital structure since the Company's last rate case. In this regard, Staff related that debt and equity securities issued to finance the acquisition of TXU Gas Company ("TXU") significantly impacted Atmos' capital structure since October 1, 2004. Additionally, Atmos entered into several derivative transactions related to the acquisition of TXU to limit the Company's exposure to interest rate risk. As reported in Atmos' 2005 Annual Report and Form 10-K, Atmos incurred a loss on treasury lock transactions amounting to \$43.8 million, that the Company proposed to defer as follows: Approximately \$11.6 million of the loss would be recognized as a component of interest expense over a 5-year period, while the remaining \$32.2 million would be recognized as an interest expense over a 10-year period. Staff proposed to continue to monitor these transactions and make appropriate recommendations concerning them in Atmos' next rate case. Staff also updated the test year cost of Atmos' line of credit facilities and calculated the short-term debt balances and interest rates for Atmos in a manner consistent with the Company's last rate case.

In its accounting analysis, Staff made a number of revisions to the Company's cost of service, including revisions to how the Company calculated its adjustments for customer growth, rate case expense, charitable contributions, interest expense, and deferred gas. With regard to customer growth, Staff commented that the Company's methodology had the effect of eliminating heating season volumes for customers that do not take service during the summer, and did not reflect the full effect of these heating season volumes when the customers returned to Atmos' system in October and November. In contrast to the Company, Staff based its customer growth adjustment on actual new services added each month of the test year.

Staff also corrected the Company's customer growth adjustment to reflect the migration of a major industrial customer from Rate Schedule 620 to Rate Schedule 640 and the elimination of the revenues associated with an industrial customer that ceased operation at the end of the test year. After taking these differences into account, Staff's adjustment to revenues resulting from customer growth and migration was \$3.3 million greater than the Company's adjustment. These revisions also affected Staff accounting adjustment No. 6, an adjustment that affects the cost of gas related to customer growth.

With regard to rate case expense, Staff noted that the Company booked \$33,742 to expense to reflect the amortization of the Company's last general rate case costs. Staff reported that as of the end of the test year, these costs had been fully amortized, and there would be no further amortization of these costs in the pro forma year. Staff therefore eliminated this expense from Atmos' cost of service.

With respect to charitable contributions, according to Staff, the Company did not eliminate one-half of test year charitable contributions and did not reduce the remaining half of test year contributions for the impact of income taxes. The Company also compared the test year contributions with a pro forma amount. As in past cases, Staff did not include any effect of pro forma charitable contributions in cost of service.

With respect to interest expense, the Staff noted that the Company used the five-quarter average of the weighted cost of debt intended for use in the Earnings Test to compute its pro forma interest expense for its rate of return statement. When the Company completed its AIF, it filed a revised Schedule 3, Capital Structure and Cost of Capital Statement. Revised Schedule 3 greatly increased the weighted cost of debt used in this calculation of interest expense. Staff used the weighted cost of debt from Staff's capital structure to calculate interest expense.

With regard to the deferred gas portion of Atmos' cost of service, the Staff noted that the Company recovers the carrying costs of its deferred gas through its quarterly purchased gas adjustment mechanism. According to Staff, it is necessary to eliminate the deferred gas balance from rate base in order to assure that the related carrying costs are not also recovered through base rates. The Company's balance of deferred gas reflected in its rate base was based on the test year end balance. Staff commented in its Report that the balance of deferred gas should be based on the test year thirteen-month average balance.

With respect to the Company's earnings test for its Virginia jurisdiction, Staff noted that Atmos had only one regulatory asset on its books related to a retired pipeline that previously served industrial customers in Dublin, Virginia. Staff revised the Company's earnings test to reflect per books results on a regulatory basis and to recognize an average rate base and capital structure, typical of earning tests. Staff also made an adjustment in its earnings test to reflect a 40-year amortization of the Other Pension Employee Benefit ("OPEB") transition obligation in accordance with the directives set out in the Commission's Order entered in Case No. PUE-1992-00003.

Additionally, the Company made pro forma adjustments to interest on customer deposits and interest on supplier refunds in its earnings test. According to Staff, pro forma adjustments are not generally made in an earnings test. Adjustments in an earnings test are limited and made solely for the purpose of stating per books test year results on a regulatory basis.

The Staff also reported in its discussion of the Company's earnings test that Atmos made an adjustment to eliminate the accumulated deferred income taxes related to deferred gas. According to Staff, the Company's elimination of deferred gas (Company adjustment No. 12) from rate base was made

¹ During the course of copying and binding the Staff Report, Exhibits 3, 4, and 5 were inadvertently omitted. Staff supplemented its July 27, 2007 Report on July 31, 2007, by filing these missing exhibits.

net of the impact of income taxes. Atmos, therefore, had already eliminated the related accumulated deferred income taxes, and Company adjustment No. 13 in its Earnings Test was unnecessary. Further, the Staff commented that its calculation of interest expense for purpose of the earnings test was based on the revised average capital structure provided by the Company when Atmos completed its AIF.

After all adjustments, the Staff's earnings test analysis indicated that Atmos had earned a return on equity of 8.14%, a return on equity below the mid-point of the authorized range of return on equity of 10.00%. Staff concluded that no acceleration of the amortization of Atmos' regulatory asset was necessary.

Staff's accounting analysis further reported that Atmos was earning a fully adjusted test year return on common equity of 7.14%, which fell below the Company's authorized return on equity range of 9.50% - 10.50%, established by the Commission in Case No. PUE-2003-00507. Staff recommended that the Commission take no action in relation to the Company's base rates.

On October 2, 2007, the Company, by counsel, filed a letter, advising that Atmos did not intend to file comments on the Staff Report and concurred in the conclusions of that Report.

NOW UPON CONSIDERATION of the Company's application, the July 27, 2007 Report as supplemented on July 31, 2007, the Company's October 2, 2007 letter, and the applicable statutes, the Commission is of the opinion and finds that the Staff's recommendations and revisions to the Company's cost of service, including Staff's accounting adjustments set out in the Staff's July 27, 2007 Report, as supplemented on July 31, 2007, are reasonable and should be adopted; that no action on the Company's rates should be taken at this time; and that the captioned application should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the recommendations concerning the Company's cost of service, including the Staff's accounting adjustments set out in the July 27, 2007 Report, as supplemented on July 31, 2007, are hereby adopted.

(2) No action shall be taken on the Company's rates at this time.

(3) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be lodged in the Commission's files for ended causes.

**CASE NO. PUE-2007-00007
MARCH 1, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On February 12, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code") and to engage in an affiliate transaction under Chapter 4 of Title 56 ("Affiliates Act") of the Code. Applicant paid the requisite fee of \$250.

Applicant is a wholly owned subsidiary of E.ON U.S. LLC ("E.ON US"). E.ON US is an indirect subsidiary of the multinational holding company, E.ON AG ("E.ON"). Fidelia Corporation ("Fidelia") is a finance company subsidiary of E.ON US Holding GmbH, another subsidiary of E.ON, which lends money to companies in the E.ON holding company system.

Applicant requests authority to issue up to \$295,000,000 of unsecured notes ("Notes") to Fidelia, through December 31, 2007. Applicant states that the interest rate, maturity, and other terms on the Notes will be based on market conditions at the time of issuance. The interest rate will depend on the maturity of the Notes, which will not exceed a period of 30 years. In addition, the interest rate on the Notes will be at the lowest of: i) the effective cost of capital for E.ON; ii) the effective cost of capital for Fidelia; and iii) the Company's effective cost of capital as determined by reference to the Company's cost of a direct borrowing from an independent third party for a comparable term loan (the "Best Rate Method"), as described in the application. Proceeds will be used, in part, to fund the Company's 2007 construction budget.

Applicant further requests authority to enter into one or more interest rate hedging agreements (T-Bill lock, swap or similar agreement, collectively the "Intercompany Loan Hedging Facility") either with an affiliate within the E.ON system or with a bank or financial institution. Applicant states that the Intercompany Loan Hedging Facility will be an interest rate agreement designed to lock in the underlying interest rate on the Notes in advance of closing on the loan.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue and deliver unsecured Notes in an aggregate principal amount not to exceed \$295,000,000 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2007.

2) Applicant is authorized to execute and deliver and perform the obligations of the Company under inter alia, the loan agreements with Fidelity, the Notes authorized in Ordering Paragraph (1), and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.

3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1) to include the type of security, the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.

4) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Debt is issued pursuant to Ordering Paragraphs (1) and (4), Applicant shall file with the Commission a detailed Report of Action with respect to all Proposed Debt issued during the calendar quarter to include:

- (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant;
- (b) A summary of the specific terms and conditions of each hedging facility and an explanation of how it functions to lock in or manage the interest rate on the underlying portion of Notes;
- (c) The cumulative principal amount of Notes issued under the authority granted herein and the amount remaining to be issued; and
- (d) A copy of all agreements related to the issuance of notes.

5) Applicant shall file a final Report of Action on or before March 31, 2008, to include all information required in Ordering Paragraph (4) along with a balance sheet that reflects the capital structure following the issuance of the Notes. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Notes with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.

6) Approval of the application shall have no implications for ratemaking purposes.

7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00009
MARCH 8, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2007-2008 FUEL FACTOR PROCEEDING

On February 15, 2007, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application, along with testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 2.676¢ per kWh to 3.079¢ per kWh, effective April 1, 2007. The Company cites under-recovery of fuel costs authorized and an increase in forecasted fuel expenses in support of its application.

NOW THE COMMISSION, is of the opinion and finds that this matter should be docketed, that public notice and an opportunity for participation in this proceeding should be given, and that a hearing should be scheduled. Based on the timing of the procedural schedule established hereinbelow, we will allow the proposed fuel factor of 3.079¢ per kWh to be placed into effect, on an interim basis, effective with bills rendered on and after April 1, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2007-00009.
- (2) A public hearing shall be convened on April 18, 2007, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence related to the establishment of ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.
- (3) The Company shall put its proposed fuel factor of 3.079¢ per kWh into effect, on an interim basis, effective with bills rendered on and after April 1, 2007.
- (4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all company offices in Virginia where customer bills may be paid. Interested persons may also review a copy of ODP's application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) On or before March 22, 2007, ODP shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF
2007-2008 FUEL FACTOR PROCEEDING
FOR OLD DOMINION POWER COMPANY
CASE NO. PUE-2007-00009

On February 15, 2007, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application, along with testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 2.676¢ per kWh to 3.079¢ per kWh, effective April 1, 2007. The Company cites under-recovery of fuel costs authorized and an increase in forecasted fuel expenses.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on April 18, 2007, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of ODP's fuel factor.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in Virginia where customer bills may be paid. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. A copy of the Commission's Order in this proceeding may be obtained on the Commission's website: <http://www.sec.virginia.gov/caseinfo.htm>.

Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

On or before March 29, 2007, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before April 5, 2007, each respondent may file with the Clerk at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to ODP and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2007-00009 and shall simultaneously be served on counsel for the Company at the address set forth above.

KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

(6) On or before March 22, 2007, ODP shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(7) At the commencement of the hearing scheduled herein, ODP shall provide proof of service and notice as required in this Order.

(8) On or before March 29, 2007, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (3) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2007-00009.

(9) Within three (3) business days of receipt of a notice of participation as a respondent, ODP shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before April 5, 2007, each respondent may file with the Clerk at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to ODP and on all other respondents.

(11) The Commission Staff shall investigate the reasonableness of ODP's estimated fuel expenses and proposed fuel factor. On or before April 10, 2007, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(12) On or before April 13, 2007, ODP shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one (1) copy on Staff and all respondents.

(13) ODP and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

CASE NO. PUE-2007-00009
APRIL 20, 2007

APPLICATION OF
KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2006-2007 FUEL FACTOR

On February 15, 2007, Kentucky Utilities Company d/b/a Old Dominion Power Company ("ODP" or the "Company"), filed with the State Corporation Commission ("Commission") an application, testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 2.676¢/kWh to 3.079¢/kWh, effective for bills rendered on and after April 1, 2007. The Company cites continued increasing fuel costs in support of its application.

By Order dated March 8, 2007, the Commission established a procedural schedule and set a hearing date for April 18, 2007. The Commission directed its Staff to file testimony and provided an opportunity for interested persons to participate in the proceeding. The Company was permitted to put its proposed fuel factor 3.079¢/kWh into effect, on an interim basis, effective with bills rendered on and after April 1, 2007. On April 5, 2007, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") filed its Notice of Participation.

On April 10, 2007, the Staff filed its testimony wherein it found that, for the purposes of setting an in-period fuel factor for the new fuel year, the assumptions made by the Company in its application were reasonable and in compliance with the Commission's fuel cost projection standards. The Staff recommended that the Commission approve the continuation of the total fuel factor of 3.079¢/kWh that was placed in effect with bills rendered on and after April 1, 2007. The Staff noted that the interim fuel factor is largely driven by projected higher average fuel costs for coal-fired generation (2.309¢/kWh) for the 2007-2008 forecast period relative to the projection (2.116¢/kWh) included in the previous forecast, reflecting increases in the actual delivered coal prices. Additionally, the Company projects higher net purchased power costs resulting from higher anticipated wholesale power prices and reduced opportunities for off-system sales due to the requirements of serving native load sales growth.

On April 13, 2007, the Company filed waiver of rebuttal and support of Staff's recommendations. The Company also represented that all parties waived cross examination of their witnesses and requested that their attendance be excused.

The hearing was convened on April 18, 2007, and all witnesses were excused. Appearances were made by counsel for ODP, Consumer Counsel, and Staff. At the hearing, the Company submitted its proof of service and notice. The Company's application, testimony, and exhibits, as well as the Staff's testimony, were also entered into the record without cross-examination. At the conclusion of the hearing, pursuant to the stipulation of the Company and Staff, the total fuel factor of 3.079¢/kWh as proposed by the Company and given interim approval was again approved for bills rendered on and after April 1, 2007.

NOW THE COMMISSION, upon consideration of the record in this case, is of the opinion that an increase in the Company's fuel factor to 3.079¢/kWh for bills rendered on and after April 1, 2007, is reasonable and appropriate.

Approval of the fuel factor, however, is not construed as approval of ODP's actual fuel expenses. For each calendar year, the Staff conducts an audit and investigation which addresses, among other things, the appropriateness and reasonableness of ODP's booked fuel expenses. The Staff's results are documented in an Annual Report ("Staff's Annual Report"). A copy of Staff's Annual Report is sent to ODP and to each party who participated in ODP's last fuel factor proceeding, all of whom are provided with an opportunity to comment and request a hearing on the report.

Based on Staff's Annual Report, any comments or hearing thereon, the Commission enters an Order entitled "Final Audit for twelve-month period ending December 31, __, Fuel Cost Recovery Position" ("Final Audit Order"). Notwithstanding any findings made by the Commission in an earlier order establishing ODP's fuel factor based on estimates of future expenses and unaudited booked expenses, the Final Audit Order will be the final determination of not only what are, in fact, allowable fuel expenses and credits, but also ODP's over or under recovery position as of the end of the audit period. Should the Commission find in its Final Audit Order (1) that any component of ODP's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that ODP has failed to make every reasonable effort to minimize fuel costs or has made decisions resulting in unreasonable fuel costs, ODP's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of ODP's next fuel factor proceeding. We reiterate that no finding in this Order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

(1) The total fuel factor 3.079¢/kWh effective for bills rendered on and after April 1, 2007, established by the Commission Order dated March 8, 2007, remains in effect.

(2) This case is continued generally.

CASE NO. PUE-2007-00012
AUGUST 21, 2007

JOINT PETITION OF
ROANOKE GAS COMPANY
and
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For approval of a change in ownership of utility assets and for issuance of a certificate of public convenience and necessity pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 27, 2007, Roanoke Gas Company ("Roanoke Gas") and Appalachian Natural Gas Distribution, LLC ("ANGD LLC") completed filing with the State Corporation Commission ("Commission") a Joint Petition ("VA Petition") that requested approval of an Asset Purchase and Sale Agreement ("Purchase Agreement"), which would transfer the natural gas distribution utility assets serving the Bluefield, Virginia area ("VA Bluefield") from Roanoke Gas to ANGD LLC pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code"). The VA Petition also requested approval for Roanoke Gas to surrender its certificate of public convenience and necessity for the Bluefield, Virginia service territory ("VA Bluefield CPCN") and for ANGD LLC to be issued a new VA Bluefield CPCN pursuant to Chapter 10.1 of Title 56 ("Utility Facilities Act") of the Code. On March 7, 2007, Roanoke Gas filed substitute VA Petition pages to correct certain typographical errors that had been made in the initial filing. The main correction was to replace ANGD LLC with Appalachian Natural Gas Distribution Company ("Appalachian") as co-Petitioner, proposed acquirer of the VA Bluefield assets, and proposed recipient of the new VA Bluefield CPCN. Roanoke Gas and Appalachian are hereafter collectively referred to as "Petitioners."

Roanoke Gas is a Virginia public service corporation engaged primarily in the distribution and sale of natural gas to approximately 56,000 residential, commercial and industrial customers in the counties of Bedford, Botetourt, Franklin, Montgomery, Roanoke and Tazewell, the Cities of Roanoke and Salem, and the Towns of Bluefield, Vinton, Fincastle and Troutville in southwestern Virginia. Roanoke Gas is a wholly owned subsidiary of RGC Resources, Inc. ("RGC").

Appalachian is a Virginia public service corporation that provides natural gas distribution service to approximately 276 customers located in the counties of Russell, Buchanan, Dickenson and Tazewell, and the Town of Saltville. Appalachian is a wholly owned subsidiary of ANGD LLC, an Abingdon, Virginia-based limited liability company jointly owned by John W. Ebert and William L. Clear.

VA Bluefield, which formerly operated as Commonwealth Public Service Corporation, is a division of Roanoke Gas that serves approximately 1,157 residential, commercial and industrial customers in Bluefield, Virginia. The Purchase Agreement states that the proposed assets to be transferred include the utility real property located in the Bluefield, Virginia area, utility plant and structures, equipment, allocated natural gas inventories, if any, regulatory assets net of regulatory liabilities, materials and supplies, accounts receivable, business records related exclusively to VA Bluefield, customer lists, transferable permits and other mutually acceptable identified assets of VA Bluefield. As of December 31, 2006, VA Bluefield's accounting records show net plant assets of approximately \$2.36 million, gross working capital assets of \$1.17 million, intercompany payables and other liabilities of \$3.06 million, and net stockholders' equity of \$470,000.

The Purchase Agreement states that the initial purchase price ("Initial Price") for the VA Bluefield assets is estimated at \$3.3 million, which is to be equivalent to the net book value of the VA Bluefield plant plus the book value of the VA Bluefield accounts receivables, natural gas inventory, and certain other current assets at the estimated closing date. The Initial Price also includes a fee equal to 1% of VA Bluefield's net plant, which is intended to cover the transaction costs associated with completing the transfer. Between five and ten days prior to closing, the Initial Price will be adjusted to reflect more current estimates of VA Bluefield asset values, which will provide the basis for the amount paid at closing ("Closing Price"). Within 120 days after the closing date, Appalachian will prepare and deliver to Roanoke Gas further adjustments to the Closing Price, which Roanoke Gas will have 30 days to review. If Roanoke Gas does not dispute the adjustments, the Closing Price as adjusted will become the Final Price. If Roanoke Gas disputes any adjustments, the Petitioners have 20 additional days to resolve their differences. If by that time the Petitioners cannot resolve their differences, the disputed item(s) will be submitted to an independent auditor who will render a binding decision.

The Petitioners represent that Roanoke Gas is selling VA Bluefield in order to streamline its business operations through the elimination of a small service area with relatively few customers that is physically remote from its primary service territory. Roanoke Gas plans to re-invest the net proceeds from the sale to fund its ongoing pipeline renewal program.

The Petitioners represent that Appalachian is purchasing VA Bluefield consistent with its strategic business plan of purchasing small, rural natural gas distribution utilities and improving operating efficiencies through the implementation of best practices. Appalachian believes that the VA Bluefield purchase should extend its existing service territory in Tazewell County, Virginia, and allow it to achieve future economies of scale. In response to Staff's inquiry, Appalachian verbally represented that it believes that combining VA Bluefield's residential-oriented customer base with Appalachian's industrial-focused customer base should produce more stable financial results for both operations.

The Petitioners hope to complete the proposed transfer of the VA Bluefield assets by September 20, 2007.

While the VA Petition has been under review, a related case was recently heard and settled by the Public Service Commission of West Virginia ("WV PSC"). On February 20, 2007, Bluefield Gas Company ("WV Bluefield") and ANGD LLC filed a joint petition ("WV Petition") with the WV PSC requesting approval for ANGD LLC to acquire all of the issued and outstanding common stock of WV Bluefield for approximately \$9.5 million.¹ WV Bluefield is a West Virginia public utility corporation that provides natural gas utility services to approximately 3,840 residential, commercial and industrial customers in Bluefield, Mercer County, West Virginia. WV Bluefield, which is a wholly owned subsidiary of RGC, and VA Bluefield, which is a division of Roanoke Gas, are separate entities from a legal standpoint but are physically interconnected and operate as a single utility. As of fiscal year-end 2006, VA Bluefield and WV Bluefield together represented approximately 8% (5,000) of RGC's utility customers, 13% (\$14 million) of RGC's total revenues, and 12% (\$13.9 million) of RGC's total assets. On August 8, 2007, the WV PSC issued an Order approving the proposed acquisition of the WV Bluefield stock by ANGD LLC from RGC pursuant to a Joint Stipulation ("WV Stipulation") signed by WV Bluefield, the Staff of the WV PSC, and the Consumer Advocate Division of the WV PSC. The WV Stipulation recommended approval of the WV Bluefield transfer subject to nine conditions, which included a requirement, Condition (i), that: "all currently accrued retirement obligations [of WV Bluefield employees] will remain with RGC and be recognized at their full current value to participants."

In order to make the ownership transfer as seamless as possible, Appalachian, ANGD LLC, and Roanoke Gas have entered into a Support Services Agreement ("Services Agreement") whereby Roanoke Gas agrees to provide certain equipment, systems, services and labor to support the VA Bluefield and WV Bluefield operations for at least one year after closing with a renewal option for one additional year. Specifically, Roanoke Gas will supply computer hardware, software, and communications support for billing and call center operations, customer billing and collection services, gas control monitoring services, bill printing, mailing and remittance services, engineering services, information technology services, and regulatory filing services.

On May 10, 2007, the Commission issued an Order for Notice and Comment ("Notice Order") that docketed the VA Petition as Case No. PUE-2007-00012 and established a procedural schedule in which the Petitioners were required to provide public notice by June 1, 2007, and proof of notice by June 8, 2007, the public was invited to provide written comments and/or request a hearing by July 2, 2007, the Commission Staff was instructed to review the VA Petition and file a Staff Report summarizing its investigation by July 23, 2007, and the Petitioners were allowed to respond to Staff's Report and any public comments or requests for hearing by August 3, 2007.

On June 8, 2007, the Petitioners filed a Motion for Modification of Service of Notice ("Motion"), in which the Petitioners requested a modification to Ordering Paragraph (5) of the Notice Order to allow notice to customers and government officials to be extended to June 8, 2007, and a modification to Ordering Paragraphs (7) and (8) to allow the public comment period and deadline for requesting a hearing to be extended to July 9, 2007. On July 16, 2007, the Commission issued an Order Extending Deadlines that granted the Petitioners' Motion.

On July 2, 2007, C. Eric Young, Esquire, filed a comment with the Commission via electronic mail on behalf of the Tazewell County Board of Supervisors ("Tazewell Board"). Mr. Young stated that, to the extent that the proposed sale would result in a rate increase for Tazewell County residents, the Tazewell Board would oppose such a rate increase.

On July 2, 2007, Stephen E. Arey, P.C. ("Mr. Arey"), filed a letter dated June 26, 2007 ("6.26.07 Letter"), with attachment, with the Commission on behalf of the Town of Bluefield ("Town"). The 6.26.07 Letter stated that the Town had a Franchise Agreement with Roanoke Gas, dated October 9, 2006, which required Roanoke Gas to obtain the Town's written approval prior to any transfer of the local natural gas utility franchise and post a secured bond upon the construction, operation and maintenance of a local gas distribution system within the Town. Mr. Arey stated that, as of the date of the 6.26.07 Letter, Roanoke Gas had not sought the Town's written approval of the proposed transfer or posted the bond. On July 20, 2007, Mr. Arey filed a follow-up letter dated July 16, 2007 ("7.16.07 Letter"). The 7.16.07 Letter stated that Roanoke Gas had posted the bond on July 9, 2007, but the Town had still not given its approval. Mr. Arey represented that failure to obtain the Town's approval could void Roanoke Gas' franchise to provide natural gas service in the Town and consequently "there would be no reason for the Commission to consider an assignment of this franchise to Appalachian Natural Gas Distribution Company."²

On July 23, 2007, Staff filed a two-part Staff Report. Part A addressed the Petitioners' request to transfer the VA Bluefield assets pursuant to the Utility Transfers Act and the Petitioners' request for a new CPCN pursuant to the Utility Facilities Act. Part B addressed Appalachian's ability to finance and service the debt that it would assume in order to acquire VA Bluefield's assets. Staff concluded that, based on its review of Appalachian/ANGD LLC's financial capabilities, the operational compliance of Appalachian and VA Bluefield with state safety standards, the written assurance of Appalachian's principals, and the Commission's continuing authority over Appalachian and Roanoke Gas pursuant to Title 56 of the Code, the provision of adequate service to the public at just and reasonable rates would not be impaired or jeopardized by granting the prayer of the Petition and, therefore, the proposed transfer could be approved.

Staff recommended that the Commission subject its approval to thirteen performance, reporting and regulatory requirements. The performance requirements focused on Appalachian's post-transfer operating, financial, and service performance. The reporting requirements focused on accounting and recordkeeping issues. The regulatory requirements clarified the nature and scope of the Commission's approval in this case.

On August 2, 2007, the Petitioners filed Comments to the Staff Report, which stated that the Petitioners took no exception to the Staff Report and planned to comply fully with all of Staff's recommendations. With respect to Staff Requirement No. 13, which recommended deferring the Commission's approval until Roanoke Gas had obtained the Town's written approval of the transfer, the Petitioners stated that the negotiations for transferring the Bluefield franchise from Roanoke Gas to Appalachian would commence once an Order approving the transfer had been entered in this case.

NOW THE COMMISSION, upon consideration of the Petition and the representations of the Petitioners and having been advised by Staff, is of the opinion and finds that the proposed change of ownership will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved. We adopt Staff's recommendations in full in order to properly review and monitor Appalachian's post-transfer operations, to

¹ *Bluefield Gas Company and ANGD LLC, Joint Petition for consent and approval of the purchase of the common stock of Bluefield Gas Company by ANGD LLC*, Case No. 07-201-G-PC (February 20, 2007).

² Stephen E. Arey, P.C., *July 16, 2007, Letter following up June 26, 2007, Letter Re: Joint Petition of Roanoke Gas and Appalachian Natural Gas Distribution Co.*, Case No. PUE-2007-00012, Doc. Con. No. 383626.

ensure sufficient records of all transfer-related data; and to clarify the nature and scope of our approval. We also approve the cancellation of Roanoke Gas' existing CPCN for VA Bluefield and the issuance of a new CPCN to Appalachian.

Accordingly, IT IS HEREBY ORDERED THAT:

- 1) Pursuant to §§ 56-88 *et seq.* of the Code of Virginia, Roanoke Gas Company is hereby granted approval to transfer the assets of its Bluefield, Virginia operations to Appalachian Natural Gas Distribution Company as described in the Asset Purchase and Sale Agreement discussed herein. Our approval shall become effective once the Petitioners file with the Commission a copy of the Town's written approval of the proposed transfer.
- 2) The approval granted herein shall not be deemed to include any approvals other than those necessary to consummate the proposed transfer.
- 3) Within thirty (30) days of completing the proposed transfer, the Petitioners shall file a Report of Action ("Report") with the Commission. Included in the Report shall be the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and both Roanoke Gas' and Appalachian's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"). The Petitioners shall also include the accounting entries related to the WV Petition transfer in the Report.
- 4) Roanoke Gas shall provide all records related to the transferred assets at closing to Appalachian, which shall maintain them henceforth in accordance with the USOA.
- 5) The approval granted herein shall have no ratemaking implications. In particular, the approval granted herein does not guarantee recovery of any costs directly or indirectly related to the transfer for either Roanoke Gas or Appalachian.
- 6) The approval granted herein does not extend to subsequent financings, affiliate arrangements or agreements, or transfers or changes of control by the Petitioners. Such transactions shall require separate Commission approval under Chapters 3, 4, or 5 of the Code, as appropriate. Specifically, within 90 days of the closing date of the transfer, Appalachian shall file for Affiliates Act approval of any current or pending arrangements or agreements with WV Bluefield and ANGD LLC.
- 7) Appalachian shall develop a Plan for transferring functional control and responsibility over VA Bluefield's day-to-day field and administrative operations from Roanoke Gas to Appalachian during the transition period covered by the Services Agreement. The Plan shall include a discussion of the transfer of each function, related new job hires and assignments, and performance benchmarks. The Plan shall also include a timeline for achieving these tasks. The Plan shall be provided with the Report.
- 8) Appalachian shall be required to include in the Report the finalized loan covenants for the debt that will support the VA Bluefield and WV Bluefield acquisitions. In the event of a loan default, Appalachian shall report such default to Staff and develop and provide to Staff a detailed plan for curing the default.
- 9) Appalachian and Roanoke Gas shall each maintain records that separately identify all transactions occurring under the Services Agreement until it terminates, and include a summary of such transactions in future annual informational filings ("AIF(s)") or rate cases.
- 10) Roanoke Gas shall separately maintain a record of all ongoing operating and administrative costs that are re-allocated by the transfer, and include a summary of such re-allocated costs in its next AIF or rate case.
- 11) In connection with Condition (i) of the approved WV Stipulation, Roanoke Gas shall separately identify the accrued retirement obligations and associated funding related to the WV Bluefield employees and include a summary of this data in its next AIF or rate case.
- 12) Appalachian is directed to take the necessary steps to ensure that the quality of service for VA Bluefield customers does not deteriorate due to a lack of maintenance or capital investment and the quality of service for VA Bluefield customers does not deteriorate due to a reduction in the number of employees providing services. Appalachian is also directed to continue to maintain a high degree of cooperation with the Commission Staff and take all actions necessary to ensure Appalachian's timely response to Staff inquiries with regard to its provision of service in Virginia.
- 13) Upon completion of the proposed transfer, CPCN No. G-42b, authorizing Roanoke Gas to furnish natural gas service in the Bluefield, Virginia area, as described in the Staff Report, shall be cancelled.
- 14) Upon cancellation of CPCN No. G-42b, Appalachian shall be issued a CPCN to furnish natural gas service in the Bluefield, Virginia area relinquished by Roanoke Gas as described in the Staff Report.
- 15) There appearing nothing further to be done, this matter is dismissed.

**CASE NO. PUE-2007-00013
APRIL 13, 2007**

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

ORDER FOR NOTICE AND HEARING

This Order establishes a procedural schedule for a capped rate adjustment and corresponding fuel rate increase requested by the Delmarva Power & Light Company ("Delmarva" or "Company") pursuant to §§ 56-582 B (i) and 56-249.6 of the Code ("Capped Rate Adjustment Application" or

"Application"), respectively. Delmarva has no generation units for which to purchase fuel; thus, the request is essentially for an adjustment to the Company's currently capped generation rates to reflect changes in its purchased power costs.

The Company's current fuel rate (5.6185¢ per kWh) was approved by this Commission in Delmarva's 2006 Capped Rate Adjustment proceeding (Case No. PUE-2006-00033). Delmarva proposes in the Application it filed on April 2, 2007, and now before the Commission, to modify that current factor in two phases. First, on June 1, 2007, Delmarva proposes to reduce the factor by .3901¢ per kWh, resulting in a new 30-day fuel factor of 5.2284¢ per kWh. Effective July 1, 2007, however, Delmarva proposes to raise its fuel factor to 6.5986¢ per kWh, representing an increase of .9801¢ per kWh over its current fuel factor of 5.6185¢ per kWh. According to the Company, the revised rates will result in a cumulative annual increase in charges to Delmarva's Virginia retail customers of approximately \$3.7 million.

The Company explains in its Application that the proposed reduction effective June 1, 2007, results from the Company's calculation of its going-forward fuel rate under the Fuel Index Procedure included in a Memorandum of Agreement ("MOA") approved by this Commission.¹ The increase proposed by the Company to take effect on July 1, 2007, however, does not conform to calculations under the Fuel Index Procedure. Instead, the proposed .9801¢ per kWh increase (over Delmarva's current fuel factor of 5.6185¢ per kWh), and resulting fuel factor of 6.5986¢ per kWh represents the Company's projected purchased power costs², unmitigated by the application of the MOA's Fuel Index Procedure. The Company asserts in this Application that it is no longer bound by the terms and conditions of the MOA on and after July 1, 2007.

Delmarva's challenge to the continuing legal viability of the Fuel Index Procedure on and after July 1, 2007, raises a significant threshold issue critical not only to this matter's outcome, but to its conduct as well. The Company's Application presupposes that the Fuel Index Procedure is no longer applicable on and after that date; it is likely that others will disagree with the conclusion. Consequently, the orderly adjudication of the Company's Application will require the Commission to address this issue with dispatch.

Accordingly, while we will in this Order establish a complete procedural schedule for this case, we will also establish a briefing schedule regarding the MOA's viability on and after July 1, 2007. This will ensure that the Company is afforded an opportunity to explain the legal or factual basis for its conclusions thereon in greater detail, and that interested parties and the Staff will be provided a corresponding opportunity to respond thereto. The Company will also be permitted to reply to the views expressed by such parties and the Staff.

NOW THE COMMISSION, having considered the foregoing, finds as follows:

We will direct the Company promptly to submit to this Commission, legal memoranda regarding the MOA's viability on and after July 1, 2007, with specific focus on the operation of the Fuel Index Procedure within the MOA following July 1, 2007. Interested parties and the Commission Staff will be provided a similar opportunity following the filing of the Company's memorandum addressing this question. The Company, in turn, will be permitted to reply to any such responses.

At the same time, we will schedule a hearing date for this application and will require the Company to give notice of its pendency. As part of that notice, we will require the Company to advise that the legal issue identified above will be addressed as a preliminary matter.

Additionally, we will in this Order establish deadlines for parties to file Notices of Participation, together with deadlines for (i) comments from interested persons, (ii) pre-filed testimony from respondents and the Commission Staff, and (iii) rebuttal testimony from the Company.

Finally, we will permit the Company's proposed fuel rate modification for June 1, 2007, to be placed into effect on an interim basis, subject to refund. This modification, that according to the Company is calculated pursuant to the Fuel Index Procedure, will result in a decrease of .3901¢ per kWh to the fuel rate of 5.6185¢ per kWh currently in effect. Since the Company is not challenging the Fuel Index Procedure's applicability or operation as it has in its two previous "fuel rate" cases, the question before the Commission is whether this rate decrease should remain in effect on a going-forward basis on and after July 1, 2007, or be eliminated as the Company proposes. Therefore, this rate reduction will remain in effect on and after June 1, 2007, pending further Order of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application is docketed as Case No. PUE-2007-00013.
- (2) On or before May 2, 2007, the Company shall file a legal memorandum addressing in detail, the applicability of the MOA, generally, and the Fuel Index Procedure within such MOA, specifically, to the Commission's adjudication of Delmarva's Application herein. Persons participating as respondents in this matter may file legal memoranda concerning that issue on or before May 18, 2007; the Commission Staff may also file a legal memorandum concerning such issue on or before May 18, 2007. The Company may file a legal memorandum in reply to the filings of respondents and the Commission Staff on or before May 25, 2007.
- (3) A public hearing shall be convened on July 9, 2007, at 10:00 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence on the application. Any person not participating as a respondent may give oral testimony concerning the application as a public witness at the hearing. Public witnesses desiring to make statements at the public hearing concerning the application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 10:00 a.m. on the day of the hearing and sign up to speak.

¹ Specifically, the MOA was approved in the Commission's June 29, 2000, Orders in Case Nos. PUE-2000-00086, and PUA-2000-00032, authorizing Delmarva to divest its generation assets to affiliates and third parties.

² The Company projects these purchased power costs on the basis of (i) a full requirements purchased power contract (executed on March 28, 2007, and resulting from a bid solicitation for that power described in the Application) covering Delmarva's Virginia load from June 1, 2007, through September 30, 2007, and (ii) projected purchased power costs (based upon a consultant's study) for the period October 1, 2007, through May 31, 2008.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in Virginia where customer bills may be paid. Interested persons may also review copies of Delmarva's application in the Commission's Document Control Center, located in the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m. Monday through Friday. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the Company's application may also be obtained by requesting a copy of the same from counsel for Delmarva: Richard D. Gary, Esquire, Hunton & Williams, LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23218-4074. Delmarva shall make copies available on an electronic basis upon request.

(5) On or before May 2, 2007, the Company shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF APPLICATION BY
DELMARVA POWER & LIGHT COMPANY FOR INCREASES
IN ITS ELECTRIC RATES PURSUANT TO § 56-249.6 AND
§ 56-582 OF THE CODE OF VIRGINIA
CASE NO. PUE-2007-00013

On April 2, 2007, Delmarva Power & Light Company ("Delmarva" or "Company") filed, pursuant to the provisions of §§ 56-249.6 and 56-582 of the Code of Virginia ("Code"), an application with the State Corporation Commission ("Commission") seeking to make changes to certain components of its capped rates for electric service to its retail customers in Virginia. This is Case No. PUE-2007-00013.

Delmarva proposes in this case to reduce its fuel factor on June 1, 2007 by .3901¢ per kWh, resulting in a new 30-day fuel factor of 5.2284¢ per kWh. Effective July 1, 2007, however, Delmarva proposes to raise its fuel factor to 6.5986¢ per kWh, representing an increase of .9801¢ per kWh over its current fuel factor of 5.6185¢ per kWh. According to the Company, the revised rates will result in a cumulative annual increase in charges to Delmarva's Virginia retail customers of approximately \$3.7 million.

The Commission has issued its Order for Notice and Hearing ("Order") that directs Delmarva, and permits respondents and the Commission Staff, to file legal memoranda on the question of the applicability of a Fuel Index Procedure made part of a prior Memorandum of Agreement between the Company and the Commission Staff, approved by the Commission in a previous case, to the rate changes sought by the Company in this case.

Persons participating as respondents and desiring to provide legal memoranda on this question shall file an original and fifteen (15) copies of such memoranda, on or before May 18, 2007, with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall refer to Case No. PUE-2007-00013. At the same time a copy of any such memoranda shall be served on counsel for Delmarva, Richard D. Gary, Esquire, Hunton & Williams, LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23218-4074.

The Order also sets the application for public hearing, beginning at 10:00 a.m., on July 9, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Any person not participating as a respondent may give testimony concerning the application as a public witness by appearing at the hearing and signing up to speak. Members of the public may also file written comments on the application on or before July 2, 2007, with the Clerk of the Commission and at the same time serve a copy to counsel for Delmarva at the address listed above. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

The Order establishes dates for persons interested in participating as respondents to file notices of participation, for the filing of testimony by Delmarva, respondents and the Commission Staff, and procedures for discovery. Persons desiring to participate as respondents should obtain a copy of the Order from the Commission's web address: <http://www.scc.virginia.gov/caseinfo.htm> and follow the instructions set out therein.

Copies of the application are available for public inspection at Delmarva's business offices in the Commonwealth, during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, or may be obtained at no charge by written request to counsel for Delmarva at the address listed above. Unofficial copies of the application may be reviewed at the Commission's website at the web address listed above.

DELMARVA POWER & LIGHT COMPANY

(6) On or before May 18, 2007, any person desiring to participate as a respondent shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent, and shall simultaneously serve a copy of the notice of participation on the counsel to the Company: Richard D. Gary, Esquire, Hunton & Williams, LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23218-4074. Pursuant to 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent, (ii) a statement of the specific action sought to the extent then known, and (iii) the factual and legal basis for the action.

(7) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(8) On or before June 15, 2007, each respondent may file with the Clerk of the Commission, an original and fifteen (15) copies of any testimony and exhibits it expects to offer at the hearing and shall serve copies of the testimony and exhibits on counsel to Delmarva and on all other respondents.

(9) On or before July 2, 2007, interested persons wishing to comment on the Company's application may file written comments concerning such application with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall refer to Case No. PUE-2007-00013 in any such comments. A copy of such comments shall simultaneously be sent to counsel for Delmarva: Richard D. Gary, Esquire, Hunton & Williams, LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23218-4074. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(10) The Commission Staff shall investigate the reasonableness of the Company's application herein. On or before June 22, 2007, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits concerning the application, and shall promptly serve a copy on counsel to the Company and all respondents.

(11) On or before June 29, 2007, Delmarva shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff, and shall on the same day serve one copy on Staff and all respondents.

(12) On or before May 2, 2007, the Company shall serve a copy of this Order on the Chairman of the Board of Supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(13) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(14) The Company and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(15) On and after June 1, 2007, the Company may place into effect on an interim basis, subject to refund, a decrease of .3901¢ per kWh to the fuel rate of 5.6185¢ per kWh currently in effect. Such decrease shall be applicable strictly on a uniform, per-kWh basis to all of Delmarva's Virginia jurisdictional customers.

(16) This matter is continued for further orders of the Commission.

**CASE NO. PUE-2007-00013
JUNE 8, 2007**

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

ORDER

On April 2, 2007, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor, and a corresponding increase to its capped rates, pursuant to the provisions of §§ 56-249.6 and 56-582 of the Code of Virginia ("Code") ("Application"). Delmarva "provides retail electric service to approximately 22,330 customers in the Eastern Shore counties of Accomack and Northampton, Virginia. Those customers produce approximately 3.8% of the Company's total electric revenues."¹ Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power its supplies to its customers."² The Company's Virginia jurisdictional load is approximately 92 MW, and "[a]ll of the electric energy needed to serve the Company's Virginia electric customers from June 1, 2007 through September 30, 2007 will be purchased under a full requirements power purchase contract executed March 28, 2007."³

The Company further states that the "Commission's Final Order issued in Case No. PUE-2006-00033 on June 19, 2006 ('2006 [Fuel] Order') approved an increase of 2.5486¢ per kWh in the fuel rate to raise the fuel rate to 5.6185¢ per kWh. This increase in the fuel component was substantially less than the actual increase in the cost of power purchased to provide service to Delmarva's Virginia retail customers and instead was based on the use of proxy fuel calculations pursuant to the Fuel Index Procedure contained in the Company's Memorandum of Agreement ('MOA') adopted by the Commission in its Final Order in Case No. PUE-2000-00086 and Case No. PUA-2000-00032 (June 29, 2000) (the 'Divestiture Order')."⁴

¹ Application at 1.

² *Id.* at 2.

³ *Id.* at 2-3.

⁴ *Id.* at 2.

For service rendered during June 2007, Delmarva requests a fuel rate of "5.2284¢ per kWh based on the Fuel Index Procedure calculation for June 2007[, which] is a 0.3901¢ per kWh reduction from the [previously approved] 5.6185¢ per kWh."⁵ The Company asserts "that the Fuel Index Procedure would not be effective after June 30, 2007. . . ."⁶ Thus, for service rendered on and after July 1, 2007, Delmarva requests a fuel rate of 6.5986¢ per kWh, which is a 0.9801¢ per kWh increase to the previously approved 5.6185¢ per kWh and which "reflect[s] a blend of Delmarva's cost of purchased power during the period June 1 through September 30, 2007 under a new power purchase agreement for that period executed March 28, 2007 and the estimated cost of purchased power during the period October 1, 2007 through May 31, 2008. . . ."⁷ The Company states that the revised rates "would result in an annual increase in charges to Delmarva's Virginia retail customers of approximately \$3.7 million, a 7.8% increase above current rates based on the 12 months ended December 31, 2006."⁸

On April 13, 2007, the Commission entered an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this case; (2) scheduled a public hearing for July 9, 2007, to receive comments from members of the public and evidence on the Application; (3) required the Company to provide notice of its Application; (4) permitted Delmarva to place in effect, on an interim basis subject to refund, a decrease of 0.3901¢ per kWh to the previously approved fuel rate of 5.6185¢ per kWh; and (5) directed participants in this case to file legal memoranda addressing the applicability of the MOA and the Fuel Index Procedure to the Commission's adjudication of the Company's Application.

Delmarva filed a legal memorandum on May 2, 2007. Delmarva asserts that it "now finds itself being punished for a changing Virginia regulatory landscape in 2000 in which the General Assembly invited the Company to divest its generating assets," and that a "continuing financial loss to serve customers in Virginia was never contemplated when the MOA was negotiated or, the Company believes, approved."⁹ The Company states that such "impact *must* end on July 1, 2007 when the MOA's Fuel Index Procedure provisions should end consistent with the facts and law known at the time the MOA was negotiated and approved: that is, that the legislatively mandated capped rates would end and a fully competitive market would commence on July 1, 2007."¹⁰ Delmarva concludes as follows:

In 2000 Delmarva agreed to the provisions of the MOA and to the process of its fuel and purchased power cost recovery for the period 2000 until July 1, 2007, that corresponded to the General Assembly's then-mandated end of capped rates, the expected commencement of full retail electric competition, and the assumed resulting reduction in the number of customers served, except for a few 'default service' customers. Because those expectations failed, the Fuel Index Procedure should not be applied after July 1, 2007, especially when to do so would lead directly to after-tax net income losses for the Company.

The disallowance of purchased power costs would violate the 'filed rate' doctrine applicable to the competitive procurement of purchased power in the interstate markets exclusively regulated by the [Federal Energy Regulatory Commission ('FERC')], and the resulting net loss in serving its Virginia customers would violate the prohibition against the taking and confiscation of Delmarva's property under the Fourteenth Amendment.¹¹

The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a legal memorandum on May 18, 2007. Consumer Counsel asserts that the Fuel Index Procedure remains applicable and concludes as follows:

Virginia law provides for the Commission to apply the rate protections of the MOA in this case. Because the Fuel Index Procedure remains applicable, the proper scope of this proceeding is to determine the proper calculation of a fuel proxy rate. There is simply no legal basis – in Virginia law, the United States Constitution, or federal law – that requires the Commission to excuse Delmarva from the important retail rate protections it voluntarily proposed and agreed to in 2000.

Contrary to Delmarva's contention, continuing to apply the MOA would not be 'penalizing' the Company. The very reason the MOA exists is because of the concern in 2000 that competition may not develop in the Commonwealth and that Delmarva's default service customers might otherwise be exposed to the adverse consequences of its decision to divest. To discard the MOA now, at the very time it is most needed, would harm Delmarva's customers by removing a protection to which they are legally entitled. This the Commission should not do.¹²

The Commission's Staff ("Staff") filed a legal memorandum on May 18, 2007. Staff asserts that the Fuel Index Procedure remains applicable and concludes as follows:

In summary, the Commission Staff would urge the Commission to reject the wash of theories Delmarva offers up to avoid its continuing obligations to Virginia ratepayers under the MOA – an agreement voluntarily

⁵ *Id.* at 3.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 4.

⁹ Delmarva's May 2, 2007 Legal Memorandum at 4.

¹⁰ *Id.* at 4-5 (emphasis added).

¹¹ *Id.* at 17.

¹² Consumer Counsel's May 18, 2007 Legal Memorandum at 18.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

undertaken by the Company and that was, and remains, consistent with the continuing will and intentions of the Virginia General Assembly as discussed throughout this Staff Memorandum.

It is the Staff's belief that following the Commission's review of the Company's legal fusillade, the Commission should conclude, as it did in 2006, that 'a fuel factor established pursuant to the Fuel Index Procedure results in capped rates that are reasonable and fair both to the public and the Company,' and that 'permitting the Company to charge the higher rates that the Divestiture Order and MOA were explicitly designed to prohibit would result in capped rates that are unreasonable and unfair to ratepayers.'¹³

On May 25, 2007, Delmarva filed a Reply to Staff's and Consumer Counsel's legal memoranda. The Company states that,

[m]ost troubling, [Staff and Consumer Counsel] ignore[] the significant changes that have led the 2007 General Assembly to reverse many of the policies that it adopted in 1999 on which the MOA was premised so that no broad-based competitive retail electric market can now develop in Virginia. Furthermore, [Staff and Consumer Counsel] ignore[] the General Assembly's specific recognition in Enactment Clause 5 of the 2007 legislation of the Commission's power to revise, if necessary, the 2000 MOA and the Divestiture Order.¹⁴

NOW THE COMMISSION, upon consideration of this matter, finds that the MOA and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding.

MOA and Fuel Index Procedure

The MOA and Fuel Index Procedure state in part as follows:

That Delmarva's capped rate established pursuant to Va. Code § 56-582 and the provisions of this [MOA] shall be deemed its default rate pursuant to Va. Code § 56-585 whenever Delmarva is a provider of *default service* during any period in which *capped rates* are also in effect;¹⁵

The attached Fuel Index Procedure (Attachment 2) will be utilized in establishing fuel rates on and after January 1, 2004, to the extent *capped rates* remain in effect and Delmarva is then a provider of *default service* under Va. Code § 56-585. Such Fuel Index Procedure shall remain operative for purposes of determining or redetermining fuel rates until such time as Delmarva is no longer designated as a provider of *default service* by the Commission pursuant to Va. Code § 56-585.¹⁶

After the sale of its generating assets, Delmarva intends to meet its obligations to serve Virginia retail customers using purchased power agreements. Concerns were raised by Staff as to the potential for future increases in fuel rates as the result of changes in market prices of purchased power agreements relative to the fuel costs that would have been realized in the absence of a sale of the generating units.

To address such concerns, the [MOA] . . . provides for . . . until such time as an alternative provider of default service is established, a proxy method for estimating the fuel costs that would have otherwise been incurred absent the sales and transfer of the generating units.¹⁷

Delmarva currently provides default service (§ 56-585 of the Code) to its Virginia retail customers at capped rates (§ 56-582 of the Code). Accordingly, the MOA and Fuel Index Procedure are applicable to this case pursuant to the express terms thereof.

Capped Rates and Default Service

The Company argues, however, that the "MOA's provisions as to the use of the Fuel Index Procedure for determining the fuel factor for Delmarva should no longer be 'applicable' (in the words of § 56-582.B) past July 1, 2007, the legislatively mandated end-point of capped rates and the presumed beginning of a fully competitive retail market in Virginia at the time the MOA was executed and approved."¹⁸ In addition, Delmarva repeatedly states that it expected the number of default service customers "to be small:"¹⁹

- There was no expectation in 2000 that in 2007 Delmarva would be providing generation service to virtually *all* of its Virginia customers at 'default service' rates.²⁰

¹³ Staff's May 18, 2007 Legal Memorandum at 18 (quoting 2006 Fuel Order at 12-13).

¹⁴ Delmarva's May 25, 2007 Reply at 2 (citing 2007 Va. Acts Ch. 888 and 933).

¹⁵ MOA at 4 (emphasis added).

¹⁶ MOA at 10 ¶8 (emphasis added).

¹⁷ MOA, Attach. 2 (Fuel Index Procedure) at 1.

¹⁸ Delmarva's May 2, 2007 Legal Memorandum at 6.

¹⁹ *Id.* at 7.

²⁰ *Id.* (emphasis in original).

- The Company's expectation under the MOA, as supported by the legislative framework, was that by July 1, 2007 or earlier it would be serving, at most, only a *small subset* of 'default service' customers.²¹
- [T]he assumed competitive retail market was expected to attract most of the Company's customers, thus leaving only a *de minimis* number of customers on 'default service.'²²
- [O]nly a *small subset* of customers would be provided default service after July 1, 2007.²³
- [D]efault service would be a *very limited* service offering.²⁴
- Delmarva reasonably foresaw . . . default service being required for only a *very limited* number of customers after July 1, 2007.²⁵

As acknowledged by Delmarva, however, "[i]n 2004 the Virginia General Assembly extended the end date for capped rates to December 31, 2010," and "clarified the existing provision for recovery of fuel and purchased power costs and preserved the MOA, 'if applicable,'" by specifying that the Commission may adjust capped rates for "recovery of fuel and purchased power costs pursuant to § 56-249.6 and, *if applicable*, in accordance with the terms of any Commission order approving the divestiture of generation assets pursuant to § 56-590."²⁶ Thus, when the General Assembly extended the capped rate period, it explicitly preserved the Divestiture Order and MOA. The MOA, in turn, does not list a specific end date for the Fuel Index Procedure. It could have, but it does not. The MOA lists a specific start date (January 1, 2004) for the Fuel Index Procedure, but not a specific end date. Rather, the MOA expressly states that the Fuel Index Procedure applies "to the extent capped rates remain in effect and Delmarva is then a provider of default service under Va. Code § 56-585."²⁷

Furthermore, although Delmarva now claims that it expected to provide default service to a small subset of customers, the Virginia statute and the MOA both permitted the possibility that effective competition would not develop and, thus, that all retail customers could potentially receive default service. As explained by Staff, "the universe of potential default customers comprised every retail customer in every Virginia-jurisdictional electric utility's service territory."²⁸ Staff further notes that Delmarva, in responding to a question in Case No. PUE-2002-00645 involving default service, similarly acknowledged as follows: "Default service should be a 'safety-net' service to assure that generation service is available to *all* customers and *all* customer classes, including those customers that are unable to contract with or have been refused service by alternate generation suppliers."²⁹ Indeed, neither the Virginia statute nor the MOA limit the number of customers under, or the time frame for the provision of, default service.

Consumer Counsel further explains that "[t]he very reason the MOA exists is because of the concern in 2000 that competition may not develop in the Commonwealth and that Delmarva's default service customers might otherwise be exposed to the adverse consequences of its decision to divest."³⁰ In contrast to the Company's stated expectation of effective competition and small-scale default service, Delmarva's obligations under the MOA are not dependent upon either: "[P]arties to the MOA could have provided for a threshold amount of competition whereby Delmarva would be subject to the MOA only if an agreed upon percentage of customers were shopping as of July 1, 2007."³¹ The MOA and Fuel Index Procedure contain no such threshold or limitation.

Finally, Delmarva appears to posit that if the Fuel Index Procedure ends on July 1, 2007, then the MOA is inapplicable and its fuel rate as of that date must be equivalent to its wholesale power costs. Although we have found that the Fuel Index Procedure does not end on July 1, 2007, Consumer Counsel states that the Company's proposed remedy also is incorrect. Consumer Counsel asserts that if the Fuel Index Procedure terminated, the MOA would not terminate but, rather, the Rate Case Protocol portion of the MOA would be applicable. Consumer Counsel explains this as follows:

[E]ven assuming (without conceding) that the Fuel Index Procedure, as a stand-alone process, no longer applies as of July 1, 2007 because capped rates were originally scheduled to terminate on that date, as Delmarva now claims, the appropriate remedy would not be simply to terminate the MOA. If the Commission made such a finding, the proper remedy would be to allow instead recovery of Delmarva's purchased power costs pursuant to

²¹ *Id.* (emphasis added).

²² *Id.* at 8 (footnote omitted) (emphasis added).

²³ Delmarva's May 25, 2007 Reply at 3 n.6 (emphasis added).

²⁴ *Id.* at 6 (emphasis added).

²⁵ *Id.* (emphasis added).

²⁶ Delmarva's May 2, 2007 Legal Memorandum at 6 (quoting Va. Code § 56-582 B (emphasis added by Delmarva)).

²⁷ MOA at 10 ¶8.

²⁸ Staff's May 18, 2007 Legal Memorandum at 11. Staff notes that "[s]ubsection A of § 56-585 has always required that default service be 'available to retail customers requiring [it] commencing with the date of retail choice for all retail customers established pursuant to § 56-577 [January 1, 2004].' Thus, once retail choice was available to all customers, all customers would be eligible for default service." *Id.* at 10-11 (footnote omitted).

²⁹ *Id.* at 12 (citation omitted) (emphasis added).

³⁰ Consumer Counsel's May 18, 2007 Legal Memorandum at 18.

³¹ *Id.* at 17.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

the Rate Case Protocol, which was intended to apply 'if capped rates under Va. Code § 56-582 are terminated . . . on or before July 1, 2007,' MOA at 4, and incorporates the rate protections of the Fuel Index Procedure.³²

New Statute

In its Reply to Staff and Consumer Counsel, Delmarva argues that an enactment clause to legislation passed by the General Assembly in 2007 "allows the Commission to modify the Divestiture Order, if necessary."³³ Delmarva does not assert that the Commission was somehow prohibited from modifying the Divestiture Order absent the enactment clause to which it cites. The Company states that "Enactment Clause 5 empowered the Commission to adopt [sic] to the changing landscape of electric retail markets" and quotes such clause:

"That nothing in this act shall be deemed to modify or impair the terms, *unless otherwise modified by an order of the State Corporation Commission*, of any order of the State Corporation Commission approving the divestiture of generation assets that was entered pursuant to § 56-590 of the Code of Virginia."³⁴

Contrary to Delmarva's assertions, the General Assembly's references to the Divestiture Order have consistently upheld the Commission's implementation thereof. As discussed above, the 2004 statutory amendments purposefully preserved the Divestiture Order and MOA. Likewise, the enactment clause quoted above continues to preserve the Divestiture Order and MOA. Furthermore, while the General Assembly could certainly have done so, the enactment clause does not direct the Commission to modify, or to consider modifying, the Divestiture Order or the Commission's implementation of the express terms thereof, nor did the General Assembly legislatively terminate the Divestiture Order or the MOA, as it could have done. We can only conclude from the 2004 and 2007 legislation that the General Assembly preserved the Divestiture Order and MOA.

In Delmarva's 2006 fuel case it asked the Commission to exercise discretion and to modify implementation of the express terms of the Divestiture Order and MOA. In rejecting such request in 2006, the Commission explained as follows:

We have reviewed the law and facts in this proceeding and, in our judgment, conclude that a fuel factor established pursuant to the Fuel Index Procedure results in capped rates that are reasonable and fair both to the public and the Company.

In 2000, Delmarva sought Commission approval of the Company's plan to divest all of its generating units. Delmarva was not required by any Virginia law to divest its generation. Indeed, § 56-590 of the Code, in effect since 1999, *prohibits* the Commission from requiring any incumbent electric utility, such as Delmarva, to divest itself of any generation. The decision to divest was a decision made by Delmarva. That decision created a number of risks for ratepayers. The *Divestiture Order* and MOA addressed those risks and, as a result, included numerous provisions for the protection and benefit of ratepayers.³⁵ The ratepayer benefits that Delmarva asserts have accrued since 2000 are the type of benefits reasonably captured by the *Divestiture Order* and MOA. Similarly, the capped rate protections commencing under the MOA in 2004 represent another set of ratepayer benefits and likewise were part of the conditions necessary for the Commission to approve the requested divestiture in 2000. Any benefits that ratepayers may have received under the MOA since 2000 do not render unreasonable the Commission's decision to implement, now, the specific capped rate protections that were expressly adopted for 2004 and beyond. To the contrary, we find that permitting the Company to charge the 'higher rates' that the *Divestiture Order* and MOA were explicitly designed to prohibit would result in capped rates that are unreasonable and unfair to ratepayers.³⁶

Aware of this decision when passing the 2007 enactment clause quoted by Delmarva, the General Assembly did not abrogate or modify the Divestiture Order or the Commission's implementation of the MOA and Fuel Index Procedure. Delmarva, nonetheless, may seek the relief it desires through subsequent legislation that alters, or that directs the Commission to alter, the Divestiture Order. Current legislation, however, has continued to uphold the Divestiture Order and the Commission's implementation thereof. Against this legislative backdrop, Consumer Counsel's plea resonates for purposes of the instant proceeding: "To discard the MOA now, at the very time it is most needed, would harm Delmarva's customers by removing a protection to which they are *legally* entitled. This the Commission should not do."³⁷

Constitutional Taking

The Company asserts that "the Commission's failure to allow full pass through of purchased power costs will result in a taking of Delmarva's property in violation of its due process rights."³⁸ Delmarva states that in *Duquesne Light Co. v. Barasch*, "the United States Supreme Court has defined the

³² *Id.* at 7.

³³ Delmarva's May 25, 2007 Reply at 8.

³⁴ *Id.* at 4 (citing 2007 Va. Acts Ch. 888 and 933, 5th Enactment Clause (emphasis added by Delmarva)).

³⁵ The MOA was a voluntary agreement negotiated between Delmarva and Staff, which Delmarva filed with the Commission and asked the Commission to adopt as part of the Company's divestiture plan. *See, e.g., Divestiture Order* at 1.

³⁶ 2006 Fuel Order at 12-13 (emphasis and footnote in original).

³⁷ Consumer Counsel's May 18, 2007 Legal Memorandum at 18 (emphasis added).

³⁸ Delmarva's May 2, 2007 Legal Memorandum at 12 (typeface and case modified).

basic right of a public utility not to be forced to serve its customers at rates that are below its costs."³⁹ Delmarva also states that *Duquesne Light* "reinforced that it is not the method of rate making that must be scrutinized but the end result of the rate order that is the paramount concern:"

"Today we reaffirm these teachings of *Hope Natural Gas*: '[I]t is not theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unreasonable, judicial inquiry . . . is at an end."⁴⁰

The Company concludes that "[i]t is clear that the Takings Clause of the Fifth Amendment as applied to State action through the Fourteenth Amendment 'explicitly protects private property from government confiscation without adequate compensation' and another rate order leading directly to a net income loss would be such an impermissible confiscation."⁴¹

First, and as noted by Consumer Counsel,⁴² the Commission explained in Delmarva's prior fuel case that application of the MOA and Fuel Index Procedure did not result in an impermissible confiscation:

Finally, the *Divestiture Order* and MOA do not speculate on nor limit the benefits, quantitative or qualitative, that could accrue to the Company by divesting all of its generating units. For example, in May 2000 Delmarva publicly stated that it expected to net approximately \$1 billion from divestiture. In accepting the *Divestiture Order* and MOA, Delmarva's management made a voluntary business decision in which the Company agreed to a number of potential risks and benefits necessarily associated with its decision to embark on the path to divestiture. An analysis of possible risks and benefits inuring to the Company as a result of such transactions should, and indeed may, have been part of the calculus used by Delmarva's management in deciding whether to carry out divestiture.

. . . .
The Commission is not obligated and, indeed, finds that it would be unreasonable, to modify the *Divestiture Order* and MOA *post facto* and to force ratepayers to rescue the Company from the results of its own economic business decisions. In this instance, any claimed losses to the Company do not result from destruction of economic value by the Commission but, rather, represent value that has been lost as a consequence of economic forces to which Delmarva is subjected as a direct result of its own business decisions, decisions that Delmarva freely made and which were not forced upon the Company by the Commission.⁴³

Next, and contrary to the Company's suggestions, Virginia law neither required nor "invited" Delmarva to divest its generation assets and enter into the MOA;⁴⁴ the decision to embark on that path was solely Delmarva's. As explained by Staff, the General Assembly declined to mandate divestiture and specifically prohibited the Commission from requiring it.⁴⁵ Consumer Counsel accurately concludes as follows:

The Commission did not compel Delmarva to divest its generation assets. To the contrary, the Virginia Electric Utility Restructuring Act has, since its enactment, expressly prohibited any such forced action and clearly provided that any such divestiture was merely permitted and only with the approval of the Commission. Nor did the Commission compel Delmarva to propose the MOA. *By proposing and agreeing to rate treatment consistent with the MOA, Delmarva exposed itself to the type of business risk from which the Constitution does not require the Commission to relieve the Company.*⁴⁶

We reject Delmarva's arguments that United States Supreme Court precedent prohibits implementation of the express terms of the *Divestiture Order* and MOA. First, the type of business risk to which Delmarva voluntarily exposed itself by implementing divestiture under the auspices of the MOA is but one example of the "operation of economic forces" that is not afforded constitutional protection. Specifically, as explained by the Supreme Court in *Market Street Railway Co. v. Railroad Comm'n of California*:

The due process clause has been applied to prevent governmental destruction of existing economic values. It has not and cannot be applied to insure values or to restore values that have been lost by the operation of economic forces.⁴⁷

Next, the Company's reliance on *Duquesne Light* is misplaced; that case further supports the Commission's enforcement of the MOA. The Supreme Court did not find a constitutional violation in *Duquesne Light*. More importantly, Consumer Counsel explains that *Duquesne Light* "addresses

³⁹ *Id.* (citing *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307-308, 310-311 (1989) ("*Duquesne Light*").

⁴⁰ *Id.* at 13 (quoting *Duquesne Light*, 488 U.S. at 310).

⁴¹ *Id.* at 14 (citation omitted).

⁴² Consumer Counsel's May 18, 2007 Legal Memorandum at 8-9.

⁴³ 2006 Fuel Order at 14-15 (footnote omitted).

⁴⁴ *See, e.g.*, Delmarva's May 2, 2007 Legal Memorandum at 4.

⁴⁵ *See* Staff's May 18, 2007 Legal Memorandum at 1-3.

⁴⁶ Consumer Counsel's May 18, 2007 Legal Memorandum at 9 (footnote omitted) (emphasis added).

⁴⁷ *Market Street Railway Co. v. Railroad Comm'n of California*, 324 U.S. 548, 567 (1945).

regulatory action in which a result is *imposed* upon a regulated entity, facts that are clearly not before the Commission in the instant case."⁴⁸ Delmarva chose to seek divestiture of its generation in accordance with the Divestiture Order and MOA; the transaction and resulting rates were not imposed in the manner addressed by *Duquesne Light*. As proffered by Consumer Counsel, "[i]t is simply counterintuitive that Commission approval of a rate that is consistent with rate treatment that Delmarva voluntarily proposed and agreed to could somehow constitute an unconstitutional taking by the Commission."⁴⁹

Finally, Consumer Counsel properly concludes that "[e]ven if such a 'taking' is possible (a proposition for which Consumer Counsel has not identified support), the distinction recognized by the United States Supreme Court in [*Federal Power Comm'n v. Sierra Pacific Power*] between a rate that is imposed upon a utility and a rate that a utility agrees to sheds light on how high the threshold would be to establish such a counterintuitive constitutional claim."⁵⁰ Consumer Counsel explains that in *Sierra Pacific*, "the Supreme Court recognized that the proper standard for reviewing the reasonableness of rates pursuant to the Federal Power Act is different in a situation where a utility has voluntarily agreed, as Delmarva did, to a particular rate treatment:"

[W]hile it may be that the [Federal Power] Commission may not normally impose upon a public utility a rate which would produce less than a fair return, it does not follow that the public utility may not itself agree by contract to a rate affording less than a fair return or that, if it does so, it is entitled to be relieved of its improvident bargain. In such circumstances the sole concern of the Commission would seem to be whether the rate is so low as to adversely affect the public interest – as where it might impair the financial ability of the public utility to continue its service, cast upon other consumers an excessive burden, or be unduly discriminatory.⁵¹

We agree with Consumer Counsel that in approving the MOA, the Commission found that its provisions were in the public interest, and that "[a]bsent the protections of the MOA, the burden that Delmarva's consumers would bear is clearly excessive, as evidenced by the potential rate impact of Delmarva's proposals in both the instant proceeding and last year's proceeding – not to mention the experience in other states, such as Maryland, Delaware, and Illinois, that have allowed divestiture of generation assets without the benefit of voluntary agreements similar to the MOA."⁵² Accordingly, if the Commission were required to apply a *Sierra Pacific* analysis, "approval of a rate consistent with the MOA would not result in an unjust and unreasonable rate, much less an unconstitutional rate."⁵³

Filed Rate Doctrine

The Company asserts that "[i]f the Commission allows a pass through only of proxy fuel costs based on the Fuel Index Procedure on and after July 1, 2007 and disallows the actual costs of purchased power to serve Delmarva's Virginia customers, it will violate the 'filed rate' doctrine that arises by Delmarva's wholesale purchase of electricity at market rates from unaffiliated out-of-state suppliers of electricity for resale in Virginia."⁵⁴ Delmarva states that "[w]hen FERC sets a rate between a seller of power and a wholesaler-as-buyer, a State may not exercise its undoubted jurisdiction over retail sales to prevent the wholesaler-as-reseller from recovering the costs of paying the FERC-approved rate. Such a 'trapping' of costs is prohibited."⁵⁵ The Company also states that the United States District Court for the Northern District of California, in *Pacific Gas and Electric Co.*,⁵⁶ applied the filed rate doctrine to market-based wholesale tariffs and found that the California Public Utility Commission was required to permit recovery of wholesale purchased power costs that were higher than the retail rates mandated by state statute.⁵⁷ The Company concludes that "[t]here is no doubt that the use of the Fuel Index Procedure beyond July 1, 2007 will create a 'trapping' of costs that is prohibited by federal law," and, thus, the "filed rate doctrine requires that the Company be allowed to recover its prudently incurred costs of purchased power through retail rates applicable to its Virginia jurisdictional customers."⁵⁸

We agree with Staff that the filed rate doctrine is not applicable to this proceeding due to Delmarva's voluntary agreement to establish its retail fuel rate with reference to the Fuel Index Procedure. Staff states that the "issue before this Commission . . . is the continuing viability of Delmarva's voluntary agreement to index its fuel rate under the MOA during Virginia's capped rate period."⁵⁹ The instant proceeding is different from *Pacific Gas and Electric Co.*, which involved electric rates frozen by statute. Here, "it is the MOA, which Delmarva voluntarily offered as an inducement to divestiture – not Virginia's capped rates – that acts to curb the Company's retail electric rates."⁶⁰

⁴⁸ Consumer Counsel's May 18, 2007 Legal Memorandum at 10 n.14 (emphasis added).

⁴⁹ *Id.* at 9.

⁵⁰ *Id.* at 9-10 (citing *Federal Power Comm'n v. Sierra Pacific Power*, 350 U.S. 348 (1956) ("*Sierra Pacific*")) (footnote omitted).

⁵¹ *Id.* at 10 (quoting *Sierra Pacific*, 350 U.S. at 355 (emphasis in original)).

⁵² *Id.* at 10-11 (footnote omitted).

⁵³ *Id.* at 11.

⁵⁴ Delmarva's May 2, 2007 Legal Memorandum at 9. The Company states that "[i]f the Commission were to repeat its decision from Case No. PUE-2006-00033 and require the continued use of the Fuel Index Procedure to calculate the fuel factor that will be in effect until May 31, 2008, . . . the Company would suffer another after-tax net income loss of approximately \$1.76 million to serve its Virginia customers." *Id.* at 4.

⁵⁵ *Id.* at 10 (quoting *Nantahala Power & Light Co. v. Thornburg*, 476 U.S. 953, 966 (citations omitted)).

⁵⁶ *Pacific Gas and Electric Co. v. Lynch*, 216 F.Supp. 2d 1016 (N.D. Cal. 2002) ("*Pacific Gas and Electric Co.*").

⁵⁷ Delmarva's May 2, 2007 Legal Memorandum at 11.

⁵⁸ *Id.* at 10, 12.

⁵⁹ Staff's May 18, 2007 Legal Memorandum at 16.

⁶⁰ *Id.*

Indeed, the Company did not raise the filed rate doctrine as a defense in its prior fuel case in 2006 (Case No. PUE-2006-00033), wherein the Commission applied the Fuel Index Procedure and approved fuel rates that were lower than the Company's wholesale power costs. As a result, Delmarva asserts that it "served its customers in Virginia at a \$3.75 million net after-tax loss in 2006."⁶¹ Delmarva, however, contends that although it honored its agreement in the MOA for purposes of the 2006 fuel case, the filed rate doctrine is violated if the Commission enforces the Fuel Index Procedure after July 1, 2007:

[In the 2006 proceeding the] Company honored its agreement in 2000 to use the Fuel Index Procedure through July 1, 2007 when rate caps were to have ended and limited default service would have been provided. That agreement to use the Fuel Index Procedure must now be modified for the fuel and purchased power costs incurred on and after July 1, 2007, the *end date* of the Company's agreement. The 'voluntary' agreement to use the MOA's Fuel Index Procedure is not in perpetuity and the filed rate doctrine will be violated if actual wholesale purchase power costs are 'trapped' by the Commission's Order beginning on July 1, 2007.⁶²

Thus, Delmarva argues that the filed rate doctrine applies after the end date of its agreement to use the Fuel Index Procedure. As discussed above, however, the MOA does not list the end date for the Fuel Index Procedure as July 1, 2007. Rather, as previously noted, the end date for the Fuel Index Procedure is listed as the end of capped rates: "The attached Fuel Index Procedure (Attachment 2) will be utilized in establishing fuel rates on and after January 1, 2004, to the extent *capped rates remain in effect* and Delmarva is then a provider of default service under Va. Code § 56-585."⁶³ In addition, and as also discussed above, Consumer Counsel asserts that when the Fuel Index Procedure ceases to apply on a stand-alone basis, the Rate Case Protocol (which incorporates the Fuel Index Procedure) contained in the MOA becomes applicable. The filed rate doctrine did not preempt application of the Fuel Index Procedure in Delmarva's prior fuel case, and likewise does not preempt the Commission's implementation of the Fuel Index Procedure in the instant case.

Frustration of Performance

Delmarva argues that "its current predicament meets all three factual requirements for the defense of frustration of performance."⁶⁴ The Company states that: (1) "development of the competitive market was clearly expected;" (2) "the assumed competitive market was expected to attract most of the Company's customers, thus leaving only a de minimis number of customers on 'default service;" and (3) "the anomaly that virtually all customers are on 'default service' is a substantial failure of a legislative assumption relied upon by the Company when it entered into the MOA that obviously has made 'performance impracticable,' *i.e.*, providing service below its cost."⁶⁵

We agree with Consumer Counsel that "interpretation and enforcement of the MOA is not a matter of private contract law," but, rather, "[i]t was within the Commission's exclusive jurisdiction to approve the MOA and to approve the transfer of Virginia jurisdictional assets to non-jurisdictional entities subject to the terms proposed by Delmarva."⁶⁶ We also agree with Consumer Counsel that the frustration of purpose doctrine, even if applicable to this proceeding, does not apply to the facts presented herein: "Because the development of competition to some unspecified level was and is not essential or necessary to Delmarva's compliance with the terms of the MOA, Delmarva cannot avail itself of the frustration of purpose doctrine."⁶⁷ Furthermore, the "rate protections of the MOA were crafted to cover specifically those ratepayers for whom competition did not present a viable competitive alternative. In other words, Delmarva's performance of default service at rates consistent with the MOA depends entirely upon the inability of competition to develop."⁶⁸

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The MOA and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding.

(2) This case is continued.

⁶¹ Delmarva's May 25, 2007 Reply at 10.

⁶² *Id.* at 9-10 (emphasis added).

⁶³ MOA at 10 ¶8 (emphasis added).

⁶⁴ Delmarva's May 2, 2007 Legal Memorandum at 8. Delmarva states that "[a] party may rely on the defense of frustration of performance if there was '(1) the unexpected occurrence of an intervening act, (2) such occurrence was of such a character that its non-occurrence was a basic assumption of the agreement of the parties, and (3) that occurrence made performance impracticable.'" *Id.* (quoting *Opera Co. of Boston v. Wolf Trap Foundation*, 817 F.2d 1094, 1102 (4th Cir. 1987, applying Virginia law)).

⁶⁵ *Id.* at 8-9 (footnotes omitted).

⁶⁶ Consumer Counsel's May 18, 2007 Legal Memorandum at 15-16.

⁶⁷ *Id.* at 17.

⁶⁸ *Id.*

**CASE NO. PUE-2007-00013
JUNE 25, 2007**

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

ORDER DENYING REQUESTS

On April 2, 2007, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor, and a corresponding increase to its capped rates, pursuant to the provisions of §§ 56-249.6 and 56-582 of the Code of Virginia ("Code") ("Application"). Delmarva "provides retail electric service to approximately 22,330 customers in the Eastern Shore counties of Accomack and Northampton, Virginia. Those customers produce approximately 3.8% of the Company's total electric revenues."¹ Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power it supplies to its customers."² The Company's Virginia jurisdictional load is approximately 92 MW, and "[a]ll of the electric energy needed to serve the Company's Virginia electric customers from June 1, 2007 through September 30, 2007 will be purchased under a full requirements power purchase contract executed March 28, 2007."³

The Company further states that the "Commission's Final Order issued in Case No. PUE-2006-00033 on June 19, 2006 ('2006 [Fuel] Order') approved an increase of 2.5486¢ per kWh in the fuel rate to raise the fuel rate to 5.6185¢ per kWh. This increase in the fuel component was substantially less than the actual increase in the cost of power purchased to provide service to Delmarva's Virginia retail customers and instead was based on the use of proxy fuel calculations pursuant to the Fuel Index Procedure contained in the Company's Memorandum of Agreement ('MOA') adopted by the Commission in its Final Order in Case No. PUE-2000-00086 and Case No. PUA-2000-00032 (June 29, 2000) (the 'Divestiture Order')."⁴

For service rendered during June 2007, Delmarva requests a fuel rate of "5.2284¢ per kWh based on the Fuel Index Procedure calculation for June 2007[, which] is a 0.3901¢ per kWh reduction from the [previously approved] 5.6185¢ per kWh."⁵ The Company asserts "that the Fuel Index Procedure would not be effective after June 30, 2007. . . ."⁶ Thus, for service rendered on and after July 1, 2007, Delmarva requests a fuel rate of 6.5986¢ per kWh, which is a 0.9801¢ per kWh increase to the previously approved 5.6185¢ per kWh and which "reflect[s] a blend of Delmarva's cost of purchased power during the period June 1 through September 30, 2007 under a new power purchase agreement for that period executed March 28, 2007 and the estimated cost of purchased power during the period October 1, 2007 through May 31, 2008. . . ."⁷ The Company states that the revised rates "would result in an annual increase in charges to Delmarva's Virginia retail customers of approximately \$3.7 million, a 7.8% increase above current rates based on the 12 months ended December 31, 2006."⁸

On June 8, 2007, the Commission issued an Order, which found "that the MOA and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding."⁹

On June 21, 2007, Delmarva filed a Petition for Reconsideration and Renewed Request for Rates to be Placed in Effect on July 1, 2007.¹⁰ The Company: (1) "requests the Commission to reconsider its June 8, 2007 Order ('June 8 Order') and find that Delmarva should be allowed to recover its actual wholesale costs incurred beginning July 1, 2007 to purchase power to serve, as it must, its Virginia customers;" and (2) "[a]dditionally, in order to avoid depriving Delmarva of the right to have an effective review of the Commission's June 8 Order without losing its ability to recover its actual prudent costs, Delmarva renews its request in its Application to be allowed to place into effect on July 1, 2007, the 6.5986¢ per kWh fuel factor ('the Actual Fuel Factor') while Delmarva pursues its legal remedies as to the June 8 Order and requests that the Commission rule on this additional request before July 1, 2007."¹¹

¹ Application at 1.

² *Id.* at 2.

³ *Id.* at 2-3.

⁴ *Id.* at 2.

⁵ *Id.* at 3.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 4.

⁹ June 8, 2007 Order at 5.

¹⁰ Delmarva did not identify any rule, under the Commission's Rules of Practice and Procedure ("Rules"), pursuant to which it filed its Petition for Reconsideration and Renewed Request for Rates to be Placed in Effect on July 1, 2007. For example, Rule 5 VAC 5-20-220 permits parties to file a petition for reconsideration of certain final judgments, orders, and decrees. The June 8, 2007 Order, however, is not a final order, and a petition for reconsideration thereof is not proper under the Rules. We will treat Delmarva's request herein as a motion filed pursuant to Rule 5 VAC 5-20-110.

¹¹ Delmarva's Petition for Reconsideration and Renewed Request for Rates to be Placed in Effect on July 1, 2007, at 1.

NOW THE COMMISSION, upon consideration of this matter, denies Delmarva's requests.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Delmarva's request for reconsideration and its renewed request for rates to be placed in effect on July 1, 2007 are denied.
- (2) This case is continued.

**CASE NO. PUE-2007-00013
JULY 11, 2007**

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

FINAL ORDER

On April 2, 2007, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor, and a corresponding increase to its capped rates, pursuant to the provisions of §§ 56-249.6 and 56-582 of the Code of Virginia ("Code") ("Application"). Delmarva "provides retail electric service to approximately 22,330 customers in the Eastern Shore counties of Accomack and Northampton, Virginia. Those customers produce approximately 3.8% of the Company's total electric revenues."¹ Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power it supplies to its customers."² The Company's Virginia jurisdictional load is approximately 92 MW, and "[a]ll of the electric energy needed to serve the Company's Virginia electric customers from June 1, 2007 through September 30, 2007 will be purchased under a full requirements power purchase contract executed March 28, 2007."³

The Company further states that the "Commission's Final Order issued in Case No. PUE-2006-00033 on June 19, 2006 ('2006 [Fuel] Order') approved an increase of 2.5486¢ per kWh in the fuel rate to raise the fuel rate to 5.6185¢ per kWh. This increase in the fuel component was substantially less than the actual increase in the cost of power purchased to provide service to Delmarva's Virginia retail customers and instead was based on the use of proxy fuel calculations pursuant to the Fuel Index Procedure contained in the Company's Memorandum of Agreement ('MOA') adopted by the Commission in its Final Order in Case No. PUE-2000-00086 and Case No. PUA-2000-00032 (June 29, 2000) (the 'Divestiture Order')."⁴

For service rendered during June 2007, Delmarva requests a fuel rate of "5.2284¢ per kWh based on the Fuel Index Procedure calculation for June 2007[, which] is a 0.3901¢ per kWh reduction from the [previously approved] 5.6185¢ per kWh."⁵ The Company asserts "that the Fuel Index Procedure would not be effective after June 30, 2007. . . ."⁶ Thus, for service rendered on and after July 1, 2007, Delmarva requests a fuel rate of 6.5986¢ per kWh, which is a 0.9801¢ per kWh increase to the previously approved 5.6185¢ per kWh and which "reflect[s] a blend of Delmarva's cost of purchased power during the period June 1 through September 30, 2007 under a new power purchase agreement for that period executed March 28, 2007 and the estimated cost of purchased power during the period October 1, 2007 through May 31, 2008. . . ."⁷ The Company states that the revised rates "would result in an annual increase in charges to Delmarva's Virginia retail customers of approximately \$3.7 million, a 7.8% increase above current rates based on the 12 months ended December 31, 2006."⁸

On April 13, 2007, the Commission entered an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this case; (2) scheduled a public hearing for July 9, 2007, to receive comments from members of the public and evidence on the Application; (3) required the Company to provide notice of its Application; (4) permitted Delmarva to place in effect, on an interim basis subject to refund, a fuel rate of a 5.2284¢ per kWh (*i.e.*, a decrease of 0.3901¢ per kWh to the previously approved fuel rate of 5.6185¢ per kWh); and (5) directed participants in this case to file legal memoranda addressing the applicability of the MOA and the Fuel Index Procedure to the Commission's adjudication of the Company's Application.

On June 8, 2007, the Commission issued an Order, which found "that the MOA and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding."⁹

On July 9, 2007, the Commission convened the previously scheduled public evidentiary hearing in this matter. Appearances were made by counsel for Delmarva, the Office of the Attorney General's Division of Consumer Counsel, and the Commission's Staff. All testimony and exhibits were

¹ Application at 1.

² *Id.* at 2.

³ *Id.* at 2-3.

⁴ *Id.* at 2.

⁵ *Id.* at 3.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 4.

⁹ June 8, 2007 Order at 5.

entered into the record subject to cross-examination, which was waived by the participants. No participant contested Delmarva's testimony herein that the Fuel Index Procedure, if it remains applicable, results in a fuel rate of 5.2284¢ per kWh. No public witnesses appeared.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. As found in the June 8, 2007 Order and for the reasons stated therein, the Commission finds that the MOA and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding. The Commission further finds that the Company's interim fuel factor of 5.2284¢ per kWh is reasonable and appropriate for usage on and after June 1, 2007.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's fuel factor shall be 5.2284¢ per kWh, effective for usage on and after June 1, 2007.
- (2) This case is dismissed.

**CASE NO. PUE-2007-00013
AUGUST 21, 2007**

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

ORDER DENYING MOTION

On April 2, 2007, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor, and a corresponding increase to its capped rates, pursuant to the provisions of §§ 56-249.6 and 56-582 of the Code of Virginia ("Code"). Delmarva "provides retail electric service to approximately 22,330 customers in the Eastern Shore counties of Accomack and Northampton, Virginia. Those customers produce approximately 3.8% of the Company's total electric revenues."¹ Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power it supplies to its customers."² The Company's Virginia jurisdictional load is approximately 92 MW, and "[a]ll of the electric energy needed to serve the Company's Virginia electric customers from June 1, 2007 through September 30, 2007 will be purchased under a full requirements power purchase contract executed March 28, 2007."³

On June 8, 2007, the Commission issued an Order, which found "that the [Memorandum of Agreement (MOA)] and Fuel Index Procedure, which are part of the Commission's June 29, 2000 Divestiture Order, remain applicable on and after July 1, 2007, for purposes of establishing Delmarva's fuel factor in this proceeding."⁴

On July 9, 2007, the Commission convened the previously scheduled public evidentiary hearing in this matter. No participant contested Delmarva's testimony herein that the Fuel Index Procedure, if it remains applicable, results in a fuel rate of 5.2284¢ per kWh.

On July 11, 2007, the Commission issued a Final Order, which found that the Company's interim fuel factor of 5.2284¢ per kWh is reasonable and appropriate for usage on and after June 1, 2007.

On August 1, 2007, Delmarva filed a Motion for Suspension of Order, which requested as follows:

Pursuant to Virginia Code § 8.01-676,1(H), [Delmarva] requests the [Commission] to suspend its Final Order of July 11, 2007 in this proceeding ('Final Order') and allow the Company to recover its actual wholesale purchased power costs through the implementation of a fuel factor of 6.5986¢ per kWh ('Fuel Factor'), while the Company seeks appellate review of the Final Order in the Supreme Court of Virginia.⁵

NOW THE COMMISSION, upon consideration of this matter, denies the Motion for Suspension of Order. The Commission notes that Delmarva has filed a Motion to Expedite and for Interim Relief at the Supreme Court of Virginia, in which it asks that Court, among other things, to suspend the Final Order and to allow interim rates to go into effect.⁶ On August 10, 2007, the Commission filed with the Supreme Court a Reply in Opposition to Motion to Expedite and for Interim Relief, in which the Commission concludes that, and explains why, the Court should deny Delmarva's request.

¹ Application at 1.

² *Id.* at 2.

³ *Id.* at 2-3.

⁴ June 8, 2007 Order at 5.

⁵ Motion for Suspension of Order at 1 (footnote omitted).

⁶ *Delmarva Power & Light Co. v. State Corporation Commission, et al.*, Record No. 071638 (S.C.C. Case No. PUE-2007-00013).

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Motion for Suspension of Order is denied.
- (2) This matter is dismissed.

**CASE NO. PUE-2007-00014
MARCH 30, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to factor its accounts receivables to an affiliate

ORDER GRANTING AUTHORITY

On February 22, 2007 Appalachian Power Company ("APCO" or "the Company") filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia. In its application, APCO proposes to factor its accounts receivables to AEP Credit, Inc. ("Credit"), an affiliate.

APCO proposes to sell its accounts receivables to Credit on a daily basis. APCO will act as a collection agent for the receipt of customer payments and remit these payments to Credit. According to the Company, this process will allow APCO to finance its accounts receivable at a lower cost of capital than it could otherwise.

The receivables will be purchased based on a discount rate. The discount rate is based upon three different costs: a cost of capital component, an agency fee, and a bad debt expense. The cost of capital component to APCO is determined by using a capital structure of 95% debt and 5% equity. The cost of debt is based on Credit's actual incurred debt costs, and the equity component will be based on the latest allowed return on equity for APCO. According to the Company, this will result in a much lower overall cost of financing than would otherwise be incurred if the capital structure of APCO was used as a basis for financing these assets.

The agency fee component is not recorded as a factoring expense. It is recorded as a receivable from Credit. When the purchased accounts are collected, APCO will remit the collections less 2%, which offsets the previously recorded receivable from Credit. Historic bad debt expense will also affect the determination of the overall discount factor at the time receivables are purchased.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will allow the Company to experience a lower cost of short-term debt and is in the public interest. However, in its Action Brief filed in this case, our Staff has raised concerns with the agreement because the ratemaking treatment associated with the factoring program is currently being addressed in Case No. PUE-2006-00065 pending before us¹. Therefore, we will limit the duration of our approval to two years in order to ensure that the agreement remains in the public interest once all of the ratemaking implications are decided. Accordingly,

IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, APCO is hereby granted approval to sell its accounts receivables to Credit under the terms and conditions and for the purposes as detailed in its application through March 31, 2009.
- 2) The authority granted herein shall have no implications for ratemaking purposes.
- 3) Commission approval shall be required for any changes in the terms and conditions of the factoring Program including, but not limited to, any changes in services received, pricing practices, or successors or assigns.
- 4) The approval granted herein should not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The Commission should reserve the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 6) APCO should include the transactions associated with the Factoring Program approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then APCO should include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 8) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

¹ Application of Appalachian Power Company, For an increase in rates.

**CASE NO. PUE-2007-00015
MARCH 22, 2007**

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On March 1, 2007, Atmos Energy Corporation ("Atmos" or "the Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia seeking authority to issue common stock. Atmos has paid the \$250 requisite fee.

In its application, Atmos requests authority to issue 2,500,000 additional shares of common stock through its 1998 Long-Term Incentive Plan ("Plan")¹. Shares will be issued over a number of years with the proceeds being used to fund general corporate purposes.

According to the Company, the purpose of the Plan is to attract and retain the services of able persons as employees and non-employee directors, to provide such persons with proprietary interest in Atmos, and to motivate employees using performance related incentives linked to longer-range performance goals. The types of awards that may be granted under the Plan include incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, bonus stock, and other stock unit awards.

THE COMMISSION, upon consideration of die application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Atmos is hereby authorized to issue 2,500,000 additional shares of common stock through its 1998 Long-Term Incentive Plan, under the terms and conditions and for the purposes set forth in the application.
- 2) There being nothing further to be done, this matter is hereby dismissed.

¹ The Commission has approved the issuance of common stock through the Plan in prior cases, most recently in Case No. PUE-2002-000236.

**CASE NO. PUE-2007-00016
MARCH 8, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an Annual Informational Filing for 2006

**ORDER GRANTING PARTIAL WAIVER
OF REQUIREMENT TO FILE AN
ANNUAL INFORMATIONAL FILING**

On March 2, 2007, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company") filed a Petition with the State Corporation Commission ("Commission") requesting a partial waiver of Rule 20 VAC 5-200-30 A(9) of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules") that requires utilities not filing a request for a base rate increase to make an Annual Informational Filing ("AIF") in accordance with those Rules. Columbia's AIF for the 12 month test year ended December 31, 2006, is due to be filed at the Commission on or before April 30, 2007. Columbia's Petition proposed to file Schedules 1 through 7, 9 through 14, 30, and the Earnings Test workpapers specified in Schedule 21 of the Rate Case Rules as part of its AIF. The Company also proposed to file Schedule 25, in satisfaction of the Company's obligation to provide an Annual Report of Affiliate Transactions.

In support of its Petition, Columbia explained that the Commission issued a Final Order in Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 ("PBR Plan Application") and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100 ("Rate Investigation"), that established a four-year PBR Plan for Columbia, effective January 1, 2007. According to Columbia, this Plan provides that Columbia will not file a revenue increase application during the PBR Plan period except under certain limited circumstances that are not currently applicable and that earnings above a specified benchmark will be shared with customers under a predetermined methodology. The Company observed that during the course of the PBR Plan Application and Rate Investigation proceeding, Columbia filed the Schedules required for a general rate increase application based on a test year ended December 31, 2005, and subsequently filed updates to these schedules for known and measurable changes to its core cost of service items for the period ending September 30, 2006. According to the Company, the Commission Staff conducted a comprehensive review of CGV's financial condition, based on such filings.

Columbia represented that the filing of Schedules 1 through 7, 9 through 14, 25, 30, and the Earnings Test workpapers specified in Schedule 21 will afford the Commission an opportunity to supplement its comprehensive review of CGV's financial condition for the test year ended December 31, 2006. The Company stated that its request for a partial waiver of the requirements of Rule 20 VAC 5-200-30 A(9) will not affect the Company's obligation under the PBR Plan to supplement its AIF with a defined Earnings Test and quarterly program reports pertaining to metrics, commencing with the Company's

2007 AIF. Columbia noted that the Commission Staff authorized the Company to represent that Staff does not oppose the relief requested in the Company's Petition.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the captioned proceeding should be docketed and assigned Case No. PUE-2007-00016; that Columbia's Petition requesting a partial waiver of the requirement of Rule 20 VAC 5-200-30 A(9) of the Rate Case Rules should be granted; that Columbia may file Schedules 1 through 7, 9 through 14, 25, 30, and the Earnings Test workpapers specified in Schedule 21, based on the test year ended December 31, 2006; that, based on the circumstances of this case, Columbia need not file Schedules 15 through 17, and 19 through 21, except Earnings Test workpapers, as part of its AIF for the test year ended December 31, 2006; and that this docket should be left open in order to receive Columbia's AIF when it is filed no later than April 30, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2007-00016.
- (2) Columbia's March 2, 2007 Petition for Partial Waiver to File an Annual Informational Filing for 2006 is hereby granted.
- (3) In accordance with the findings made herein, Columbia need not file the following Schedules required by the Rate Case Rules, Schedules 15 through 17 and 19 through 21, with the exception of the Earnings Test workpapers, with its AIF for the test period ended December 31, 2006.
- (4) In accordance with the findings made herein, Columbia shall file Schedules 1 through 7, 9 through 14, 25, 30 and the Earnings Test workpapers specified in Schedule 21, based on the test year ended December 31, 2006.
- (5) This docket shall remain open to receive the Company's AIF consisting of Schedules 1 through 7, 9 through 14, 25, 30, and the Earnings Test workpapers required in Schedule 21, based upon a test year ended December 31, 2006, when Columbia's AIF is filed on or before April 30, 2007.

**CASE NO. PUE-2007-00018
JUNE 20, 2007**

APPLICATION OF
CPV WARREN, LLC

For approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-580 D

ORDER

On March 13, 2007, CPV Warren, LLC ("CPV Warren" or "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("CPCN") pursuant to § 56-580 D of the Code of Virginia ("Va. Code"). CPV Warren proposes to construct and operate a natural gas combined-cycle electric generating power plant with a capacity up to 600 MW ("Facility") in Warren County, Virginia.

On March 13, 2003, in Case No. PUE-2002-00075,¹ the Commission granted CPV Warren a CPCN for the Facility subject to certain conditions, among which was an expiration date of two years, if construction had not commenced. Amendments to Va. Code § 56-580 H enacted in 2004 had the effect of extending the expiration date of the CPCN for an additional two years. The current CPCN expired on March 13, 2007, because construction of the Facility had not commenced by that date. CPV Warren indicated that approval of the instant application will allow the Company to continue to pursue development of the Facility.

The Facility in the current application is practically identical to the project approved in 2003. CPV Warren has acquired a binding option from Jasbo Inc. to purchase a 34.6-acre parcel of land in the Warren and Kelly Industrial Parks for the Facility's site, approximately 2.3 miles north of Interstate Route 66. CPV Warren also has acquired an option from the Economic Development Authority of Warren County and Front Royal on a 4-acre parcel of land in the Warren and Kelly Industrial Parks adjacent to the 34.6-acre parcel. The site will be located approximately 2.3 miles from Interchange 2 at Interstate 66, 5 miles north of Front Royal town limits. The site is zoned for industrial use and CPV Warren has obtained a Conditional Use Permit ("CUP") from Warren County. In the application, CPV Warren seeks the option to install either GE 7FA combustion turbines or Siemens 5000-F combustion turbines. CPV Warren is also seeking the flexibility to employ any one of the following three turbine configuration options: (i) two GE 7FA "one-on-one" configuration; (ii) one GE 7FA "two-on-one" configuration; or (iii) one Siemens 5000-F "two-on-one" configuration. Subsequent to the filing the application, CPV Warren identified an additional turbine configuration option for consideration by the Commission: a Mitsubishi "two-on-one" configuration.² CPV Warren is seeking this optionality with respect to turbine selection and configuration in order to reduce design and construction costs for the Facility, which CPV Warren contends will help initiate construction and bring the Facility to commercial operation.

CPV Warren currently anticipates that the Facility will interconnect on-site with a 500 kV line owned by Dominion Virginia Power ("Dominion") and a 138 kV line owned by Allegheny Power Systems ("Allegheny"). On March 4, 2005, the Federal Energy Regulatory Commission accepted an executed Standard Large Generator Interconnection Agreement between CPV Warren and Dominion with respect to the Facility. Interconnection will be governed by the final four-party interconnection agreement between CPV Warren, Dominion, Allegheny and PJM Interconnection, L.L.C. ("PJM"). CPV Warren states

¹ *Application of CPV Warren, LLC for a certificate of public convenience and necessity for electrical generation facilities in Warren County, Virginia*, Case No. PUE-2002-00075, SCC Ann. Rpt. 365. ("CPV Warren I")

² On May 24, 2007, CPV Warren filed a response to the report of Commission Staff ("Staff") ("Staff Report") requesting approval of the fourth configuration option for the Facility. The Company indicated that the Mitsubishi turbines are manufactured under license from Siemens and they are identical to the previously-proposed 5000-F turbines in all material respects.

that no utility whose rates are regulated by Chapter 10 has any financial or ownership interest in CPV Warren and no portion of the cost of the Facility will be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10. CPV Warren further submits that the Facility will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth, or upon the reliability of electric service provided by those utilities.

A Columbia Gas Transmission Corporation ("Columbia Gas") interstate natural gas pipeline will provide natural gas to the Facility. CPV Warren anticipates that Columbia Gas will construct a lateral of less than three miles in length to transport the gas from a new point of delivery on the Columbia Gas mainline to the Facility. The lateral will be a minimum of 16 inches in diameter and will be capable of transporting the full daily natural gas requirements of the Facility.

CPV Warren represents that the Facility will be constructed and operated to minimize any adverse environmental impact. Moreover, CPV Warren has been granted the required Prevention of Significant Deterioration ("PSD") Permit and will comply with any other federal and state environmental requirements that may arise.

In addition, CPV Warren states that the Facility will promote the public interest by providing economic benefit to Warren County, Virginia, and the surrounding area through the increased tax base and employment opportunities.

On March 28, 2007, the Commission issued an *Order for Notice and Request for Hearing*, which, among other things, directed CPV Warren to provide notice of its application to the general public, certain governmental agencies, and each investor owned and cooperative electric utilities in the Commonwealth. Additionally, the order provided an opportunity for interested persons to comment on the application, request to participate as a party to the proceeding or request a hearing on the application. Furthermore, the order directed the Staff of the Commission to analyze the application and file a Staff Report on its findings and recommendations. Moreover, CPV Warren was permitted to file a response to the Staff Report. No comments were filed; nor were there any requests for respondent status or for an evidentiary hearing. Pursuant to the Commission's scheduling order, CPV Warren provided timely proof of notice and service of its application.

In *CPV Warren I*, the Department of Environmental Quality ("DEQ") coordinated an environmental review of the application, and in conjunction with other interested state agencies, prepared a report of the impacts from construction and operation of the facility as well as recommendations for minimizing those impacts ("DEQ Report").³ For the current application, on April 30, 2007, DEQ filed an updated letter response on the environmental permitting and approvals for the proposed project. DEQ's response provided new information for the Commission's consideration of the environmental impacts of the Facility in the certification process ("DEQ Letter"). The DEQ Letter, among other things, indicated that: (i) the potential need for the Company to update its PSD air quality permit because the current proposal is for a generating facility with an increased capacity up to 600 MW;⁴ (ii) two types of water permits may apply to the current project,⁵ depending on whether it includes a discharge into a river or stream or a storm water discharge into ground water, and it appears the previous certificated project received neither permit; (iii) it would be appropriate for the Company to renew its coordination efforts with other agencies on a 2002 mitigation plan regarding the cave isopod if the existing plan is not adequate;⁶ (iv) no permit or approval relative to road consideration in relation to project has been issued;⁷ and (v) no building permit was issued for the project and that a number of changes in the building code would affect the Facility.

The DEQ Letter also provided additional environmental information for consideration by the Commission about the construction and operation of the Facility under the caption "Additional Guidance." The topics included: (i) Solid and Hazardous Waste Management: The proposed project is in the same zip code as a CERCLIS⁸ site and two hazardous waste facilities; (ii) Contamination: Soil suspected of contamination, or wastes that are generated, must be tested and disposed of in accordance with applicable federal, state, and local laws and regulations; (iii) Asbestos Disposal: Demolished renovated, or removed structures must be thoroughly inspected for the presence of asbestos; (iv) Lead-based Paints: Applicant must comply with regulations promulgated by Occupational Safety and Health Administration and the Virginia Lead-Based Paint Activities Rules and Regulations; (v) Pollution Prevention: DEQ encouraged the applicant to implement pollution prevention principles in connection with the proposed project; and (vi) VPDES Stormwater General Permit for Construction Activity: DEQ indicated that a Virginia Stormwater Management Program General Permit for Construction Activity will likely be needed for the proposed project.

On May 16, 2007, Staff filed its Staff Report as an attachment to a *Motion for Leave to File Staff Report Late*.⁹ The Staff Report, among other things, found that: (i) the project meets the criteria delineated in Va. Code § 56-580 D; (ii) the three turbine configuration options are suitable for the Facility; (iii) the interconnect of the CPV Warren facility with Dominion, Allegheny and PJM will not impact the reliability of those systems; (iv) the recommendations in the DEQ Letter should not preclude the project from receiving a CPCN; (v) CPV Warren has the financial expertise and resources to construct the Facility; (vi) the Facility would provide positive net economic benefits to Warren County and the Commonwealth. Staff recommended that the

³ The DEQ Report was filed in *CPV Warren I* on May 29, 2002.

⁴ The present PSD air quality permit issued in *CPV Warren I* allows construction of a nominal 580 MW combined cycle plant and expires at the end of July 2007.

⁵ The Virginia Pollutant Discharge Elimination System Permit ("VPDES") for discharges of industrial wastewater to surface to surface water and the Virginia Pollutant Abatement permit for discharges of storm water into ground water.

⁶ The Virginia Departments of Game and Inland Fisheries ("DGIF") and Conservation and Recreation ("DCR") along with the United States Fish and Wildlife Service agreed with the Company in 2002 to a mitigation plan regarding the cave isopod, a freshwater crustacean listed by state and federal governments as a threatened species.

⁷ The Department of Transportation's Luray Residency would conduct a detailed site plan review and issue a corresponding permit.

⁸ Comprehensive Environmental Response, Compensation, and Liability Information System.

⁹ Staff's motion represented that the Company does not object to the Staff's requested two-day extension from May 14 to May 16, 2007, to file its Staff Report.

Commission approve a CPCN for the proposed generating plant project subject to a sunset provision, necessitating the CPCN to expire in three years if construction of the facility has not commenced, and requiring the Company to seek further authority to build the Facility should the sunset provision be invoked.

On May 16, 2007, CPV Warren filed its response to the Staff Report and a motion requesting leave to file the response ("Response") out-of-time.¹⁰ Among other things, the Response offered for Commission consideration a minor revision to its application; the Company sought the flexibility of employing a fourth turbine configuration option: a Mitsubishi "two-on-one" configuration to the certification process.¹¹ The Company asserted that the additional turbine configuration option does not involve a substantive change in the application and that the Staff does not object to incorporating this additional option into the CPCN for the Facility.

With respect to DEQ's concern about the Company's need for an amended air quality permit, the Response disclosed that the Company has met twice recently with representatives of DEQ regarding the process required to implement the necessary changes to the Facility's PSD permit and that all relevant air permitting issues are being addressed. Additionally, regarding the Company's need to acquire water permits,¹² CPV Warren contended that the Facility will discharge its industrial wastewater to the Front Royal Wastewater Treatment Plant and not to surface water, that the VPA permit concerns the land application of industrial waste or spray irrigation of industrial or municipal wastewater, and as such, neither the VPDES or the VPA permit is required.¹³ As for the mitigation plan for the Madison Cave Isopod, the Response indicated that the Company is consulting with DCR on the mitigation plan and proposed to maintain in the pending proceeding the mitigation plan that it agreed to in *CPV Warren I*. Finally, CPV Warren concurred with the conclusions drawn by the Staff Report that the Facility meets the criteria delineated in Va. Code § 56-580 D and that the certificated project should be subject to a three-year sunset provision.

Upon consideration of the *Staff's Motion for Leave to File Staff Report Late*, and *CPV Warren's Motion for Leave to File its Response to the Staff Report Late*, the Commission is of the opinion that the respective motions should be granted. As mentioned above, CPV Warren's Response offered for Commission consideration a minor revision to its application by requesting the flexibility of employing an additional turbine configuration option as part of the Facility. The Mitsubishi turbine "two-on-one" configuration option was not noticed as part of the Company's application pursuant to our Order for Notice and Request and Hearing. According to the Company, the proposed fourth turbine configuration option is identical to the noticed turbine configuration options. Indeed, in the fourth turbine configuration option, the Mitsubishi turbines are identical in all respects to the turbines in the Siemens 5000-F "two-on-one" configuration option, which was properly noticed in the application.¹⁴ Furthermore, Mitsubishi turbines are manufactured under license from Siemens. We deem the fourth turbine configuration option, not initially noticed in the application, as equivalent and complementary to the noticed turbine configuration options. As such, the fourth turbine configuration option warrants no further notification of the application. The record indicates that the Commission Staff does not object to incorporating this additional option into the requested CPCN.¹⁵ We find that the fourth turbine configuration option should be considered as part of the certification process to construct and operate the Facility under the pending application.

NOW THE COMMISSION, having considered the record herein, the applicable law, and our final order in *CPV Warren I*, is of the opinion and finds that a certificate of public convenience and necessity to construct and operate the Facility should be granted to CPV Warren.

The Va. Code establishes six general areas of analysis applicable to electric generating plant applications: (i) reliability;¹⁶ (ii) competition;¹⁷ (iii) rates;¹⁸ (iv) environment;¹⁹ (v) economic development;²⁰ and (vi) public interest.²¹ We have evaluated the Facility according to these six areas.

¹⁰ *CPV Warren's Motion for Leave to File its Response to the Staff Report Late* ("CPV Warren Motion"). *CPV Warren's Response to the SCC's Staff Report* ("CPV Warren Response") CPV Warren's motion represented that Staff does not object to the Company's requested three-day extension from May 21 to May 24, 2007, to file comments to the Staff Report.

¹¹ As mentioned above, the application initially requested the following three turbine configuration options: (i) two GE 7FA "one-on-one" configurations; (ii) one GE 7FA "two-on-one" configuration; and (iii) one Siemens 5000-F "two-on-one" configuration. CPV Warren contends that the Mitsubishi turbines are identical in all respects to the turbines in the Siemens 5000-F "two-on-one" configuration.

¹² The DEQ Letter indicates two kinds of water permits may apply to the project – a Virginia Pollutant Discharge Elimination System ("VPDES") permit for discharges of industrial wastewater to surface water and a Virginia Pollutant Abatement ("VPA") permit for the discharges of storm water to ground water.

¹³ CPV Warren will apply for coverage under the VPDES General Permit for Storm Water Discharge from Steam Electric Generating Facilities (which must be filed at least 30 days prior to the startup of the Facility) and also for coverage under the VPDES General Permit for Storm Water Discharge from Construction Activities (which must be filed at least two days prior to the commencement of construction).

¹⁴ The Mitsubishi turbines are manufactured under license from Siemens, and they are identical to the previously-proposed Siemens 5000-F turbines in all material respects. CPV Warren's Response to Staff Report at 4 n. 1.

¹⁵ CPV Warren's Response to Staff Report at 4.

¹⁶ Va. Code §§ 56-46.1 A and 56-580 D(i).

¹⁷ Va. Code § 56-596 A.

¹⁸ Va. Code § 56-580 D(ii). See also 20 VAC 5-302-20 (14); *Commonwealth of Virginia, at the relation of the State Corporation Commission, Ex Parte: In the matter of amending filing requirements for applications to construct and operate electric generating facilities*, Case Nos. PUE-2001-00313 and PUE-2001-00665, 2001 S.C.C. Ann. Rpt. 585, 586.

¹⁹ Va. Code §§ 56-46.1 A and 56-580 D.

²⁰ Va. Code §§ 56-46.1 and 56-596 A.

²¹ Va. Code § 56-580 D(ii).

We find that the Facility will have no material adverse effect upon the reliability of electric service provided by any regulated public utility; nor will the Facility impact the reliability of PJM. We further find that the Facility is not otherwise contrary to the public interest; the proposed Facility has met with no public opposition, is supported by the local governmental administration, and there will be no adverse impact on rates for any Virginia-regulated public utility. Based upon the economic benefits reported in the Staff Report, we find that the Facility will have a positive impact on the economy of Warren County, Virginia. We further find that the Facility entry as a new power producer in the energy market promotes competition by reducing existing market power.

Va. Code §§ 56-580 D and 56-46.1 A directs us to give consideration to the effect of the Facility "on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact." In this regard, however, the 2002 General Assembly passed legislation to amend Va. Code §§ 56-580 D and 56-46.1 "to avoid duplication of governmental activities" effective July 1, 2002. These statutes provide, among other things, that any valid permit or approval regulating environmental impact and mitigation of adverse environmental impact, "whether such permit or approval is granted prior to or after the Commission decision," shall be deemed to satisfy the requirements of Va. Code §§ 56-580 D and 56-46.1 A "with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters."

We take judicial notice of our final order in *CPV Warren I*. In *CPV Warren I*, the Company agreed to implement all the recommendations contained in the May 29, 2002, DEQ Report (Exhibit 10), as modified by Exhibit 8, as a condition of its certificate from the Commission.²² Also, the Company reached an agreement with DGIF and DCR on the DEQ recommendations concerning the Madison Cave Isopod.²³ Accordingly, as agreed to by the Company in *CPV Warren I*, we require CPV Warren to comply with the DEQ recommendations in Exhibit 10, as modified by Exhibit 8. Additionally, we direct CPV Warren to acquire all approvals or permits that are required to construct and operate the Facility.

Accordingly, IT IS ORDERED THAT:

(1) *Staff's Motion for Leave to File Staff Report Late*, and *CPV Warren's Motion for Leave to File its Response to the Staff Report Late*, are granted;

(2) Pursuant to Va. Code § 56-580 D, CPV Warren is hereby granted authority and a certificate of public convenience and necessity to construct and operate the Facility as described in its pending application and as found herein;

(3) The certificate granted herein shall be conditioned upon CPV Warren acquiring all environmental and other approvals and permits necessary to construct and operate the proposed Facility and providing a complete list of said approvals and permits to the Commission's Division of Energy Regulation;

(4) As a condition of the certificate granted herein and as agreed to by the Company in *CPV Warren I*, CPV Warren shall comply with the recommendations made by the DEQ Report in Exhibit 10, as modified by the commitments set forth in Exhibit 8;

(5) The certificate granted herein shall expire in three years from the date of this Order, if construction of the Facility has not commenced. CPV Warren may petition the Commission for an extension of authority to construct and operate the Facility beyond the term of the sunset provision for good cause shown;

(6) CPV Warren shall report to the Commission the name and corporate affiliation of any company joining CPV Warren as an equity partner in the Facility; and

(7) This case is continued generally.

²² *CPV Warren I* at 369.

²³ *Id.* at 369 n. 15.

**CASE NO. PUE-2007-00019
JULY 31, 2007**

PETITION OF
ATMOS ENERGY CORPORATION

For Declaratory Judgment Regarding Tariff Interpretation for Calculation of Demand Allocation

FINAL ORDER

On March 15, 2007, Atmos Energy Corporation ("Atmos" or the "Company") filed a petition with the State Corporation Commission ("Commission") seeking a declaratory judgment that would authorize Atmos to recover from Virginia customers certain demand costs that had been reallocated by the Tennessee Regulatory Authority ("TRA"). According to the Company's petition, on December 7, 2006, the TRA concluded an audit of gas costs allocated to Atmos' Tennessee customers under the Purchased Gas Adjustment ("PGA") Rider¹ on file with the TRA. During the course of this audit, the TRA adopted Atmos' findings that based on customer loads, the existing demand allocation ratio dividing Atmos' demand costs between Tennessee and Virginia should be 64% for Tennessee, rather than 69.5%, and 36% for Virginia rather than 30.5%.

¹ The PGA Rider is an automatic adjustment clause found in Atmos' Tennessee and Virginia tariffs that permits Atmos to recover costs for the time period and as specified in each of those respective tariffs.

As explained by the Company, Atmos' Tennessee PGA and Actual Cost Adjustment ("ACA"), the correcting factor to the PGA, apply to the period July 1 to June 30, while the Company's Virginia PGA/ACA tariff covers the period November 1 to October 31. Atmos represents that during the four months between the Tennessee downward allocation of the demand allocation and the corresponding Virginia PGA period, *i.e.*, July through October 2005, Atmos experienced a revenue deficiency of \$391,490 and a revenue deficiency of \$964,067 for the period November 1, 2005, through July 31, 2006.²

Atmos asserts it is entitled to recover the \$391,490 and \$964,067 amounts and requests that the Commission declare that the demand allocation changes described in the petition are already included in the current Virginia tariff and that the Company may recover the \$391,490 and \$964,067 in demand costs attributable to the period between the TRA determination and the current PGA for Virginia that began on November 1, 2006. Atmos proposes to recover the \$1,355,557 in allocated but unrecovered demand costs over a 36-month period.

To clarify its tariff, if necessary, Atmos further proposes to modify the language in its Virginia PGA/ACA as shown in Exhibit D to its petition and has expressed its willingness to work with the Commission Staff to determine a method by which the Tennessee and Virginia demand allocation ratios may be changed prospectively so that the TRA and Commission may both review the demand allocation calculation in advance of future PGA periods.

On April 12, 2007, the Commission entered its Order for Notice and Comment ("Order") herein. In this Order, the Commission docketed the petition, directed the Company to publish the notice prescribed in the Order, and required the Company to serve a copy of the Order and petition on local officials within the counties, towns, and cities in which Atmos provides service, invited interested parties to file comments or to request a hearing on the petition on or before May 25, 2007, and ordered the Company to file on or before May 11, 2007, proof of the notice and service required in the Order.

On April 24, 2007, Atmos filed proof of its service of the Order and petition on local officials with the Clerk of the Commission. On May 10, 2007, the Company filed proof of the publication of the notice prescribed in the Order with the Commission.

Comments on the Company's petition were filed jointly by the Boards of Supervisors of Montgomery, Pulaski, Smyth, Washington, and Wythe, Virginia (the "Counties"). These comments did not request a hearing but urged the Commission through its Staff to investigate the reasons for the increase in Virginia customers' share of demand costs as a result of the reallocation from 30.5% to 36%. The Counties' comments stated that if the Commission determined to synchronize the Company's Virginia ACA with the allocations resulting from Tennessee's reallocation of the PGA, such adjustments should not be applied retroactively to customers who are citizens of the Counties.

On June 19, 2007, the Staff filed its Report herein. In its Report, the Staff noted that the Company contacted the Staff regarding the demand reallocation issue on May 16, 2006. According to Staff, at that time, Atmos advised of its intent to change the allocation of shared demand costs in Virginia to reflect the findings of the TRA audit, including the reallocation and collection of previously incurred demand costs. Based on the Staff's informal review of Atmos' jurisdictional demand allocation factors, the Staff was unable to determine that the reallocation of the previously incurred demand costs was reasonable under the language found in the Company's current PGA Rider. Based on its analysis, Staff found that the general purpose of the PGA Rider and ACA portion of that Rider is to capture prudently incurred gas costs that can be passed on to Atmos' customers without a profit margin. The Staff Report disagreed with the Company's assertion that the costs included in the language of Atmos' PGA and ACA includes offsets and also objected to the Company's assertion that the costs arising from the TRA reallocation were similar in nature to supplier refunds. According to Staff, supplier refunds are expressly authorized by the Company's tariff, are similar in nature to refunds ordered in formal rate increase proceedings, and result in credits to customer bills. The Staff Report concluded that the portion of Atmos' PGA/ACA addressing supplier refunds, *i.e.*, 4th Revised Sheet No. 30 of Virginia S.C.C. No. 1, does not expressly permit Atmos to pass retroactive increases in supplier charges on to its customers.

The Staff Report supported the proposed tariff modifications Atmos set out in Exhibit D of its petition, with certain modifications. In this regard, the Staff recommended that the Company further revise its jurisdictional demand allocation percentages at a minimum of once a year or more frequently, if circumstances warranted. According to the Staff, the update of Atmos' demand allocation percentages at least once a year should enable Atmos to assign its jurisdictional demand costs in a manner that is reasonably consistent with the incurrence of those costs, thereby eliminating the need to assess retroactive demand charges. Staff further recommended that Atmos file a jurisdictional design day demand study setting forth the demand allocation percentages applicable between Tennessee and Virginia for the upcoming twelve-month PGA period of July 1 through June 1 with the Commission's Division of Energy Regulation on or before June 1 of each year. The Staff Report supported Atmos' proposal to synchronize the PGA periods in Tennessee and Virginia to July 1 through June 30 of each year.

With regard to Atmos' proposal to modify the definition of the cost of gas and to expand the definition of gas costs found in the ACA formula to include "prior period adjustments" and "prior ACA cost adjustments," Staff concluded that the proposed tariff language found in Atmos' petition was overly broad and retroactive in nature. Staff recommended that Atmos further revise its proposed tariff to remove all language related to "prior period adjustments" and "prior ACA cost adjustments" from the 6th Revised Sheet No. 34, Virginia S.C.C. No. 1.

On July 6, 2007, Atmos filed "Comments of Petitioner to Staff Report" in response to the Staff's Report ("Response"). Atmos agreed in its Response with the Staff's recommendations as appropriate for the calculation of demand allocation and in assuring that the Commission would receive appropriate and timely information regarding such allocations prospectively. However, Atmos' Response took issue with Staff's characterization of the Company's requested relief as retroactive.

The Company asserted that the recovery of gas costs requested by the petition did "not constitute a departure from the previously approved rate." Response at 2. In this regard, the Company argued in its Response that the allocation of pipeline capacity costs between Atmos' Tennessee and Virginia customers is necessarily embedded in Atmos' costs recovered through the Company's Virginia PGA and that since Atmos' PGA Rider was similar to a fuel factor clause, constituted a specific exception to retroactive ratemaking, citing the Brief for Commissioner Theodore V. Morrison, Jr., *et al.*, at 9, n.3, *Delmarva Power & Light Co. v. Theodore V. Morrison, Jr.*, No. 3:07 cv392 (E.D. Va. July 5, 2007) (quoting *City of Norfolk v. Va. Elec. & Power Co.*, 197 Va. 505 (1955)).

² The deficiency for the 2006 PGA period spans only a partial year because the Company was permitted to reallocate prospective demand costs administratively on a going forward basis in August 2006, under the Company's Virginia PGA tariff.

Further, Atmos asserted that, while not binding on the Commission, the TRA anticipated that based on PGA/ACA protocols, Atmos would be able to recover 100% of its demand costs through its contiguous Tennessee-Virginia territory. The Company acknowledged that the allocation of demand costs between Atmos' Virginia and Tennessee customers had been inaccurate for some period of time prior to the TRA's determination but maintained that Virginia customers had paid less than their properly allocated demand costs for an indeterminate period of time between the last allocation evaluation in 1996 and the Tennessee audit.

The Company reiterated its belief that its PGA was similar to electric fuel factor clauses, further citing a Virginia Electric and Power Company's application to revise its fuel factor, docketed as Case No. PUE-1988-00082. According to Atmos, that case determined that retroactive adjustments and retroactive recoveries "must be evaluated on a case by case basis" and may be appropriate in order to prevent the regulated entity from incurring a loss for proper and prudent costs of operation. Atmos noted in footnote 2 at page 6 of its Response that in Case No. PUE-1988-00082, the Commission found that the retroactive adjustment requested by Virginia Power was inappropriate because the utility bore the responsibility for the improper accounting that led to the fourteen-year delay in requesting recovery of the costs at issue. Atmos renewed its request for recovery of \$1,355,557 over three years as a PGA/ACA adjustment.

NOW UPON CONSIDERATION of the record herein, the Commission is of the opinion and finds that Atmos' request to recover \$1,355,557 of costs resulting from the update of the allocation percentage for shared demand costs between Atmos' Tennessee and Virginia customers should be denied for the reasons set out below.

Atmos failed to update the allocation percentage for shared demand costs between Tennessee and Virginia customers for a period of approximately seven years. Ex. B to petition at 3. Staff Report at 3. The TRA's Order Adopting ACA Audit Report of the Tennessee Regulatory Authority's Utility Division was issued December 7, 2006, effective for the twelve-month period beginning July 1, 2005. Petition at 2-3. The annual period for the Atmos Tennessee PGA/ACA is July 1 to June 30, while Atmos' current Virginia PGA/ACA is applicable from November 1 to October 31. Atmos' ACA for its Virginia operations for the period of July 1, 2005, through November 1, 2005, had already been implemented for eight months by the time Atmos filed the captioned petition on March 15, 2007. Atmos' petition, therefore, seeks to reallocate and collect approximately four months of previously incurred demand costs associated with the update of the allocation percentage for shared demand costs between its Tennessee and Virginia customers. It is Atmos' responsibility to ensure that these allocation percentages remain current and accurate.

No approval was sought by Atmos nor granted by the Virginia Commission to permit Atmos to recover from Virginia customers the costs related to the reallocation of demand ratios by the TRA for the nine-month period of November 1, 2005, through August 1, 2006. The Company's Virginia PGA Riders in effect for this nine-month period did not expressly address changes arising from the reallocation of demand ratios between Virginia and Tennessee.

Atmos' PGA Rider and ACA part of that Rider represent an automatic adjustment clause that provides by its terms for the recovery and correction of the costs identified therein in accordance with the formula set forth in that tariff. The recovery of the costs arising from the change in Atmos' demand allocation ratio between Tennessee and Virginia must be determined on the basis of the specific language found in Atmos' PGA and ACA tariff provisions and not on the basis of tariffs involving fuel factors for electric utilities such as Delmarva Power and Light or Virginia Electric and Power Company. To the extent that the language in Atmos' PGA Rider and ACA tariff do not expressly address how the reallocation of demand costs between its Tennessee and Virginia jurisdictions that increase gas costs will be recovered through Atmos' Virginia PGA Rider,³ the Virginia tariff must be construed according to its language and, in cases of doubt, the tariff language must be construed most strongly against those who framed it, i.e., Atmos. See Commonwealth of Virginia, ex rel. State Corp. Comm'n v. Columbia Gas of Virginia, Inc., Case No. PUE-2000-00388, 2001 S.C.C. Ann. Rept. 435, 438 (quoting Smokeless Fuel Co. v. The Chesapeake and Ohio Ry. Co., 142 Va. 355, 371(1925); Id., Case No. PUE-2000-00388, 2001 S.C.C. Ann. Rept. 441, 442).

Since the language in Atmos' PGA and ACA portions of its tariff does not expressly refer to a change in demand allocations between Tennessee and Virginia that would increase natural gas costs to Virginia customers, Atmos' existing tariff should be clarified as set out in Atmos' petition, as further revised by the modifications recommended in the Staff Report.⁴ Specifically, the Company's tariff should be revised to synchronize the PGA periods in Tennessee and Virginia to July 1 through June 30 of each year and should be further modified to update the demand allocation percentages at least once a year or more, if circumstances warrant. In accordance with Staff's recommendations, Atmos should remove all language related to "prior period adjustments" and "prior ACA cost adjustments" from Revised Sheet No. 34, Virginia S.C.C. No. 1, found in Exhibit D to its petition. Moreover, Atmos should file a jurisdictional design day demand study with our Division of Energy Regulation on or before June 1 of each year, setting forth the demand allocation percentages applicable for the upcoming twelve-month PGA period of July 1 through June 1. The foregoing modifications to Atmos' PGA/ACA Rider should prevent a reoccurrence of the issues presented by this petition. The Company is encouraged to review its jurisdictional demand costs on a timely and consistent basis in accordance with the findings made herein.

Accordingly, IT IS ORDERED THAT:

- (1) In accordance with the findings made herein, Atmos' request to clarify its tariff as shown in Exhibit D to its petition, as further modified by the Staff's recommendations set out in the June 19, 2007 Staff Report, is hereby granted.
- (2) The Company is directed to file forthwith a revised PGA/ACA Rider with the Commission's Division of Energy Regulation, modified in accordance with the findings made herein.
- (3) In all other respects, the Company's petition is denied.

³ The language in Atmos' currently approved PGA clause initiates the cost recovery process based upon a predetermined demand allocation ratio between Virginia and Tennessee. Atmos' last rate case was Case No. PUE-2003-00507, and addressed the Company's operations for the twelve months ended September 30, 2003. This case obviously did not incorporate the jurisdictional cost reallocations stemming from the TRA's December 2006 action resulting in a change in the demand allocation ratio affecting Virginia. The language in Atmos' PGA and ACA tariff also refers to the disposition of costs associated with Atmos' suppliers and does not explicitly provide for an increase in costs due to a reallocation of the ratio of demand costs between Atmos' Virginia and Tennessee service territories.

⁴ We do not address the Staff's decision to permit the reallocation going forward beginning in August 2006 of the subject demand costs, as the Company's petition does not appear to complain about that action.

(4) There being nothing further to be done herein, this case is hereby dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be lodged in the Commission's file for ended causes.

**CASE NO. PUE-2007-00019
AUGUST 20, 2007**

PETITION OF
ATMOS ENERGY CORPORATION

For Declaratory Judgment Regarding Tariff Interpretation for Calculation of Demand Allocation

ORDER DENYING RECONSIDERATION

On March 15, 2007, Atmos Energy Corporation ("Atmos" or the "Company") filed a petition with the State Corporation Commission ("Commission") seeking a declaration that it could recover certain demand costs arising from a reallocation by the Tennessee Regulatory Authority ("TRA") of the demand ratio dividing gas costs between the Company's Virginia and Tennessee service territories. As part of its petition, Atmos also proposed to modify the language in its Virginia Purchased Gas Adjustment ("PGA") and Actual Cost Adjustment ("ACA") portion of its tariff so that its demand allocation ratios could be changed prospectively in a way that the TRA and Commission could both review the demand allocation calculation in advance of future PGA periods.

On July 31, 2007, the Commission entered its Final Order in the proceeding. The July 31, 2007 Order authorized Atmos to clarify its PGA and ACA tariff set out as Exhibit D to the Company's petition, as further modified by the Staff's recommendations in the June 19, 2007 Staff Report, but otherwise denied the Company's petition.

On August 15, 2007, the Company filed a Petition for Reconsideration. In its Petition, the Company argued that the write-off of the reallocated demand costs produced an unfair impact on the Company's earnings available for common equity and requested that the Commission reconsider its July 31, 2007 Final Order.

NOW UPON CONSIDERATION of the Company's Petition, the Commission is of the opinion and finds that the Company's Petition for Reconsideration should be denied. Atmos has presented no new or additional evidence that convinces the Commission to grant recovery from Virginia ratepayers of costs allocated under tariffs then in effect to the Company's Tennessee ratepayers, but subsequently denied for recovery in that jurisdiction by action of the Tennessee Regulatory Authority because of the Company's failure to update its jurisdictional cost allocations for seven years.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition for Reconsideration shall be denied; and
- (2) This matter is dismissed.

**CASE NO. PUE-2007-00021
MAY 8, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On March 27, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an Application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant has been notified by the Kentucky Private Activity Board Allocation Committee ("Allocation Committee") that the Company has been awarded aggregate allocations of \$26,803,258 from the state's pool for private activity bonds to help provide tax-exempt financing for portions of pollution control facilities. Of the aggregate amount, \$17,875,814 is designated for use in connection with the Ghent Generating Station in Carroll County, Kentucky, ("Carroll County Bonds") and \$8,927,444 is designated for use in connection with Trimble County Unit 2 in Trimble County, Kentucky ("Trimble County Bonds") (collectively, the "Pollution Control Bonds"). Applicant was granted a Certificate of Public Convenience and Necessity to construct pollution control facilities in Carroll County, Kentucky, by the Kentucky Public Service Commission's Order dated June 20, 2005, in Case No. 2004-00426. A Certificate of Public Convenience and Necessity to construct the pollution control facilities in Trimble County, Kentucky, was granted by the Kentucky Public Service Commission's Orders dated November 1 and 9, 2005, in Case No. 2004-00507.

Applicant requests authority to enter into one or more loan agreements ("Loan Agreement") with Carroll County, Kentucky, and Trimble County, Kentucky, to collateralize, secure payment and affect the issuance of the Pollution Control Bonds, and to incur other ancillary obligations that may be necessary and desirable to enhance the liquidity and cost effectiveness of the Pollution Control Bonds. The Company is seeking expedited approval to ensure that the limited, low cost financing opportunity for ratepayers through tax-exempt financing is not lost. As indicated in the Company's, the time for this financing option is limited because the Pollution Control Bonds must be issued before June 4, 2007, when the allocation will expire. Expedited approval

would also afford Applicant maximum flexibility to negotiate the most attractive terms under current market conditions and to arrange for underwriting, marketing and public notice of the Pollution Control Bonds.

Subject to one or more Loan Agreements with Carroll County and Trimble County, proceeds from the issuance of the Pollution Control Bonds will be loaned to the Company to help finance the designated pollution control facilities. Under the terms of the Loan Agreement, Applicant will be required to make payments to Trustee(s) sufficient to pay the principal and interest on the Pollution Control Bonds. The Company may also be required to issue one or more guarantees in favor of the Trustee(s) to guarantee all or any part of the obligations under the Pollution Control Bonds for the benefit of the holders of such Pollution Control Bonds.

To obtain the most advantageous financing based on market conditions at the time of issuance, Applicant requests broad authority to negotiate terms and conditions of the Pollution Control Bonds to be assumed by the Company. The Pollution Control Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The Pollution Control Bonds may be issued as fixed rate or variable rate debt. If a variable rate option is chosen, the Pollution Control Bonds may include provisions to convert to other interest rate modes. In addition, variable rate Pollution Control Bonds may include a tender purchase provision that would require entering into remarketing agreements with remarketing agents. Applicant may also need to enter into one or more liquidity facilities to provide immediate funding to pay for bonds tendered for purchase. Such facilities would require entering into one or more credit agreements and possibly a promissory note to each facility provider to secure repayments by Applicant.

Applicant states that compensation for underwriters will not exceed two percent (2%) of the principal amount of each series of Pollution Control Bonds to be sold. Including underwriting fees, Applicant estimates that issuance costs for the proposed debt will be approximately \$754,000. Finally, Applicant requests authority to enter into one or more interest rate hedging agreements to actively manage its exposure to variable interest rates or to lower its fixed rate borrowing costs with respect to the Pollution Control Bonds. Applicant states that the aggregate outstanding principal amount of any credit agreements, promissory notes, hedging agreements, or similar supporting obligations that the Company may enter at any one time will not exceed \$26,803,258 plus unpaid interest and premiums.

THE COMMISSION, upon consideration of the Application and having been advised by Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to execute and deliver and perform the obligations of the Company under inter alia, the Loan Agreements with Carroll County, Kentucky and Trimble County, Kentucky, and under any remarketing agreements, hedging agreements, auction agreements, bond insurance agreements, guaranty agreements, credit agreements and facilities, and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.
- 2) The aggregate principal amount of the obligations authorized to be incurred pursuant to Ordering Paragraph (1) shall not exceed \$26,803,258 plus unpaid interest and premiums in the manner and for the purposes as set forth in its Application, through the period ending March 31, 2008.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, the amount issued, the interest rate, and the maturity date.
- 4) Within sixty (60) days after the end of each calendar quarter in which any of the Pollution Control Bonds are issued pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all Pollution Control Bonds issued during the calendar quarter to include a copy of each Loan Agreement in the first report and thereafter:
 - (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant;
 - (b) A summary of the specific terms and conditions of each hedging facility and an explanation of how it functions with respect to the underlying Pollution Control Bonds; and
 - (c) The cumulative principal amount of Pollution Control Bonds issued under the authority granted herein and the amount remaining to be issued.
- 5) Applicant shall file a final Report of Action on or before May 30, 2008, to include all information required in Ordering Paragraph (4) along with a balance sheet that reflects the capital structure following the issuance of the Pollution Control Bonds. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Pollution Control Bonds with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the Application.
- 6) Approval of the Application shall have no implications for ratemaking purposes.
- 7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00023
MAY 1, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

2006 Annual Informational Filing

ORDER GRANTING PARTIAL WAIVER

On April 5, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") a motion for waiver ("Motion") of the requirement to file Schedules 15, 16, 17, 19 and 20 in its Annual Informational Filing ("AIF") for 2006.

On April 24, 2007, the Staff of the Commission filed a response opposing the Motion. The Staff argues that it is critically important for the Staff to have full and complete access to the Company's financial and operating data for 2007 and 2008 so the Staff can complete the analysis of the Company's rates envisioned by Va. Code § 56-585.1 A, as adopted by Chapters 933 and 888 of the 2007 Acts of the Assembly. The Virginia Committee for Fair Utility Rates ("Virginia Committee") filed a response on April 25, 2007 also opposing Dominion Virginia Power's Motion.

On April 25, 2007, Dominion Virginia Power filed a reply withdrawing its Motion and requesting leave of the Commission for an additional fourteen (14) days to file Schedules 15, 16, 17, 19, and 20 of its 2006 AIF. The reply further states that the Commission Staff has no objection to the fourteen (14) day extension. Counsel for the Staff has further represented to the Commission that counsel for the Virginia Committee has no objection to the fourteen (14) day extension.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the captioned proceeding should be docketed and assigned Case No. PUE-2007-00023; that Dominion Virginia Power should be granted a partial waiver of the requirement of Rule 20 VAC 5-200-30 A 9 of the Commission's Rules governing utility rate increase applications and annual informational filings ("Rate Case Rules"); and that Dominion Virginia Power should file Schedules 15, 16, 17, 19 and 20 on or before May 15, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2007-00023.
- (2) Dominion Virginia Power is granted a partial waiver of 20 VAC 5-200-30 A 9 of the Rate Case Rules and shall file, on or before May 15, 2007, Schedules 15, 16, 17, 19 and 20 of its 2006 AIF.
- (3) All other provisions of the Rate Case Rules shall remain in full force and effect.

**CASE NO. PUE-2007-00025
JUNE 26, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to Va. Code § 56-249.6

ORDER ESTABLISHING FUEL FACTOR

On April 9, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to increase its fuel factor from 1.891¢ per kWh to 2.232¢ per kWh, effective for usage on and after July 1, 2007. The application states that Dominion Virginia Power has projected an annual increase in fuel expenses of approximately \$662 million above the current fuel recovery level. However, the Company has limited its request to an annual increase in fuel expense of approximately \$219 million in order to comply with legislation passed during the 2007 session of the Virginia General Assembly.

On April 20, 2007, the Commission issued an order establishing a procedural schedule ("April 20, 2007 Order" or "procedural order") in this matter, and establishing a June 19, 2007, hearing date therefor. The Commission directed the Company to provide public notice of the application, and interested parties were given an opportunity to participate either as respondents or as public witnesses in this proceeding. The Commission also instructed the Staff of the Commission ("Staff") to investigate the application and to file testimony. Dominion Virginia Power was permitted to file testimony in rebuttal to testimony filed by the respondents and Staff.

As we noted in our procedural order, Va. Code § 56-249.6 C, as amended by Chapters 933 ("Senate Bill 1416") and 888 ("House Bill 3068") of the 2007 Acts of the Assembly (hereinafter "Senate Bill 1416" or "SB 1416"), allows the Company, after an investigation and hearing before the Commission, to place into effect tariff provisions designed to recover its fuel costs for successive 12-month periods beginning on July 1, 2007 and each July 1 thereafter.¹ However, Senate Bill 1416 further provides that the increase in the Company's fuel factor, effective July 1, 2007, is limited such that the increase to the Company's residential class of customers cannot exceed four percent (4%) of the current total rates for the residential customer class. The percentage increase to other customer classes will depend on their current rates and respective usage.

¹ Senate Bill 1416 is identical to House Bill 3068.

According to the Company's application, the four percent (4%) limitation for the residential customer class limits the increase for Virginia jurisdictional customers to approximately \$219 million, effective July 1, 2007, with the balance of approximately \$443 million to be deferred and subsequently recovered in accordance with the provisions of Senate Bill 1416.

Notices of participation in this proceeding were filed by the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), the Virginia Committee for Fair Utility Rates ("Virginia Committee"), MeadWestvaco Corporation ("MeadWestvaco"), and the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). These respondents filed no testimony or exhibits addressing the Company's application.

On June 8, 2007, the Company filed with the Clerk of the Commission proof of service and notice, as directed by Ordering Paragraphs (4) and (5) of the Commission's procedural order in this matter.

On June 5, 2007, the Staff filed its testimony. Therein, the Staff evaluated the reasonableness of the Company's projected fuel costs, including Dominion Virginia Power's forecasted peak demand, energy sales, and fuel prices. The Staff further addressed the provisions of SB 1416 that amended § 56-249.6 of the Code, and the implications thereof for this case and fuel cases likely to be filed by the Company in 2008 and afterwards. The Staff concluded that the Company's application and proposed fuel factor conformed to the requirements of law, including the amendments to § 56-249.6 enacted by the 2007 session of the Virginia General Assembly. The Staff did not contest the Company's projection of 2007-2008 fuel expenses at a level of \$662 million above the current recovery level. Nor did the Staff take issue with the Company's *projection* that \$443 million of that amount would be deferred for recovery in the Company's subsequent 2008, 2009 and 2010 fuel cases—as per SB 1416's amendments to § 56-249.6.²

The Staff did, however, make two recommendations for Commission action in this case, ancillary to establishing the Company's fuel rate. The first recommendation was made in conjunction with the Company's proposed changes to its definitional framework of fuel expenses needed to implement another SB 1416 amendment to § 56-249.6. This amendment credits a maximum of 75 percent (75%) of the Company's off-systems sales margins against the Company's fuel expenses (the remainder, a minimum of 25 percent, is retained by the Company pursuant to § 56-585.1, newly added by SB 1416). The Staff recommended that subsection "d." of the Company's definitional framework of fuel expenses be amended to delete references to off-system sales contract lengths since SB 1416's amendments to § 56-249.6 C (establishing the 75 percent (75%) credit to fuel) make no differentiation according to contract length.

The Staff's second recommendation concerns the dissemination of the Company's fuel monitoring data. The Commission previously ordered, in response to a 2004 request by the Company, the quarterly—instead of monthly—release to the public of Dominion Virginia Power's Fuel Monitoring System fuel data.³ That Order was entered in response to the Company's request for such relief on the basis, *inter alia*, that the General Assembly's enactment, in 2004, of legislation freezing the Company's fuel factor through July 1, 2007 (with no deferral of its fuel costs in the interim) rendered the monthly public release of the Company's fuel monitoring data not only unnecessary but also competitively detrimental.⁴ The Staff observed that since deferred fuel accounting is restored to the Company on and after July 1, 2007, the Company's fuel data should be publicly available on a monthly basis on and after that date, as well.

By letter to the Clerk of the Commission dated June 12, 2007, the Company informed the Commission that it would not file rebuttal testimony in this proceeding.

The hearing of this matter was convened on June 19, 2007. No public witnesses appeared. Appearances were made by counsel for Dominion Virginia Power, Consumer Counsel, the Virginia Committee, MeadWestvaco, AOBA, and the Staff. By stipulation entered into by counsel for all of the respective parties in this docket and Staff, all testimony and exhibits were entered into the record without cross examination, with the exception of Company witness Kurt Swanson, and Staff witness Thomas Lamm. However, the cross examination of both witnesses was focused, primarily, on the longer-term effects of SB 1416 in future fuel proceedings; no issues of fact were generated with respect to either (i) the Company's fuel projections, or (ii) calculation of the Company's fuel factor, in this current proceeding. Counsel for the Company expressed agreement with the Staff's proposed amendment to the definitional framework for fuel expense and the restoration of monthly release of fuel monitoring data. No party objected to either recommendation.

NOW THE COMMISSION, having considered the record herein, and the applicable statutes and regulations, is of the opinion and finds that a revision in the Company's fuel factor pursuant to § 56-249.6 and § 56-582 B (i) of the Code from 1.891¢ per kWh to 2.232¢ per kWh, is reasonable and appropriate.

Approval of this factor, however, should not be construed as ultimate approval of the Company's actual fuel expenses, nor as a final determination of the actual deferral, as discussed above, to be carried forward into the Company's subsequent fuel cases in 2008 and thereafter. Our present Order is based upon the Company's estimates of future fuel expenses that the Staff found reasonable, and to which the other parties to this proceeding did not object. For each calendar year, an audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted. The Commission determines what are, in fact, appropriate, reasonable and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. Therefore, while we find that the Company's proposed fuel factor of 2.232¢ per kWh should be implemented, no finding in this Order is final, as this matter is continued generally, pending audit of the Company's actual fuel expenses.

² The Staff emphasized, however, that "if the Company were to forecast the same level of jurisdictional fuel expenses and sales for the 2008 fuel year as it projected for the 2007 fuel year, the anticipated 2008 increase would approach \$671 million." Testimony of Staff witness, Thomas Lamm. Exhibit 12 at 4, 5. The Staff explained that \$671 million is the sum of \$228 million of the 2007 deferred fuel expense, plus \$443 million required to reach the on-going annual level of current fuel expenses. *Id.*

³ *Application of Virginia Electric and Power Company For modification of Fuel Monitoring procedures pursuant to Virginia Code § 56-249.3 and § 56-249.4*, Case No. PUE-2004-00102.

⁴ The Commission's Order of February 1, 2005, in Case No. PUE-2004-00102 established a five quarter trial period for quarterly release of the Company's fuel data to the public; a subsequent April 10, 2006, Order extended the quarterly release method for this Company without expiration date, while leaving that docket open for further Order of the Commission.

We find further that the Staff's two recommendations concerning (i) deletion of off-systems sales contract lengths from the Company's definitional framework,⁵ and (ii) monthly release to the public of Dominion Virginia Power's Fuel Monitoring System data on and after July 1, 2007, and thereafter, are reasonable and should be adopted. As noted above, neither the Company nor any other party to this proceeding objected to either of these Staff recommendations.

Moreover, the Company, by its counsel at the hearing of this matter, stipulated its agreement to providing monthly fuel data to the public on and after July 1, 2007, as per the Staff's recommendation. We will, therefore, and in this docket, order the fuel data's monthly release to the general public consistent with the Staff's recommendation. We will concurrently enter a corresponding Order in Case No. PUE-2004-00102, closing that docket in light of our Order in that regard, herein.

Accordingly, IT IS ORDERED THAT:

(1) The Company's current fuel factor of 1.891¢ per kWh shall be increased to 2.232¢ per kWh, effective for usage on and after July 1, 2007.

(2) Paragraph "d." of the Company's definitional framework of fuel expenses shall be modified to (i) delete references to off-systems sales agreements exceeding five years in length, consistent with the Staff's recommendation, and (ii) reflect a 75 percent (75%) credit of the Company's off-systems sales margins against its fuel expense, as authorized by statute and requested by the Company in its application.

(3) The Company's Fuel Monitoring System data shall be made available to the general public on a monthly basis commencing with fuel data for the month of July 2007, and thereafter.

(4) This case is continued generally.

⁵ The Staff further recommended adoption of the Company's requested changes to paragraph "d." of its definitional framework to reflect a 75 percent (75%) credit of the Company's off-systems sales margins against its fuel expenses, consistent with SB 1416's amendments to § 56-249.6 and as requested by the Company in its application.

**CASE NO. PUE-2007-00026
JUNE 28, 2007**

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For an increase in its electric rates pursuant to Virginia Code §§ 56-249.6 and 56-582

ORDER DENYING APPLICATION

On April 12, 2007, The Potomac Edison Company d/b/a Allegheny Power ("AP," "Allegheny," or "Company") filed an application with the State Corporation Commission ("Commission") in which AP seeks an increase in its electric rates pursuant to §§ 56-249.6 and 56-582 of the Code of Virginia ("Code") ("Application"). The Company "applies to establish a levelized fuel factor tariff in Virginia to recover its purchased power expenses to be incurred over the period July 1, 2007 through June 30, 2008."¹ AP provides "electric service to approximately 98,000 customers located in fourteen northwestern Virginia counties along the Shenandoah Valley," and "Virginia customers produce approximately 21% of the Company's total electric revenues."²

The Company explains that "[b]ecause AP owns no electric generating facilities serving Virginia customers, it must purchase in the wholesale energy markets all the electric power necessary to fulfill its service obligations as a default supplier in its Virginia service area beginning July 1, 2007."³ Allegheny "plans to acquire the generation service needed to meet its post June 30, 2007 default service obligations in Virginia through a competitive procurement from the wholesale market using procedures similar to the ones used successfully in Maryland to acquire competitive generation supply."⁴ The Company states that its "present capped generation and ancillary service rate in Virginia is 3.456 cents per kWh" and that it "anticipates that the cost of generation services needed to meet its Virginia default service obligations for the twelve months beginning July 1, 2007 to be 6.123 cents per kWh,"⁵ which would result in a cumulative annual increase in charges to its Virginia retail customers of approximately \$85 million. Allegheny also "recognizes the potential rate shock to customers caused by its levelized fuel factor request in this case" and "offers for the Commission's consideration a rate mitigation plan" that would phase-in the rate increase over the next three years, starting with "an overall 20% increase in rates for the first year."⁶

¹ Application at 1.

² *Id.*

³ *Id.* at 3.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.* at 6.

The Company further states that "[b]y Order dated July 11, 2000 in Case No. PUE-2000-00280, the Commission approved the transfer by AP of nearly all of its Virginia generating assets to its affiliate Allegheny Energy Supply Company, LLC ('AE Supply') at book value,"⁷ and that "[b]y Order dated July 26, 2000 in Case No. PUE-2000-00280, the Commission approved the elimination of the Company's fuel factor and ordered AP to file tariffs containing rates designed to recover its fuel expenses at the equivalent rate of 1.181 cents per kilowatt hour effective for bills rendered on and after August 7, 2000."⁸ Allegheny asserts that "[a]s part of its [Divestiture Order], the Commission approved a Memorandum of Understanding (the 'MOU') between AP and Staff which addressed the pricing of generation services in Virginia for the period 2000 through June 30, 2007."⁹ The Company concludes that "beginning July 1, 2007 AP is entitled pursuant to §§ 56-249.6 and 56-582 [of the Code] to recover all of its purchased power expenses needed to provide default service to Virginia customers."¹⁰

On April 20, 2007, the Commission entered an Order for Notice and Hearing that, among other things: (1) established a procedural schedule for this case; (2) scheduled a public hearing for August 7, 2007 to receive testimony from members of the public and evidence on the Application; (3) required the Company to provide notice of its Application; and (4) directed participants in this case to file legal memoranda addressing the applicability of the MOU on and after July 1, 2007.¹¹

On May 10, 2007, AP filed a Motion to Establish Interim Rates, which "requests that the Commission allow it to put into effect on an interim basis and subject to refund the levelized fuel factor of 1.085¢/kWh for service rendered on and after July 1, 2007."¹² AP states that this "will fully protect Allegheny's customers in the event the Commission finds appropriate and lawful a fuel factor increase less than this interim rate of 1.085¢/kWh and will allow the Company to begin to collect, on a phased-in basis, its actual cost of fuel and purchased power to serve its Virginia customers."¹³

On May 10, 2007, AP filed a Legal Memorandum addressing the applicability of the MOU on and after July 1, 2007 ("AP's Legal Memorandum"). The Company concludes as follows:

In 2000 Allegheny agreed to the provisions of the MOU and to forego adjustments to its fuel and purchased power cost recovery until July 1, 2007 that corresponded to the General Assembly's then-mandated end of capped rates and the commencement of full retail electric competition. Allegheny has lived up to that agreement. The landscape for the competitive retail market in Virginia, however, has now turned 180° and, in anticipation of such changes, the MOU provided for it to be modified as the [Virginia Electric Utility Restructuring Act, Va. Code §§ 56-576 *et seq.*, ('Act' or 'Restructuring Act')] was modified. The 2004 amendments to the Act allowed Allegheny to fully recover its fuel and purchased power costs beginning on July 1, 2007, and those amendments must be honored by the Commission. Moreover, the agreement to continue to provide default service to customers beyond July 1, 2007 was to be specifically limited to a small subset of Allegheny's Virginia customers. The Commonwealth's changed legislative policy as to retail electric competition has frustrated the underlying assumption as to the extent of default service that would be required on and after July 1, 2007 and the Company must be excused from providing default service at non-compensatory rates.

The disallowance of competitively bid purchased power costs would also violate the 'filed rate' doctrine applicable to the competitive procurement of purchased power in the interstate markets exclusively regulated by the [Federal Energy Regulatory Commission ('FERC')], and in addition the resulting loss in serving its Virginia customers would violate the prohibition against the taking and confiscation of Allegheny's property under the Fourteenth Amendment.

To avoid all of these infirmities, the Commission should approve the Company's Application and allow the requested phase-in of the increases in fuel and purchased power costs beginning July 1, 2007, so that Allegheny will be allowed to recover its prudently incurred purchased power costs from its Virginia customers pursuant to Va. Code § 56-249.6.¹⁴

On May 24, 2007, eighteen (18) local businesses working in coordination with the Frederick County Industrial Development Authority ("Consumers") filed a Legal Memorandum in Support of the Continuing Applicability of the Memorandum of Understanding and in Opposition to

⁷ *Id.* at 2. See *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Phase I Transfers, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 530 (July 11, 2000) ("Divestiture Order").

⁸ Application at 2. See *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Elimination of Fuel Factor and Establishing Capped Rates, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 532 (July 26, 2000) ("Fuel and Rates Divestiture Order").

⁹ Application at 2.

¹⁰ *Id.* at 6.

¹¹ On April 25, 2007, the Commission issued an Order Correcting Notice *NUNC PRO TUNC*.

¹² Motion to Establish Interim Rates at 7.

¹³ *Id.*

¹⁴ AP's Legal Memorandum at 20-21.

Allegheny Power's Motion to Establish Interim Rates ("Consumer's Legal Memorandum").¹⁵ Consumers state that the Commission should not permit "Allegheny to increase its rates on an interim basis in clear violation of the express terms of the MOU" and conclude as follows:

The terms of Allegheny's MOU, incorporated by reference into the 2000 Divestiture Order, establish Allegheny's voluntary agreement to forego all fuel factor adjustments and continue to meet its default service obligations at the capped rate during the capped rate period. MOU, pp. 2, 4. The capped rate period does not expire until December 31, 2008. Furthermore, Allegheny has neither a private contract right, nor a constitutional right to avoid performance under its contract with the Commission. Therefore, the Commission should continue to enforce the provisions of the MOU, which were intended specifically to protect Allegheny's customers in the event that a competitive market did not develop. The Commission should find that the MOU is legally viable as long as the rate cap is in effect and that Allegheny is not entitled to any rate increase as of July 1, 2007.¹⁶

On May 24, 2007, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a Legal Memorandum ("Consumer Counsel's Legal Memorandum"). Consumer Counsel "acknowledges that Virginia Code § 56-582.B, as amended in 2004, appears to contemplate an opportunity for Allegheny to adjust its capped rates on and after July 1, 2007, the Restructuring Act's original date for the expiration of capped rates."¹⁷ Consumer Counsel further states that the "existence of such an opportunity, however, in no way invalidates the protections Allegheny agreed to in paragraph 4 of the MOU" and that, "[t]o the contrary, Virginia Code § 56-582.B (i) expressly requires that any permitted fuel factor adjustment be consistent with the Divestiture Orders."¹⁸ Consumer Counsel concludes as follows:

The very reason the [MOU] exists is because of the concern in 2000 that competition might not develop and that Allegheny's default service customers might otherwise be exposed to the adverse consequences of the decision to divest. To discard the [MOU] now, at the very time it is most needed, would do harm to Allegheny's customers by removing a protection to which they are legally entitled. This the Commission should not do.¹⁹

On May 24, 2007, the Commission's Staff ("Staff") filed a Legal Memorandum ("Staff's Legal Memorandum"). Staff states that "[i]t appears to Staff that, read together, the 2004 amendments to §§ 56-582 B and 56-249.6 did nothing more than provide that AP may now ask the Commission to decide whether its divestiture order remains applicable on and after July 1, 2007, such that its fuel factor recovery mechanism might be re-instituted by the Commission."²⁰ In "Staff's view, such order does remain applicable and the fuel recovery mechanism should not be re-instituted during the capped rate period."²¹ Staff concludes as follows:

This matter should be dismissed. As demonstrated [in Staff's Legal Memorandum], through its MOU the Company agreed to forego during the capped rate period changes to capped rates pursuant to § 56-249.6; has twice failed to convince the Virginia General Assembly to relieve it of this bargain; and has offered no convincing reason for the Commission to do that. There is simply no fuel factor recovery mechanism for the Commission to adjust here. AP may make another filing pursuant to § 56-582, but not this one.²²

On May 24, 2007, the Shenandoah Valley Manufacturers' Association, Inc., filed a notice of participation.

On May 30, 2007, Staff filed a Response to Motion to Establish Interim Rates ("Staff's Response to Motion"). Staff concludes that the "Motion should be denied and this matter should be dismissed" and asserts as follows:

[Allegheny] does not have a fuel factor recovery mechanism. AP has not sought in this proceeding to reform the MOU, has not offered to remove its fuel and purchase power recovery *from base rates*, nor offered to reacquire its transferred generation units from its affiliate at book value. There is no reason to grant it relief from the agreement it undertook in 2000 to 'contract for sufficient generation' to meet its service obligation priced, during the capped rate period, at 'the Virginia frozen unbundled generation rate.' AP agreed in 2000 not to change that price until '[a]fter the rate cap period.' MOU at Paragraph (4).²³

¹⁵ The Consumer's Legal Memorandum was "filed, collectively and individually, on behalf of: Baugh-NE (SYSCO), Berryville Graphics, Inc., Crown Cork & Seal, Co., Dupont, Green Bay Packaging, Inc., H.P. Hood, Inc., Monoflo International, Inc., New World Pasta, O'Sullivan Films, Inc., Pactiv, Quebecor World, R.R. Donnelley, Rubbermaid Commercial Products, Southeastern Container Corporation, the Shockey Companies, Inc., Toray Plastics (America), Inc., Trex Company, and Valley Health Systems." Consumer's Legal Memorandum at 1-2.

¹⁶ *Id.* at 23.

¹⁷ Consumer Counsel's Legal Memorandum at 5.

¹⁸ *Id.*

¹⁹ *Id.* at 19-20.

²⁰ Staff's Legal Memorandum at 8.

²¹ *Id.*

²² *Id.* at 13.

²³ Staff's Response to Motion at 3-4 (emphasis in original).

On May 31, 2007, Consumer Counsel filed a Response to Motion to Establish Interim Rates ("Consumer Counsel's Response to Motion"). Consumer Counsel asserts that "[c]onsistent with the Commission's broad legislative authority regarding whether and/or when to authorize interim rates, interim rates should not be authorized in this proceeding until and unless: (1) Allegheny amends or supplements its application to include data necessary for the Commission to approve a capped rate adjustment consistent with the protections of the MOU; and (2) the Commission and parties have a reasonable opportunity to scrutinize this additional information."²⁴

On June 1, 2007, AP filed a Reply Legal Memorandum ("AP's Reply Legal Memorandum"). The Company states that it "agreed to the provisions of the MOU and to the process of its fuel and purchased power cost recovery for the period 2000 until July 1, 2007" and "[t]hat seven-year period corresponded directly to the General Assembly's then statutorily-mandated end of capped rates, the expected commencement of full retail electric competition, and the assumed resulting reduction in the number of generation customers served, except for a statutorily-limited number of 'default service' customers."²⁵ Allegheny asserts that

the MOU provided for it to be modified as the Restructuring Act was modified [a]nd that is just what has happened – the General Assembly changed the law. The 2004 amendments to the Act *specifically* allowed Allegheny to fully recover its fuel and purchased power costs beginning on July 1, 2007, and those amendments must be honored by the Commission. Indeed, the Consumer Counsel acknowledges that the Act was amended in 2004 to 'appear to contemplate' a fuel factor increase for Allegheny as of July 1, 2007.²⁶

The Company also contends that, "[a]lternatively and consistently, Enactment Clause 5 of the 2007 legislation amends the Restructuring Act to recognize clearly the Commission's authority to modify the MOU and the Divestiture Order, if necessary. The Commission should do so in light of the Company's MOU in 2000 that was based on the undisputable legislative policy of the Commonwealth."²⁷ Allegheny "urges the Commission to allow it to recover its actual costs of serving its customers in Virginia as of July 1, 2007 and implement its rate mitigation plan as set forth in its Application to avoid potential 'rate shock' to its customers whose rates have not changed materially since 2000."²⁸

On June 13, 2007, AP filed a Reply to Responses to Motion to Establish Interim Rates ("AP's Reply to Responses"). Allegheny asserts as follows:

The General Assembly's 2004 amendments to the Act clearly allow Allegheny to file for this fuel factor increase as of July 1, 2007. This legal change was unique to Allegheny. Adding to that authority, the subsequent 2007 amendments and Enactment Clause 5 empower the Commission to issue an order to modify the Divestiture Order if that is required for the Commission to effect an outcome in this proceeding that is fair and reasonable to the Company and its customers. The Commission must consider not only these changes in the law since the Divestiture Order, but also (again in distinction from Delmarva [Power & Light Company], for example) that Allegheny has not materially changed its rates since 2000, and that the cost of energy has risen dramatically since then. Indeed the cost for Allegheny to serve its Virginia customers will increase by almost \$100 million for the 12-month period July 1, 2007-June 30, 2008, and none of that increase is currently covered by existing rates.²⁹

On June 15, 2007, AP filed a Motion to Accept Affidavit of Hon. Thomas K. Norment and requested the Commission to consider such affidavit in its deliberations. Allegheny states that "Senator Thomas K. Norment has chaired the General Assembly's Commission on Electric Utility Restructuring (and its predecessors) since the General Assembly began considering electric utility restructuring in the late 1990's," and that "Senator Norment's recollection of the 2004 amendments are thus most relevant to this proceeding. . . ."³⁰ Senator Norment states in part as follows: "The General Assembly's intent in the 2004 amendments to the Act was to allow Allegheny Power to begin to recover its current cost of fuel and purchased power as of July 1, 2007."³¹

On June 22, 2007, Consumers filed a Motion to Accept Affidavits of Eight Virginia Legislators. Consumers state that "[b]y way of the Norment Affidavit . . . Allegheny is attempting to create legislative history for the Act, and the subsequent amendments thereto, with the personal recollections of a single State Senator from a legislative district that will not be impacted by the significant retail electric rate increase requested by Allegheny in this proceeding."³² Consumers filed affidavits from the following members of the General Assembly, "each [of which] was personally involved in both the original passage of the Act and each of the subsequent amendments to the Act:"³³ (1) Honorable Mark D. Obenshain, Member, Senate of Virginia, 26th District; (2) Honorable H. Russell Potts, Jr., Member, Senate of Virginia, 27th District; (3) Honorable C. Todd Gilbert, Member, Virginia House of

²⁴ Consumer Counsel's Response to Motion at 6.

²⁵ AP's Reply Legal Memorandum at 17.

²⁶ *Id.* (emphasis in original).

²⁷ *Id.* at 17-18.

²⁸ *Id.* at 18.

²⁹ AP's Reply to Responses at 9.

³⁰ AP's June 15, 2007 Motion to Accept Affidavit of Hon. Thomas K. Norment at 1.

³¹ Affidavit of Hon. Thomas K. Norment at 2.

³² Consumers' June 22, 2007 Motion to Accept Affidavits of Eight Virginia Legislators at 2.

³³ *Id.*

Delegates, 15th District; (4) Honorable Clark N. Hogan, Member, Virginia House of Delegates, 60th District; (5) Honorable Beverly J. Sherwood, Member, Virginia House of Delegates, 29th District; (6) Honorable Edward T. Scott, Member, Virginia House of Delegates, 30th District; (7) Honorable Matthew J. Lohr, Member, Virginia House of Delegates, 26th District; and (8) Honorable Joe T. May, Member, Virginia House of Delegates, 33rd District. Each of the affidavits, at page 2 thereof, states in part as follows: "It was never my intent, nor did I witness any legislator voice intent, to terminate the MOU with Allegheny on July 1, 2007."

Finally, the Commission has received more than 60 public comments in opposition to Allegheny's proposed rate increase.

NOW THE COMMISSION, upon consideration of this matter, finds that contrary to Allegheny's request in this case, neither Virginia nor federal law mandates that the MOU's rate provisions must end on July 1, 2007. Accordingly, Allegheny's Application and its Motion to Establish Interim Rates are denied, and this case is dismissed.

Motions to Accept Affidavits

Because two parties, Allegheny and, in response to Allegheny, Consumers, have submitted affidavits from members of the General Assembly purporting to be evidence of what the General Assembly intended when it passed various parts of the Act, we are compelled to note the following.

First, we do not find, and Allegheny does not contend, that the Act is ambiguous. Allegheny admitted that its motion to accept an affidavit from a member of the General Assembly purporting to be evidence of legislative intent was "unusual,"³⁴ and we agree with Allegheny's description of its motion, particularly since Allegheny does not claim that the statute in question is ambiguous. It is well settled law in Virginia that in interpreting a statute, a court must look first to the actual words of the statute, apply the plain meaning of those words, and should not rely upon extrinsic evidence of legislative intent:

[I]t is only where the true meaning of the language used in a statute is doubtful or so obscure that the meaning of the legislature cannot be determined by giving the words used their ordinary and natural signification that resort can be had to the legislative journals or other extraneous sources of information for aid in arriving at the true meaning of the language used in the statute.³⁵

That is, "[w]here a statute is plain and unambiguous there is no room for construction by the court and the plain meaning and intent of the statute will be given to it."³⁶ Moreover, "when the meaning is plain, resort to rules of construction, legislative history, and extrinsic evidence is impermissible."³⁷ Accordingly and consistent with Virginia law, since we do not find the statute to be ambiguous, we cannot consider extrinsic evidence of legislative intent.

Further, it is also well settled law in Virginia that "the meaning of a statute should be arrived at from its own language and not from the declaration of the draftsman."³⁸ Indeed, the Supreme Court of Virginia made the following pronouncement some 120 years ago: "The intention of the draughtsman of the act, or the individual members of the legislature who voted for and passed it, if not properly expressed in the act, it is admitted has nothing to do with its construction."³⁹ Likewise, the United States Supreme Court has stated that "*post hoc* observations by a single member of Congress carry little if any weight"⁴⁰ and has further stated that "[w]e cannot give probative weight to these affidavits, however, because '[such] statements represent only the personal views of [this] [legislator], since the statements were [made] after the passage of the Act.'"⁴¹ The United States Court of Appeals for the D.C. Circuit has further explained this rule as follows:

It should go without saying that members of Congress have no power, once a statute has been passed, to alter its interpretation by *post-hoc* 'explanations' of what it means . . . [W]e consider legislative history because it is just that: *history*. It forms the background against which Congress adopted the relevant statute. Post-enactment statements are a different matter, and they are not to be considered by an agency or by a court as legislative history. An agency has an obligation to consider the comments of legislators, of course, but on the same footing as it would those of other commenters. . . ."⁴²

In this regard, we note that the Commission's Order for Notice and Hearing permits interested persons to file written comments on the Application on or before July 23, 2007. Consistent with the long-standing precedent discussed above, we will not treat the affidavits submitted, first by

³⁴ AP's June 15, 2007 Motion to Accept Affidavit of Hon. Thomas K. Norment at 2.

³⁵ 17 Michie's Jurisprudence, Statutes, § 36.

³⁶ *School Bd. of Chesterfield County v. School Bd. of the City of Richmond*, 219 Va. 244, 250, 247 S.E.2d 380, 384 (1978) (citation omitted).

³⁷ *Town of Blackstone v. Southside Elec. Coop.*, 256 Va. 527, 533, 506 S.E.2d 773, 776 (1998).

³⁸ 17 Michie's Jurisprudence, Statutes, § 36.

³⁹ *City of Richmond v. Supervisors of Henrico County*, 83 Va. 204, 212, 2 S.E. 27, 30 (1887).

⁴⁰ *Quern v. Mandley*, 436 U.S. 725, 736 n.10 (1978).

⁴¹ *Bread Political Action Comm. v. Federal Election Comm'n*, 455 U.S. 577, 581 n.3 (1982) (quoting *Regional Rail Reorganization Act Cases*, 419 U.S. 102, 132 (1974) (quoting *National Woodwork Manufacturers Ass'n v. NLRB*, 386 U.S. 612, 639 n.34 (1967))) (brackets in original and internal quotation marks omitted).

⁴² *Hazardous Waste Treatment Council v. EPA*, 886 F.2d 355, 365 (D.C. Cir. 1989) (emphasis in original), *cert. denied*, 498 U.S. 849 (1990). Compare 17 Michie's Jurisprudence, Statutes, § 36 ("Although statements of legislative intent made subsequent to enactment are not nearly as authoritative as statements contemporaneous with enactment, they are entitled to some weight as secondary expressions of expert opinion.") (citing *Director, Office of Workers' Comp. Programs v. Bethlehem Mines Corp.*, 669 F.2d 187 (4th Cir. 1982)).

Allegheny, and then by Consumers, as evidence of legislative intent. Rather, we will treat them as timely filed comments urging that we interpret the statute in a manner desired by the commenter.

Divestiture Order and MOU

Generation Service Rates

In approving Allegheny's requested divestiture under the terms of the MOU, the Commission explained that AP's rates would be established as follows:

The Commission is further of the opinion and finds that the representations and undertakings set forth in the MOU, as supplemented, provide satisfactory assurance that the public interest will be protected and that the 'incumbent electric utility's generation assets or their equivalent' will remain available for electric service during the default service period. The Company has agreed during the capped rate period to price generation at its frozen unbundled generation rate. For the period in which it is obligated to provide default service following the expiration of the capped rate period, generation service rates will be based on the Company's then-current generation cost of the portion of that generating system that it makes use of to meet its default service load. Should GENCO⁴³ divest itself of any of the units, the Company agrees that on-going generation rates will reflect costs from those units at the time of their divestiture, escalated if necessary to reflect current costs.⁴⁴

Paragraph (4) of the MOU establishes the pricing mechanism for both during and after the rate cap period:

Allegheny Power will contract for generation sufficient to meet its default service obligations at rates set in accordance with the current Act or as the Act may be changed or modified until the Company's obligation to provide default service terminates. For ratemaking purposes, including any request to increase frozen rates due to financial distress, Virginia default service load will first be deemed to be served from a finite portion of the GENCO's generation facilities, in an amount up to 367 MW, which equals the Virginia load now reflected in the allocation of AP's generation costs to Virginia retail customers. During the rate cap period, pricing of the 367 MW will be based on the Virginia unbundled frozen generation rate. After the rate cap period, pricing of the 367 MW will be based on the then current generation costs of the portion of the existing system dedicated to serve retail Virginia load.⁴⁵

Staff further describes this as follows: "The Company and Staff explicitly agree in paragraph (4) of the MOU that the Company would continue in the default service period to make available to its Virginia customers every single megawatt of generation whose cost was at that time allocated to Virginia retail customers. . . . It must be remembered . . . that in 2000 when the MOU was negotiated, the default service period had no termination point."⁴⁶

Fuel Factor Recovery Mechanism

The MOU also modified the manner in which Allegheny recovers its fuel costs. Paragraph (1) of the MOU required AP to "[r]oll [its] fuel factor into base rates July 1, 2000 at a rate of 1.181¢/kWh . . . and thereafter terminate the fuel factor mechanism. . . ."⁴⁷ As explained in the Divestiture Order: "AP proposed to terminate its fuel factor cost recovery mechanism beginning July 1, 2000, and instead recover fuel costs in base rates. . . . After July 1, 2000, the Company agreed to forego any fuel cost adjustments that would otherwise be permitted under the Act."⁴⁸

Paragraph (2) of the MOU speaks to, among other things, the length of the fuel factor termination:

Allegheny Power will not file an application to increase its base rates prior to January 1, 2001. Except for the fuel cost adjustments provided for in the July 18, 2000 Stipulation No. 2 filed in this proceeding, Allegheny Power agrees to forego any other fuel cost adjustments during the capped rate period. Exceptions to capped rates and the legislatively mandated rate freeze will continue as specified in the [Act] or as in the Act may be changed or modified. Revisions to rates due to permitted exceptions under the legislation will be based only on the incremental costs of those exceptions. Additional services currently not included in the rate cap level could be established under a separate proceeding.⁴⁹

The Commission explained the fuel factor termination as follows:

By asking that we eliminate its fuel factor mechanism, AP abandons the protection otherwise available to it under the Code and instead assumes the risk that it can recover its fuel expenses under the capped rate alone

⁴³ GENCO is the affiliate of AP to which the Company proposed to transfer its generation assets.

⁴⁴ Divestiture Order, 2000 SCC Ann. Rept. at 532 (footnote added).

⁴⁵ MOU at 1.

⁴⁶ Staff's Legal Memorandum at 5-6.

⁴⁷ MOU at 1.

⁴⁸ Divestiture Order, 2000 SCC Ann. Rept. at 531.

⁴⁹ MOU at 1.

during this period of transition to a competitive market. Rates established to include the costs otherwise recovered through the fuel factor will be capped until perhaps 2007.⁵⁰

The Commission found "that the proposed elimination of the fuel factor is in the public interest and should be adopted."⁵¹

Default Service and Capped Rates

Allegheny now claims that, in proposing the MOU in 2000, it expected that "at most, the Company would have only a very limited obligation to provide default service to a small subset of customers" after July 1, 2007.⁵² The Company further asserts that, in 2000, there was a "statutorily-limited number of 'default service' customers."⁵³ Contrary to these statements, both the MOU and the Act permitted the possibility that effective competition would not develop and, thus, that all retail customers could potentially receive default service. Staff notes that in Comments filed by AP in Case No. PUE-2002-00645, the Company stated as follows: "AP believes the incumbent electric utility is the most appropriate provider of default service," and "AP recommends that *all* residential, commercial and industrial customers be eligible for some type of default service."⁵⁴ As concluded by Staff, "nothing in the Act in 2000 or since relieved the Company of the obligation to provide default service to *any* customer."⁵⁵ Neither the MOU nor the Act limited the number of customers under, or the time frame for the provision of, default service.

Consumer Counsel also notes that in testifying to the MOU in 2000, a Company witness explained its obligations and risks under the MOU and default service as follows:

'[T]he Company assumes the risk that it can continue its historic record of low fuel costs and good operating results and bears all risks concerning future fuel price fluctuations through 2007 and beyond if the Company continues to have default service obligations.' Case No. PUE-2000-00280, Rebuttal Testimony of Steve L. Klick at 3, ll. 18-21 (July 17, 2000) (emphasis added). The Company witness testified further:

[I]f the Company is required to provide default service load after 2007, it agrees to do so at an updated embedded cost generation rate throughout the undefined default service period. The Company's agreement to provide generation service through the undefined default service period is a significant operating risk. As the Commission is no doubt aware, there exist questions under the Restructuring Act as to whether the Company can be required to provide generation services beyond 2007 at other than market rates. As part of the deal in the MOU, the Company answered this question by adopting the interpretation of the Restructuring Act favored by Staff and [Consumer Counsel] and agrees to provide service through the default service period at its updated embedded generation cost rate.

Case No. PUE-2000-00280, Rebuttal Testimony of Steve L. Klick at 6, ll. 12-21 (July 17, 2000) (emphasis added).⁵⁶

Thus, Consumer Counsel concludes that "Allegheny's application in the instant case is wholly inconsistent with this prior Allegheny testimony. Under Allegheny's revised interpretation of the MOU, the Company bears virtually no risk concerning fuel/purchase power price fluctuations beyond June 30, 2007."⁵⁷

In contrast with the Company's now-stated expectation of effective competition and small-scale default service, AP's obligations under the MOU are not dependent upon either. Consumers explain that "uncertainty about the development of a competitive market was one of the primary reasons for establishing the MOU in the first place," and, moreover, "[i]t would not have been necessary to include a provision in the MOU that obligates Allegheny to continue to meet its default service obligations at the existing load level if the development of a competitive market, leaving only a *de minimis* number of default customers, was an objective certainty."⁵⁸ Similarly, Consumer Counsel notes that "[t]he very reason the MOU exists is because of the concern in 2000 that competition might not develop and that Allegheny's default service customers might otherwise be exposed to the adverse consequences of its decision to divest," and "[h]ad there been a clear expectation that competition would develop, parties to the MOU would have seen no need to negotiate a 367 [MW] limit to the protections of the MOU."⁵⁹

⁵⁰ Fuel and Rates Divestiture Order, 2000 SCC Ann. Rept. at 533.

⁵¹ *Id.*

⁵² AP's Legal Memorandum at 11.

⁵³ AP's Reply Legal Memorandum at 17.

⁵⁴ Staff's Legal Memorandum at 5 n.5 (quoting Allegheny's February 7, 2003 Comments in Case No. PUE-2002-00645) (emphasis added).

⁵⁵ *Id.* at 5 (emphasis in original).

⁵⁶ Consumer Counsel's Legal Memorandum at 7.

⁵⁷ *Id.*

⁵⁸ Consumer's Legal Memorandum at 14.

⁵⁹ Consumer Counsel's Legal Memorandum at 18-19.

Finally, the extent of AP's default service commitment also is illustrated by paragraph (7) of the MOU. If AP's affiliate "elects not to retain ownership of" the divested power plants, paragraph (7) of the MOU requires AP to "file with the Commission a pricing mechanism providing the equivalent cost of generation of the 367 MW."⁶⁰ Paragraph (7) of the MOU further explains that the "intent of this paragraph is to assure that a pricing mechanism, if required, is in place by the end of the rate cap period, or by the time such release of ownership occurs if after the expiration of the rate cap period but while AP remain[s] obligated to provide default service. . . ."⁶¹ Accordingly, the MOU contemplates that the equivalent of *all* 367 MW of divested generation could be required for the provision of default service for an undefined period of time.

Current Rate Request

The capped rate period (§ 56-582 of the Code) has not ended, and the Company's obligation to provide default service (§ 56-585 of the Code) has not terminated. Thus, pursuant to the express terms of the MOU, AP is required to price generation services in accordance with paragraphs (2) and (4) thereof. First, as noted above, paragraph (2) of the MOU prohibits AP from seeking fuel cost adjustments during the capped rate period. Indeed, the Commission's observation in the Divestiture Order that the fuel factor could be capped until perhaps 2007 reflects an implementation of the express terms of the MOU under the Act as it existed at that time. Contrary to AP's suggestion, such observation did not re-write the express and unambiguous terms of paragraph (2) of the MOU, in which AP agrees to forgo fuel cost adjustments "during the capped rate period."⁶² Next, as also established above, paragraph (4) of the MOU does not permit AP simply to pass through all of its purchased power costs in retail rates. Accordingly, Allegheny's requests herein to re-institute its fuel factor recovery mechanism, and to increase retail rates to recover all of its purchased power costs, are explicitly prohibited by the MOU.

Code of Virginia

2004 Amendments to the Restructuring Act

Contrary to the express terms of the MOU, Allegheny asserts that the pricing mechanism in the MOU must end on July 1, 2007, which is the date that capped rates were scheduled to end in the Act when the MOU was offered and agreed to by the Company:

The General Assembly has now changed the policy of Virginia such that capped rates will not end on July 1, 2007 and utility generation service as of July 1, 2007 still will be available to essentially all retail customers and not statutorily limited to the small subset of customers that had been the basis of the bargain in 2000. For the Commission to ignore the statutory changes that so dramatically transformed the type of service that now must be offered as of July 1, 2007 is to ignore the underlying basis of the 2000 MOU and to penalize the Company unfairly for trusting and acting on the policy adopted by the General Assembly in the Restructuring Act in 1999. The Commission instead should recognize that Allegheny honored its commitments under the MOU as it agreed to do, but that as of July 1, 2007, any limitation on purchased power cost recovery that might be read into that agreement *must end* in light of both the substantial benefits already received by its Virginia customers since 2000 and the significant monthly losses Allegheny would be forced to incur if the Commission were not to allow the fuel factor to be effective as of July 1, 2007.⁶³

The Company contends that amendments to the Act in 2004 "allowed Allegheny to re-institute the current recovery of fuel and purchased power costs as of July 1, 2007" and the "2004 amendments to the Act *specifically* allowed Allegheny to fully recover its fuel and purchased power costs beginning on July 1, 2007, and those amendments must be honored by the Commission."⁶⁴

We disagree with the Company's conclusion that any limitation in the MOU on purchased power cost recovery *must end* on July 1, 2007. In the 2004 amendments to the Act relied upon by AP for its legal arguments above, the General Assembly extended the capped rate period to December 31, 2010⁶⁵ and provided in part as follows:

The Commission may adjust such capped rates in connection with the following: (i) utilities' recovery of fuel and purchased power costs pursuant to § 56-249.6, and, if applicable, in accordance with the terms of any Commission order approving the divestiture of generation assets pursuant to § 56-590. . . .
 . . .
 Any adjustments pursuant to § 56-249.6 and clause (i) of this subsection by an incumbent electric utility that transferred all of its generation assets to an affiliate with the approval of the Commission pursuant to § 56-590 prior to January 1, 2002, shall be effective only on and after July 1, 2007.⁶⁶

The first sentence above from the 2004 amendments explicitly preserves the Divestiture Order and MOU. That sentence also states that the Commission "may" adjust capped rates but does not mandate such action. Likewise, the second sentence above does not mandate an adjustment to capped

⁶⁰ MOU at 2.

⁶¹ *Id.*

⁶² *Id.* at 1.

⁶³ AP's Reply Legal Memorandum at 11 (emphasis added).

⁶⁴ *Id.* at 13, 17 (emphasis in original).

⁶⁵ Va. Code § 56-582 F.

⁶⁶ Va. Code § 56-582 B. Allegheny states that it "is the *only* electric utility to have transferred all of its generating assets to an affiliate with the approval of the Commission." AP's Reply Legal Memorandum at 13 n.9 (emphasis in original).

rates but, rather, applies to "[a]ny" adjustments so made by the Commission. Furthermore, and contrary to AP's assertions, the plain language of the second sentence does not terminate the pricing provisions of the MOU, re-institute AP's fuel factor, and direct the Commission to allow a full pass-through of all of the Company's purchased power costs. Rather, the second sentence serves as a limitation on the Commission's authority to modify the MOU prior to July 1, 2007. That is, if the Commission modified the pricing provisions in the MOU and permitted generation rate adjustments pursuant to § 56-249.6 and clause (i) of § 56-582 B during the capped rate period, "[a]ny such adjustments . . . shall be effective only on and after July 1, 2007." Accordingly, the 2004 amendments to the Act do not state that the pricing provisions in the MOU must end on July 1, 2007; those amendments unambiguously keep the Divestiture Order and MOU intact and, further, prohibit the Commission from implementing any adjustments prior to July 1, 2007.

2007 Amendments to the Restructuring Act

In its Reply Legal Memorandum, AP argues that an enactment clause to legislation passed by the General Assembly in 2007 "allows the Commission to modify the Divestiture Order, if necessary."⁶⁷ Allegheny does not assert that the Commission was somehow prohibited from modifying the Divestiture Order absent the enactment clause to which it cites. The Company, however, states that "Enactment Clause 5 anticipates and empowers the Commission to issue an order to address and modify the Divestiture Order, if necessary, in light of the significant changes in the electric retail competition policy as it affects Allegheny and its statutory authority to update its fuel factor" and quotes such clause:

That nothing in this act shall be deemed to modify or impair the terms, *unless otherwise modified by an order of the State Corporation Commission*, of any order of the State Corporation Commission approving the divestiture of generation assets that was entered pursuant to § 56-590 of the Code of Virginia.⁶⁸

As discussed above, the 2004 statutory amendments explicitly preserve the Divestiture Order and MOU. Likewise, the 2007 enactment clause quoted above continues explicitly to preserve the Divestiture Order and MOU. Indeed, while the General Assembly could certainly have done so, the enactment clause does not direct the Commission to modify the Divestiture Order or MOU, nor did the General Assembly legislatively terminate the Divestiture Order or MOU, as it could have done.

Against this legislative backdrop, Consumer Counsel concludes as follows: "To discard the MOU now, at the very time it is most needed, would do harm to Allegheny's customers by removing a protection to which they are *legally* entitled. This the Commission should not do."⁶⁹ We can only conclude from the 2004 and 2007 legislation that the General Assembly expressly did not terminate or modify the pricing mechanisms in the MOU. Indeed, contrary to AP's request in this case, we find that amendments to the Act do not modify the pricing mechanisms in the MOU such that the Commission is legally required to re-institute a fuel factor recovery mechanism and to allow AP to recover all of its purchased power costs beginning July 1, 2007.

Constitutional Taking

Allegheny argues that the Commission is prohibited, as a matter of federal constitutional law, from implementing the express terms of the MOU and, thus, must permit the Company to recover in retail rates all of its wholesale purchased power costs. Specifically, the Company asserts that "the Commission's failure to allow full pass through of purchased power costs would result in a taking of Allegheny's property in violation of its due process rights."⁷⁰ Allegheny states that in *Duquesne Light Co. v. Barasch*, "the United States Supreme Court has defined the basic right of a public utility not to be forced to serve its customers at rates that are below its costs."⁷¹ AP also states that *Duquesne Light* "reinforced that it is not the method of rate making that must be scrutinized but the end result of the rate order that is the paramount concern:"

Today we reaffirm these teachings of *Hope Natural Gas*: "[I]t is not theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unreasonable, judicial inquiry . . . is at an end."⁷²

The Company concludes that "[i]t is clear that the Takings Clause of the Fifth Amendment as applied to State action through the Fourteenth Amendment 'explicitly protects private property from government confiscation without adequate compensation' and a rate order leading directly to such a significant undercollection of \$82.6 million and an after-tax loss in Virginia of approximately \$40 million would be such an impermissible confiscation."⁷³

We find that holding Allegheny to its commitments under the Divestiture Order and MOU does not result in an impermissible confiscation and is fully consistent with the United States Constitution. The Divestiture Order and MOU do not speculate on nor limit the benefits, quantitative or qualitative, that could accrue to the Company by divesting all of its generating units. In accepting the Divestiture Order and MOU, AP's management made a voluntary business decision in which the Company agreed to a number of potential risks and benefits necessarily associated with its decision to embark on the path to divestiture. An analysis of possible risks and benefits inuring to the Company as a result of such transactions should, and indeed may, have been part of the calculus used by AP's management in deciding whether to carry out divestiture.

⁶⁷ *Id.* at 13.

⁶⁸ *Id.* at 13-14 (quoting 2007 Va. Acts Ch. 888 and 933, 5th Enactment Clause (emphasis added by Allegheny)). The 2007 amendments also modified § 56-582 F to provide that the capped rate period shall end on December 31, 2008.

⁶⁹ Consumer Counsel's Legal Memorandum at 19-20 (emphasis added).

⁷⁰ AP's Legal Memorandum at 17 (typeface and case modified).

⁷¹ *Id.* at 18 (citing *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307-308, 310-311 (1989) ("*Duquesne Light*").

⁷² *Id.* (quoting *Duquesne Light*, 488 U.S. at 310).

⁷³ *Id.* at 20 (citation omitted).

In 2000, AP sought Commission approval of the Company's plan to divest its generating units to an affiliate. Allegheny was not required by any Virginia law to divest its generation. Indeed, § 56-590 of the Code, in effect since 1999, *prohibits* the Commission from requiring any incumbent electric utility, such as AP, to divest itself of any generation.⁷⁴ The decision to divest was a decision made by Allegheny. That decision created a number of risks for ratepayers. The Divestiture Order and MOU addressed those risks and, as a result, included numerous provisions for the protection and benefit of ratepayers. As described by Consumers:

But without any statutory compulsion, Allegheny made a business decision in 2000 to transfer all of its generating assets to its affiliate. . . . By divesting its generating assets, Allegheny exposed itself to the risk that the cost of purchasing power would be higher than the cost of purchasing fuel to generate its own power, and exposed consumers to the risk that Allegheny would pass those costs on to consumers in the form of significantly higher electric bills. Therefore, Allegheny proffered, and the Commission accepted, the ratepayer protections and conditions that are clearly memorialized in the MOU.⁷⁵

Consumers further explain that "[i]t cannot be disputed that Allegheny was at no time obligated to divest its generating assets under the [Act]," and that "[a]ny economic impact experienced by Allegheny, whether for profit or loss, due to the fluctuating market costs of wholesale power, is solely the result of Allegheny's own business decisions."⁷⁶ Consumer Counsel accurately summarizes as follows:

The Commission did not compel Allegheny to divest its generation assets. To the contrary, the [Act] has, since its enactment, expressly prohibited any such forced action and clearly provided that any such divestiture was merely permitted and only with the approval of the Commission. Nor did the Commission compel Allegheny to propose the MOU. . . . *By proposing and agreeing to rate treatment consistent with the MOU, Allegheny exposed itself to the type of business risk from which the Constitution does not require the Commission to relieve the Company.*⁷⁷

We reject AP's arguments that United States Supreme Court precedent prohibits implementation of the express terms of the MOU. The type of business risk to which AP voluntarily exposed itself by implementing divestiture under the auspices of the MOU is but one example of the "operation of economic forces" that is not afforded constitutional protection. Specifically, as explained by the Supreme Court in *Market Street Railway Co. v. Railroad Comm'n of California*:

The due process clause has been applied to prevent governmental destruction of existing economic values. It has not and cannot be applied to insure values or to restore values that have been lost by the operation of economic forces.⁷⁸

In this instance, any claimed losses to the Company do not result from destruction of economic value by the Commission but, rather, represent value that has been lost as a consequence of economic forces to which Allegheny is subjected as a direct result of its own business decisions, decisions that Allegheny freely made and which were not forced upon the Company by the Commission.

In addition, the Company's reliance on *Duquesne Light* is misplaced; that case further supports the Commission's enforcement of the MOU. The Supreme Court did not find a constitutional violation in *Duquesne Light*. More importantly, Consumer Counsel explains that *Duquesne Light* "addresses regulatory action in which a result is *imposed* upon a regulated entity, facts that are clearly not before the Commission in the instant case."⁷⁹ Allegheny chose to seek divestiture of its generation in accordance with the MOU; the transaction and resulting rates were not imposed in the manner addressed by *Duquesne Light*. As proffered by Consumer Counsel, "[i]t is simply counterintuitive that Commission approval of a rate that is consistent with rate treatment that Allegheny voluntarily proposed and agreed to could somehow constitute an unconstitutional taking by the Commission."⁸⁰ Moreover, Consumers explain that "[h]olding Allegheny to the terms of the MOU cannot be a taking in violation of the Fifth Amendment because the Commission cannot take what Allegheny already gave away voluntarily."⁸¹

Finally, Consumer Counsel properly concludes that "[e]ven if such a 'taking' is possible (a proposition for which Consumer Counsel has not identified support), the distinction recognized by the United States Supreme Court in [*Federal Power Comm'n v. Sierra Pacific Power*] between a rate that is imposed upon a utility and a rate that a utility agrees to, sheds light on how high the threshold would be to establish such a counterintuitive constitutional claim."⁸² Consumer Counsel explains that in *Sierra Pacific*, "the Supreme Court recognized that the proper standard for reviewing the reasonableness of rates pursuant to the Federal Power Act is different in a situation where a utility has voluntarily agreed, as Allegheny did, to a particular rate treatment:"

⁷⁴ See Va. Code § 56-590 A ("The Commission shall not require any incumbent electric utility to divest itself of any generation, transmission or distribution assets pursuant to any provision of this chapter.")

⁷⁵ Consumer's Legal Memorandum at 2-3.

⁷⁶ *Id.* at 19.

⁷⁷ Consumer Counsel's Legal Memorandum at 12-13 (footnote omitted) (emphasis added).

⁷⁸ *Market Street Railway Co. v. Railroad Comm'n of California*, 324 U.S. 548, 567 (1945).

⁷⁹ Consumer Counsel's Legal Memorandum at 13 n.16 (emphasis added).

⁸⁰ *Id.* at 13.

⁸¹ Consumer's Legal Memorandum at 19.

⁸² Consumer Counsel's Legal Memorandum at 13 (citing *Federal Power Comm'n v. Sierra Pacific Power*, 350 U.S. 348 (1956) ("*Sierra Pacific*")) (footnote omitted).

"[W]hile it may be that the [Federal Power] Commission may not normally *impose* upon a public utility a rate which would produce less than a fair return, it does not follow that the public utility may not itself agree by contract to a rate affording less than a fair return or that, if it does so, it is entitled to be relieved of its improvident bargain. In such circumstances the sole concern of the Commission would seem to be whether the rate is so low as to adversely affect the public interest – as where it might impair the financial ability of the public utility to continue its service, cast upon other consumers an excessive burden, or be unduly discriminatory."⁸³

We agree with Consumer Counsel that in approving the MOU, the Commission found that its provisions were in the public interest, and that "[a]bsent the protections of the MOU, the burden that Allegheny's consumers would bear is clearly excessive, as evidenced by the Company's request for a 49.1% rate increase and the experiences in Maryland, Delaware, and Illinois, that have allowed divestiture of generation assets without the benefit of voluntary agreements to protect consumers from the risks implicit in divestiture."⁸⁴ Accordingly, if the Commission were required to apply a *Sierra Pacific* analysis, "approval of a rate consistent with the MOU would not result in an unjust and unreasonable rate, much less an unconstitutional rate."⁸⁵

Filed Rate Doctrine

Allegheny also argues that the Commission is prohibited, as a matter of federal constitutional law as applied through the "filed rate" doctrine, from implementing the express terms of the MOU and, thus, must permit the Company to recover in retail rates all of its wholesale purchased power costs. The Company asserts that "[i]f the Commission were nonetheless to disallow full recovery of the actual costs of purchased power to serve Allegheny's Virginia customers, . . . the Commission would also be violating the 'filed rate' doctrine that applies to Allegheny's wholesale purchase of electricity at market rates from unaffiliated out-of-state suppliers of electricity for resale in Virginia."⁸⁶ AP states that "[w]hen FERC sets a rate between a seller of power and a wholesaler-as-buyer, a State may not exercise its undoubted jurisdiction over retail sales to prevent the wholesaler-as-reseller from recovering the costs of paying the FERC-approved rate. Such a 'trapping' of costs is prohibited."⁸⁷

The Company also states that the United States District Court for the Northern District of California, in *Pacific Gas and Electric Co.*,⁸⁸ applied the filed rate doctrine to market-based wholesale tariffs and found that the California Public Utility Commission was required to permit recovery of wholesale purchased power costs that were higher than the retail rates mandated by state statute.⁸⁹ The Company concludes that "[t]here is no doubt that the failure to allow the recovery of the full cost of wholesale power in Allegheny's retail rates will create a 'trapping' of costs that is prohibited under federal law," and, thus, the "filed rate doctrine requires that the Company be allowed to recover its prudently incurred costs of purchased power through retail rates applicable to its Virginia jurisdictional customers, quite apart from the fact that the same result flows from the MOU itself, the actions of Virginia's legislators, and Virginia's long-standing law on contract performance."⁹⁰

We agree with Staff that the filed rate doctrine is not applicable to this proceeding due to AP's voluntary agreement to establish its rates with reference to the MOU. Staff states that "[w]hile the *State* may not be lawfully able to require a utility to sell at a rate lower than that found reasonable by FERC, nothing in the law prohibits the *utility* from voluntarily agreeing to do so."⁹¹ The instant proceeding also is different from *Pacific Gas and Electric Co.*, which involved electric rates frozen by statute. Here, it is the MOU, which Allegheny voluntarily offered as an inducement to divestiture – not Virginia's capped rates – that acts to curb the Company's retail electric rates.

The retail rates established in accordance with the MOU do not implicate the FERC-approved wholesale rate for purposes of the filed rate doctrine.⁹² Staff explains that the "retailer can voluntarily refrain from passing on costs" and that AP "must live with its bargains whether any 'projections about the future' it may have made proved correct or incorrect."⁹³ Consumers also note that "[e]nforcement of the MOU after June 30, 2007 cannot violate the filed rate doctrine because the filed rate doctrine does not apply to the facts of this case."⁹⁴ Specifically, "[b]y enforcing the MOU, the Commission is not adjudicating the reasonableness or prudence of a FERC-approved wholesale rate. . . . It is merely giving effect to the limitations voluntarily proffered by Allegheny in the MOU as part of its business decision to divest its generation assets."⁹⁵

⁸³ *Id.* at 13-14 (quoting *Sierra Pacific*, 350 U.S. at 355 (emphasis in original)).

⁸⁴ *Id.* at 14.

⁸⁵ *Id.*

⁸⁶ AP's Legal Memorandum at 14.

⁸⁷ *Id.* (quoting *Nantahala Power & Light Co. v. Thornburg*, 476 U.S. 953, 956, 966 (1986) (citations omitted)).

⁸⁸ *Pacific Gas and Electric Co. v. Lynch*, 216 F. Supp. 2d 1016 (N.D. Cal. 2002) ("*Pacific Gas and Electric Co.*").

⁸⁹ AP's Legal Memorandum at 15-16.

⁹⁰ *Id.* at 15, 17.

⁹¹ Staff's Legal Memorandum at 10 (emphasis in original).

⁹² *See id.* at 9-10.

⁹³ *Id.* at 10-11.

⁹⁴ Consumer's Legal Memorandum at 17.

⁹⁵ *Id.* at 19.

Frustration of Performance

Allegheny argues that its "current predicament, if it were held to have a continuing obligation to provide generation service but not to recover the costs of such service, would meet all three factual requirements for the defense of frustration of performance."⁹⁶ The Company states that: (1) "the development of the competitive retail market, and the resulting decrease in the number of customers receiving default service, was clearly expected;" (2) "the assumed competitive retail market was expected to attract most of the Company's customers, thus leaving only a *de minimis* number of customers on 'default service;" and (3) "the anomaly that *all* customers are still on 'default service' is a substantial failure of a legislative assumption relied upon by the Company when it entered into the MOU that obviously has made 'performance impracticable,' *i.e.*, providing default service at substantially below its cost."⁹⁷

We reject this argument. Consumers explain that "[t]he MOU is not a contract between private parties."⁹⁸ Moreover, "[b]ecause the MOU concerns a matter of public interest, Allegheny cannot rely on a private contract defense to circumvent its obligations under the MOU. It is well established that '[w]hen private property is affected by the public interest it ceases to be *juris privati* only.'"⁹⁹ Consumer Counsel further notes that the "jurisdictional generation assets that Allegheny transferred were private property devoted to the public use of providing retail electric service to Virginians," and that "[i]t was within the Commission's exclusive jurisdiction to approve the MOU and to approve the transfer of Virginia jurisdictional assets to non-jurisdictional entities subject to the terms proposed by Allegheny."¹⁰⁰ Thus, the "Commission's decision to approve divestiture upon particular terms proposed by Allegheny carries with it the force of law and is not subject to the equitable defenses that might be employed against contract enforcement by a private party."¹⁰¹

Finally, the frustration of purpose doctrine, even if applicable to this proceeding, does not apply to the facts presented herein: "Because the development of competition to some unspecified level was and is not essential or necessary to Allegheny's compliance with the terms of the MOU, Allegheny cannot avail itself of the frustration of purpose doctrine."¹⁰² In addition, (1) the "rate protections of the MOU were crafted to cover specifically those ratepayers for whom competition did not present a viable competitive alternative," (2) "Allegheny's performance of default service, at rates consistent with the MOU, depends entirely upon the failure of competition to develop," and, thus (3) "the circumstance can hardly be characterized as unexpected nor can competition be characterized as necessary to Allegheny's performance under the MOU."¹⁰³

Consumers also explain that "Allegheny's performance under the MOU cannot be excused due to frustration of purpose or impossibility because the failure of a competitive market to develop was not so completely unanticipated or unforeseeable as to prevent Allegheny from protecting its future right to recover purchased power costs."¹⁰⁴ The "uncertainty about the development of a competitive market was one of the primary reasons for establishing the MOU in the first place."¹⁰⁵ Indeed, "[h]ad there been a clear expectation that competition would develop, parties to the MOU would have seen no need to negotiate a 367 [MW] limit to the protections of the MOU," and the "inclusion of the 367 MW load level, which was clearly designed to hedge Allegheny's exposure to risk under the MOU, cannot be ignored."¹⁰⁶ Thus, the 367 MW limit in the MOU "effectively limit[s] the impact of the ratepayer protections of the MOU," and "[s]uch protection would not have been necessary if Allegheny had considered the development of a competitive retail market an imminent certainty."¹⁰⁷

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Allegheny's Application and its Motion to Establish Interim Rates are denied for the reasons set forth above.
- (2) The public evidentiary hearing previously scheduled for August 7, 2007 is cancelled.

(3) Allegheny's Motion to Accept Affidavit of Hon. Thomas K. Norment and Consumers' Motion to Accept Affidavits of Eight Virginia Legislators are granted to the limited extent explained above, in that such affidavits are accepted as timely filed comments.

⁹⁶ AP's Legal Memorandum at 12. Allegheny states that "[a] party may rely on the defense of frustration of performance if there was '(1) the unexpected occurrence of an intervening act, (2) such occurrence was of such a character that its non-occurrence was a basic assumption of the agreement of the parties, and (3) that occurrence made performance impracticable.'" *Id.* (quoting *Opera Co. of Boston v. Wolf Trap Foundation*, 817 F.2d 1094, 1102 (4th Cir. 1987, applying Virginia law)).

⁹⁷ *Id.* at 12-13 (footnotes omitted) (emphasis in original).

⁹⁸ Consumer's Legal Memorandum at 12.

⁹⁹ *Id.* (quoting *Munn v. Illinois*, 94 U.S. 113, 126 (1876)).

¹⁰⁰ Consumer Counsel's Legal Memorandum at 16.

¹⁰¹ *Id.*

¹⁰² *Id.* at 17.

¹⁰³ *Id.* at 17-18.

¹⁰⁴ Consumer's Legal Memorandum at 13.

¹⁰⁵ *Id.* at 14.

¹⁰⁶ Consumer Counsel's Legal Memorandum at 18.

¹⁰⁷ Consumer's Legal Memorandum at 15.

(4) This case is dismissed.

**CASE NO. PUE-2007-00026
AUGUST 7, 2007**

APPLICATION OF
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For an increase in its electric rates pursuant to Virginia Code §§ 56-249.6 and 56-582

ORDER DENYING MOTIONS

On April 12, 2007, The Potomac Edison Company d/b/a Allegheny Power ("AP," "Potomac Edison," or "Company") filed an application with the State Corporation Commission ("Commission") in which AP seeks an increase in its electric rates pursuant to §§ 56-249.6 and 56-582 of the Code of Virginia ("Code") ("Application"). The Company "applies to establish a leveled fuel factor tariff in Virginia to recover its purchased power expenses to be incurred over the period July 1, 2007 through June 30, 2008."¹ AP provides "electric service to approximately 98,000 customers located in fourteen northwestern Virginia counties along the Shenandoah Valley," and "Virginia customers produce approximately 21% of the Company's total electric revenues."²

The Company further states that "[b]y Order dated July 11, 2000 in Case No. PUE-2000-00280, the Commission approved the transfer by AP of nearly all of its Virginia generating assets to its affiliate Allegheny Energy Supply Company, LLC ('AE Supply') at book value,"³ and that "[b]y Order dated July 26, 2000 in Case No. PUE-2000-00280, the Commission approved the elimination of the Company's fuel factor and ordered AP to file tariffs containing rates designed to recover its fuel expenses at the equivalent rate of 1.181 cents per kilowatt hour effective for bills rendered on and after August 7, 2000."⁴ The Company asserts that "[a]s part of its [Divestiture Order], the Commission approved a Memorandum of Understanding (the 'MOU') between AP and Staff which addressed the pricing of generation services in Virginia for the period 2000 through June 30, 2007."⁵ The Company concludes that "beginning July 1, 2007 AP is entitled pursuant to §§ 56-249.6 and 56-582 [of the Code] to recover all of its purchased power expenses needed to provide default service to Virginia customers."⁶

On June 28, 2007, the Commission entered an Order Denying Application finding that, contrary to AP's request in this case, neither Virginia nor federal law requires that the MOU's rate provisions must end on July 1, 2007 ("June 28 Order").

On July 6, 2007, the Company filed a Motion for Suspension of Order and Motion for Interim Rate, which "respectfully requests that the Commission suspend the June 28 Order pending appellate review of the order and allow [AP] to place into effect immediately the interim rate of 1.085¢ per kWh" (collectively, "Motions").⁷ AP requests the Commission, "[p]ursuant to Virginia Code § 8.01-676(H) . . . to suspend its [June 28 Order] while the Company seeks appellate review of the June 28 Order, because 'such suspension [is] necessary for the proper administration of justice.' Va. Code § 8.01-676(H)."⁸ The Company also requests, "[a]lternatively and to the extent necessary to allow the fuel factor to be collected while appellate review proceeds, pursuant to Va. Code §§ 56-240 and 56-249.6, . . . that the Commission allow it to put into effect, on an interim basis subject to refund, the fuel factor of 1.085¢ per kWh for service to Potomac Edison's Virginia customers for service rendered on and after the date of the Commission's order ('interim rate') while Potomac Edison seeks appellate review."⁹

Responses in opposition to the Motions were filed by the following participants in this case: Commission's Staff ("Staff"), eighteen (18) local businesses working in coordination with the Frederick County Industrial Development Authority, and the Shenandoah Valley Manufacturers' Association.

On July 31, 2007, AP filed a Reply to Staff's Response ("AP's Reply"), which states, among other things, that "if the Commission will not grant that Motion and provide that relief, Potomac Edison has no choice but to carry on with the requests for relief that have been filed at the Supreme Court of Virginia."¹⁰

On August 2, 2007, Staff filed a Supplement to Response to Motion for Suspension of Order ("Staff's Supplement"), which states, among other things, that "there is no evidence in the record upon which the Commission could conclude that the proposed (but unavailable) fuel factor is reasonable."¹¹

¹ Application at 1.

² *Id.*

³ *Id.* at 2. See *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Phase I Transfers, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 530 (July 11, 2000) ("Divestiture Order").

⁴ Application at 2. See *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Elimination of Fuel Factor and Establishing Capped Rates, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 532 (July 26, 2000) ("Fuel and Rates Divestiture Order").

⁵ Application at 2.

⁶ *Id.* at 6.

⁷ Motions at 5.

⁸ Motions at 1. The correct cite to the Code of Virginia is Va. Code § 8.01-676.1(H).

⁹ *Id.*

¹⁰ AP's Reply at 3.

¹¹ Staff's Supplement at 2.

NOW THE COMMISSION, upon consideration of this matter, denies the Motions. The Commission notes that AP has filed a Motion to Expedite and for Interim Relief at the Supreme Court of Virginia, in which it asks that Court, among other things, to suspend the June 28 Order and to allow interim rates to go into effect.¹² On August 2, 2007, the Commission filed with the Supreme Court a Reply in Opposition to Motion to Expedite and for Interim Relief, in which the Commission concludes that, and explains why, the Court should deny AP's request.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Motion for Suspension of Order and Motion for Interim Rate are denied.
- (2) This matter is dismissed.

¹² *The Potomac Edison Company d/b/a Allegheny Power v. State Corporation Commission*, Record No. 071566 (S.C.C. Case No. PUE-2007-00026).

**CASE NO. PUE-2007-00027
SEPTEMBER 27, 2007**

APPLICATION OF
MASSIE POWER LLC

For licenses to conduct business as a competitive service provider and aggregator for electricity

ORDER GRANTING LICENSES

On July 27, 2007, Massie Power LLC ("Massie" or "the Company") completed an application with the State Corporation Commission ("Commission") for licenses to act as a competitive service provider and aggregator of electric service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). This application seeks authority to serve residential, commercial and industrial customers in the electric retail access program of Virginia Electric and Power Company ("DVP"). The Company agreed to abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Retail Access Rules.

On August 9, 2007, the Commission issued an Order for Notice and Comment docketing the application; requiring that notice of the application be given to DVP, and other interested persons; allowing interested persons to file comments on the application; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on August 20, 2007. No comments were received on Massie's application.

The Staff filed its Report on September 11, 2007, addressing Massie's fitness to conduct business as a competitive service provider and aggregator of electric service. In its Report, the Staff summarized Massie's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that Massie be granted a license to conduct business as a competitive service provider and aggregator of electric service to commercial and industrial customers in the service territory of DVP upon the posting of either a letter of credit or performance bond in the amount of \$15,000. The Company did not file a response to the Staff's Report. However, on September 21, 2007, Massie filed a performance bond with the Staff in the amount of \$15,000.

NOW UPON CONSIDERATION of the application, the Staff Report, the applicable law, and the Retail Access Rules, the Commission is of the opinion and finds that Massie's request for licenses as a competitive service provider and aggregator of electric service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Massie Power LLC is hereby granted License No. E-19 to be a competitive service provider of electric service to residential, commercial and industrial customers in the service territory of Virginia Electric and Power Company. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.
- (2) Massie Power LLC is hereby granted License No. A-28 to be an aggregator of electric service to residential, commercial and industrial customers in the service territory of Virginia Electric and Power Company. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.
- (3) These licenses are not valid authority for the provision of any product or service not identified within the license itself.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

**CASE NO. PUE-2007-00027
DECEMBER 17, 2007**

APPLICATION OF
MASSIE POWER LLC

For licenses to conduct business as a competitive service provider and aggregator of electricity

ORDER REISSUING LICENSES

On September 27, 2007, the State Corporation Commission ("Commission") issued to Massie Power LLC ("Massie") License No. E-19 and License No. A-28 to act as a competitive service provider and aggregator of electricity to residential, commercial and industrial customers in the retail service territory of Virginia Electric and Power Company. On October 9, 2007, Massie filed a letter application with the Commission requesting an amendment to its licenses to act as a competitive service provider and aggregator of electricity to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and customer choice.

On October 26, 2007, the Commission issued an Order for Notice and Comment in the case. Massie filed proof of notice given on October 30, 2007. No comment was received. The Commission Staff ("Staff") filed a Supplemental Report on November 27, 2007, concerning Massie's financial condition and technical fitness to act as a competitive service provider and aggregator of electricity in retail access programs throughout the Commonwealth of Virginia. The Staff recommended that Massie be granted licenses to act as a competitive service provider and aggregator of electricity to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia, subject to Massie providing evidence of financial security in good standing as part of the annual license renewal process.¹

NOW THE COMMISSION, upon consideration of this matter, finds that Massie Power LLC's License No. E-19 and License A-28 to conduct business as a competitive service provider and aggregator of electricity shall be cancelled and reissued to authorize Massie to act as a competitive service provider and aggregator of electricity to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia. Massie's authority granted throughout the Commonwealth of Virginia shall be conditioned upon Massie maintaining financial security in the amount of \$15,000 payable to the Commonwealth of Virginia and providing evidence of this financial security annually to the Commission as part of the annual license renewal process.

Accordingly, IT IS ORDERED THAT:

(1) License No. E-19 authorizing Massie Power LLC to be a competitive service provider of electric service to residential, commercial and industrial customers in the service territory of Virginia Electric and Power Company is hereby canceled, and shall be reissued as License No. E-19A, subject to the findings above, authorizing Massie Power LLC to be a competitive service provider of electric service to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia.

(2) License No. A-28 authorizing Massie Power LLC to provide electric aggregation service to residential, commercial and industrial customers in the service territory of Virginia Electric and Power Company is hereby canceled, and shall be reissued as License No. A-28A, subject to the findings above, authorizing Massie Power LLC to provide electric aggregation service to residential, commercial and industrial customers in retail access programs throughout the Commonwealth of Virginia.

(3) These licenses are not valid authority for the provision of any product or service not identified within the license itself.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ On September 21, 2007, Massie filed a performance bond in the amount of \$15,000, payable to the Commonwealth of Virginia. The bond is in effect without expiration, but may be cancelled with fifteen (15) days notice.

**CASE NO. PUE-2007-00028
OCTOBER 2, 2007**

JOINT PETITION OF
BLUE RIDGE HEIGHTS CORPORATION
and
WATER DISTRIBUTORS, INC. D/B/A AQUA VIRGINIA, INC.

For approval of change of ownership of utility assets, expansion of service territory, and implementation of new rates

ORDER GRANTING JOINT PETITION

On April 16, 2007, Blue Ridge Heights Corporation ("Blue Ridge") and Water Distributors, Inc., d/b/a Aqua Virginia, Inc. ("Water Distributors") (collectively, "Petitioners"), filed a Joint Petition ("Petition") with the State Corporation Commission ("Commission") requesting authority, pursuant to Chapter 5 (§ 56-88 et seq.) of Title 56 of the Code of Virginia (the "Utility Transfers Act"), for Water Distributors to acquire the White Oak Estates Public Water System ("White Oak System") from Blue Ridge. The White Oak System currently provides water service to approximately one-hundred fifty (150) customers in Botetourt County, Virginia. The utility assets that Water Distributors seeks to acquire from Blue Ridge include certain real property, two deep wells, two block pump stations with treatment equipment and appurtenances, a sixty thousand (60,000) gallon circular concrete reservoir, piping, electrical system and controls, all water mains, taps and service lines, and all easements and appurtenances of the White Oak System. The purchase price for the utility assets is \$180,000, which will be paid in full at the time of the closing.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In order to consummate the proposed transaction, the Petitioners request the Commission to: (i) grant Water Distributors approval to acquire the White Oak System under the Utility Transfers Act, (ii) expand Water Distributors' service territory in its current certificate of public convenience and necessity, pursuant to §§ 56-265.2 and 56-265.3 D of the Code of Virginia ("Code"), to include the geographic area currently served by the White Oak System, and (iii) allow Water Distributors to charge Blue Ridge customers the regulated rates of Water Distributors after the transaction is consummated.

On May 17, 2007, the Commission issued an Order for Notice and Comment ("Scheduling Order") establishing a procedural schedule for review of the Petition. The Scheduling Order, among other things, directed the Petitioners to provide public notice of their Petition, allowed interested persons to file comments or request a hearing on the Petition, and directed the Commission Staff to review the Petition and file a Report presenting the Staff's findings and recommendations.

Several customers of the White Oak System filed comments in response to the Commission's Scheduling Order. While most of the customers do not oppose the transfer of the White Oak System to Water Distributors, they do oppose the magnitude of the rate increase they will experience when they migrate to Water Distributors' current rates. Several customers represent that their water rates will increase by approximately 65% when they migrate to Water Distributors' rates. Several customers also recommend that any rate increase be phased in over a multi-year period to moderate the financial impact Water Distributors' rates would have on the customers of the White Oak System.

On July 6, 2007, the Staff filed its Report on the Petition seeking authority to transfer the White Oak System to Water Distributors. The Staff recommends that the Commission approve the transfer subject to the following requirements:

- (1) Within thirty (30) days of completing the proposed transfer, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Water Distributors' accounting entries recording the transfer. Such accounting entries should be in accordance with the Uniform System of Accounts ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.
- (2) Blue Ridge should be directed to provide all records related to the transferred assets at closing to Water Distributors, which should be directed to maintain them henceforth in accordance with the USOA.
- (3) Water Distributors should be allowed to implement its proposed rates for the White Oak System customers on an interim basis subject to refund. Water Distributors should maintain the White Oak System's books and records separately until further order of the Commission and file with the Commission a balance sheet, income statement, and a rate of return statement for the White Oak System within 90 days following the first full year of Water Distributors' ownership. Upon receiving the filing, Staff should plan and conduct an investigation of the White Oak System's cost of service and the reasonableness of its proposed rates and file a report summarizing its findings.
- (4) The Commission's Utility Transfers Act approval of the proposed transfer should have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval should not guarantee recovery of any costs directly or indirectly related to the transfer.
- (5) The Commission should specifically defer any ratemaking decisions on the Original Cost Study, its results, and its costs until such time as they are presented for consideration in the context of a rate proceeding.
- (6) The Commission should direct Water Distributors that:
 - (a) The quality of service in the White Oak System service territory should not deteriorate due to a lack of maintenance or capital investment;
 - (b) The quality of service in the White Oak System service territory should not deteriorate due to a reduction in the number of employees providing services; and
 - (c) Water Distributors should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Water Distributors' timely response to Staff inquiries with regard to its provision of service in Virginia.

The Staff's recommendations are designed to address two primary concerns the Staff has with the Petition. First, the Staff opposes Water Distributors' proposal to use its original cost study to develop its accounting adjustments to recognize the acquisition of the White Oak System. Water Distributors proposes to account for the acquisition of the White Oak System by booking the results of its original cost study to its plant and accumulated depreciation accounts, and recording the \$90,866 approximate difference between the purchase price and the study's net book value as an acquisition adjustment. Instead, the Staff recommends that Water Distributors be required to follow the USOA for recording the transfer and accounting for post-transfer operations. Under the USOA, the absence of original cost records results in the entire purchase price being booked to Account 114 as an acquisition adjustment.

Second, the Staff is concerned with the magnitude of the rate increase that will be experienced by some customers of the White Oak System as they migrate to Water Distributors' current rates. The Staff therefore recommends that Water Distributors' rates be allowed to go into effect for the White Oak System customers on an interim basis, subject to refund, pending a Staff investigation of the White Oak System's cost of service after the first full year of Water Distributors' ownership of the system. This will allow the Staff to determine whether Water Distributors' current rates, as applied to the White Oak System customers, are reasonable.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On August 3, 2007, Water Distributors filed its Response to the Staff Report. Water Distributors agrees with most of the Staff's recommendations, including the Staff's proposal to allow Water Distributors' current rates to go into effect for the White Oak System customers on an interim basis, subject to refund, pending a future Staff investigation of the reasonableness of Water Distributors' rates as applied to the White Oak System customers. Water Distributors also does not object to keeping separate accounting records for the White Oak System sufficient to enable the Staff to determine whether Water Distributors' rates, as applied to the White Oak System customers, are reasonable. However, Water Distributors objects to any suggestion that it be required to keep a separate set of books and records for the White Oak System, arguing that such a requirement is unnecessary and will only put upward pressure on Water Distributors' rates.

Water Distributors also opposes the Staff's proposed accounting recommendations to recognize the acquisition of the White Oak System. Water Distributors asserts that the Staff's recommendations would require it to account for the transaction as if the acquired plant has no value. Water Distributors therefore requests that the Commission allow it to use the results of its original cost study for purposes of accounting for the transaction now, while acknowledging that the Commission would not be bound to accept those values for purposes of subsequent rate cases.

On August 16, 2007, the Staff filed a Motion for Leave to File Staff Reply ("Motion"), seeking permission to file a Staff Reply to the Petitioners' Response to Staff Report ("Reply"). In support of its Motion, the Staff states that the Petitioners' Response to the Staff Report raises certain accounting and financial issues that require further clarification and comment before the Commission rules on the Petition. The Staff Reply attached to the Motion indicates that it is not the Staff's intention to impose on the Company onerous accounting and reporting requirements that will require Water Distributors to establish a separate and formal set of books and records for the White Oak System. The Staff Reply further indicates that Staff has no objection to the Petitioners' proposal to keep separate accounting records for the White Oak System that will be sufficient for Staff to determine whether Water Distributors' current rates, as applied to the White Oak System customers, are just and reasonable. The Staff Reply also states that Staff is willing to work with Water Distributors to develop the accounting and financial data necessary to evaluate the White Oak System's cost of service under Water Distributors' rates.

The Staff Reply, however, opposes Water Distributors' proposal to use its original cost study to develop the accounting adjustments necessary to recognize the acquisition of the White Oak System on the grounds that: (1) the White Oak System plant costs can only be estimated since there are no records supporting the original cost of the utility assets; (2) booking the acquisition under Water Distributors' accounting proposals will be a deviation from the requirements imposed by the USOA; and (3) Water Distributors' proposal to use the original cost study to develop its accounting adjustments for the proposed transfer is contrary to the Commission's long-standing practice of directing that Utility Transfers Act proceedings shall have no ratemaking implications.

NOW THE COMMISSION, upon consideration of the Petition, Comments of customers, Staff Report, and the Response to the Staff Report, is of the opinion and finds that the Staff's Motion for Leave to File Staff Reply should be granted, and that the Staff's Reply to the Petitioners' Response to Staff Report should be made a part of the record. We further find that the Petition should be granted and that the Staff's recommendations, as modified herein, should be accepted.

We agree with Water Distributors that it should not be required to establish a separate set of "formal" books and records for the White Oak System to evaluate the reasonableness of Water Distributors' rates as applied to the White Oak System customers. Water Distributors has agreed to keep separate accounting records for the first full year of its operation of the White Oak System sufficient to enable it to demonstrate, and the Staff to evaluate, the reasonableness of Water Distributors' rates as applied to White Oak System customers. In its Reply, the Staff indicates it has no objection to Water Distributors' proposal to keep separate accounting records for the White Oak System, provided the records are sufficient to determine whether Water Distributors' current rates, as applicable to the White Oak System customers, are just and reasonable. Accordingly, Water Distributors is directed to keep separate accounting records for the White Oak System in sufficient detail to enable the Staff to investigate the reasonableness of its rates as applied to White Oak System customers. At a minimum, the accounting and financial information should be in sufficient detail to track all revenues received from the operations of the White Oak System, all expenses associated with serving White Oak System customers (including all joint and common costs allocated to White Oak System customers from Water Distributors or other corporate affiliates), and all operating income generated by the operations of the White Oak System on a stand alone basis. Water Distributors is also directed to file a balance sheet, income statement, and a rate of return statement for the White Oak System within ninety (90) days following the first full year of Water Distributors' ownership of the White Oak System.

We further find that it is inappropriate in the context of a Utility Transfers Act proceeding to use the results of Water Distributors' original cost study to develop any accounting adjustments and booking entries necessary to recognize the acquisition of the White Oak System. The long-standing policy of the Commission is that Utility Transfers Act proceedings have no ratemaking implications. In *Joint Petition of Alpha Water Corporation and Blundon and Hilton, Inc.*, Case No. PUE-2006-00037 (Final Order, July 20, 2006), we held that a proposal to conduct an original cost study in a Utility Transfers Act proceeding in order to determine what value, if any, should be recorded as an acquisition adjustment was unnecessary because our approval of the transfer would have no ratemaking implications. Likewise, in *Joint Petition of Alpha Water Corporation and Riverview Development Corporation*, Case No. PUE-2006-00077 (Final Order, July 9, 2007), we held in a Utility Transfers Act proceeding that the merits of an original cost study should only be addressed in a subsequent ratemaking proceeding. Accordingly, we will not depart from our prior decisions and approve the use of Water Distributors' original cost study to develop the accounting adjustments and booking entries necessary to reflect the acquisition of the White Oak System. Instead, we will approve the Staff's accounting and booking recommendations for purposes of this case. Water Distributors can file and present the results of its original cost study in a future rate proceeding where the study can be fully investigated and litigated when establishing future rates.

With respect to the Petition, we find that: (i) the transfer of the White Oak System from Blue Ridge to Water Distributors should be approved; (ii) the Staff's recommendations numbered (1), (2), (4), (5) and (6) should be accepted; (iii) Staff's recommendation number (3) should be modified to clarify that Water Distributors is not required to establish a separate set of "formal" books and records for the White Oak System; and (iv) Water Distributors' certificate of public convenience and necessity should be amended to include in its service area the geographic area currently served by the White Oak System.

Accordingly, IT IS ORDERED THAT:

(1) The Staff's Motion for Leave to File Staff Reply is granted. The Staff Reply to the Petitioners' Response to the Staff Report shall be made a part of the record.

(2) Pursuant to § 56-89 of the Code of Virginia, Blue Ridge is hereby authorized to transfer, and Water Distributors is hereby authorized to acquire, the utility assets described as the White Oak System, subject to the following requirements recommended by the Staff, except as modified herein:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (a) Within thirty (30) days of completing the proposed transfer, the Petitioners shall file a Report of Action ("Report") with the Commission. The Report shall include the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Water Distributors' accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.
 - (b) Blue Ridge shall provide all records related to the transferred assets at closing to Water Distributors, which shall be directed to maintain them henceforth in accordance with the USOA.
 - (c) Water Distributors shall keep separate accounting records for the White Oak System until further order of the Commission. Water Distributors shall also file with the Commission a balance sheet, income statement, and a rate of return statement for the White Oak System within ninety (90) days following the first full year of Water Distributors' ownership of the White Oak System.
 - (d) The Commission's Utility Transfers Act approval of the proposed transfer shall have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval shall not guarantee recovery of any costs directly or indirectly related to the transfer.
 - (e) Any ratemaking decisions related to the Company's original cost study shall be deferred until such time as the original cost study is presented for consideration in the context of a rate proceeding.
 - (f) Water Distributors shall ensure that:
 - 1. The quality of service in the White Oak System service territory does not deteriorate due to a lack of maintenance or capital investment;
 - 2. The quality of service in the White Oak System service territory does not deteriorate due to a reduction in the number of employees providing services; and
 - 3. A high degree of cooperation shall be maintained with the Commission Staff, and Water Distributors should take all actions necessary to ensure its timely response to Staff inquiries with regard to its provision of service in Virginia.
- (3) Water Distributors may place its proposed rates into effect on an interim basis, subject to refund, for customers served by the White Oak System after the transaction is closed and Water Distributors acquires the White Oak System.
- (4) The Staff shall investigate the reasonableness of Water Distributors' rates as applied to the White Oak System customers and file a Report containing its findings and recommendations after Water Distributors files the balance sheet, income statement, and rate of return statement required by Ordering Paragraph (2)(c) above.
- (5) Water Distributors' certificate of public convenience and necessity is amended to expand the certificates' service territory to include the geographic area currently served by the White Oak System, consistent with the findings herein.
- (6) Water Distributors' proposed modification to the Staff's recommended accounting adjustments and booking entries to recognize the transfer of the White Oak System to Water Distributors is hereby denied.
- (7) This proceeding shall be continued generally pending further Order of the Commission.

**CASE NO. PUE-2007-00030
AUGUST 17, 2007**

NOTIFICATION OF
PARAMONT ENERGY, LC

To furnish natural gas service pursuant to § 56-265.4:5 of the Code of Virginia

ORDER DISMISSING PROCEEDING

On May 20, 2005, Paramont Energy, LC ("Paramont"), notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of the Code of Virginia ("Code"), of its intent to furnish exempt natural gas service to Sonic Restaurants, Inc. ("Sonic"), a new restaurant (the "New Restaurant") in Norton, Virginia.

On June 13, 2007, the Staff of the Commission filed a memorandum advising that Sonic's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

On June 15, 2007, the Commission entered an Order docketing the proceeding and notifying all Virginia public utilities providing natural gas service of Paramont's plans to furnish gas service to the New Restaurant. The utilities were advised they could file an application with the Commission to

provide natural gas service within the area identified in Paramont's notification documents within sixty (60) days of the entry of the June 15, 2007 Order. The Commission found that Sonic's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

Sixty days now have elapsed since the entry of the June 15, 2007 Order, and no jurisdictional public utility has filed an application to provide natural gas service within the area identified in the captioned notification.¹

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Paramont has satisfied the requirements of §§ 56-265.1(b)(4) and 56-65.4:5 of the Code, and that there being nothing further to be done herein, this matter should be dismissed.

Accordingly, IT IS THEREFORE ORDERED THAT this matter shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein made a part of the Commission's file for ended causes.

¹ On August 14, 2007, Appalachian Natural Gas Distribution Company filed notice that it filed on the same date in a separate docket an Application to the Commission for a Certificate of Public Convenience and Necessity to provide natural gas in Wise County, Virginia. There being no issue raised as to Paramont's instant plan to serve Sonic in Wise County, we will proceed with our consideration of this docketed proceeding.

**CASE NO. PUE-2007-00032
JUNE 15, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION WHOLESALE, INC.

For approval and certification of electric generating facilities under §§ 56-580(D) and 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL OF AFFILIATE TRANSACTIONS

On April 19, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") and Dominion Wholesale, Inc. ("Dominion Wholesale") (collectively the "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval and certification of electric generating facilities under §§ 56-580(D) and 56-46.1 of the Code of Virginia ("Code") and for approval of affiliates transactions under Chapter 4 of Title 56 of the Code. The Commission will address the proposed certification of the electric generating facilities by subsequent order. The remainder of this Order will address the affiliate transactions portion of the application.

Dominion Virginia Power is a Virginia public service corporation providing electric service to customers in its service territory in Virginia and North Carolina. Dominion Virginia Power is a wholly owned, direct subsidiary of Dominion Resources, Inc. ("Dominion"). Dominion is a "holding company," as defined in the Public Utility Holding Company Act of 2005 ("PUHCA 2005"), and is subject to regulation as such under PUHCA 2005 by the Federal Energy Regulatory Commission.

Dominion Wholesale is a general business corporation and is a wholly owned subsidiary of Dominion Energy, Inc., which is wholly owned by Dominion. Therefore, DVP and Dominion Wholesale are considered affiliated interests under § 56-76 of the Code.

DVP and Dominion Wholesale propose to transfer two natural gas turbine units from Dominion Wholesale to DVP at the lower of cost or market in connection with DVP's proposed construction and operation of two additional new dual fuel gas- and oil-fired turbine generator units at DVP's Ladysmith Substation ("Ladysmith Generation Facility"). The sales price for the two turbines is \$53 million. DVP would be responsible for shipping, including insurance. The warranties and service deliveries originally provided by the manufacturer of the units survive and will be assigned to DVP as part of the turbine transfer pursuant to a Partial Assignment, Assumption and Release Agreement between DVP and Dominion Wholesale (the "Assignment Agreement"). Dominion Virginia Power requests approval of the transfer of the two combustion turbines, including the Assignment Agreement and the Bill of Sale, subject to approval and certification of electric generating facilities at DVP's Ladysmith Generation Facility.

In Case No. PUE-2000-00009, DVP received Commission approval and a certificate of public convenience and necessity to construct and operate two simple cycle combustion turbine generator units in Caroline County, Virginia, near the Town of Ladysmith and DVP's Ladysmith Generation Facility.¹ To help DVP provide customers with adequate and reliable service in a cost effective manner, Dominion Virginia Power proposes to construct and operate at the Ladysmith Generation Facility two new gas- and oil-fired turbine generator units with a nominal summer rating of approximately 150 megawatts ("MW") each for a total of approximately 300 MW of additional nominal summer capacity (the "Generation Project"). DVP needs two natural gas turbines for the proposed Generation Project.

As represented by the Applicants, Dominion Wholesale currently has several natural gas turbines purchased several years ago that have been maintained in storage. Dominion Wholesale has agreed to transfer two of these units along with certain auxiliary equipment to DVP at a price of \$53 million for the two turbines. DVP would be responsible for shipping the turbines from Dominion Wholesale's storage facility in Chester, Pennsylvania, to the Ladysmith Generation Facility. DVP also would be responsible for the insurance related to shipping the equipment.

The Applicants represent that DVP cannot acquire the needed turbines internally, and if it had to order the new units from the manufacturer, there would be a significant delay in the construction schedule for the Generation Project, because the lead time required for such equipment could be up to

¹ *Application of Virginia Electric and Power Company*, Case No. PUE-2000-00009, 2000 S.C.C. Ann. Rept. 490 (Final Order, Oct. 6, 2000).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

approximately 12 to 18 months, depending on shop loading and the current demand for the equipment. Therefore, the Applicants believe that the proposed purchase of the turbines from Dominion Wholesale is in the public interest and should be approved.

NOW THE COMMISSION, upon consideration of the above-referenced Application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that DVP's proposed purchase of the two natural gas turbine units from Dominion Wholesale at a total price of \$53 million is in the public interest and should be approved. Such approval should include the Assignment Agreement and Bill of Sale and should be subject to approval of the proposed Generation Project.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Dominion Virginia Power is hereby granted approval to purchase the two natural gas turbine units from Dominion Wholesale at a total purchase price of \$53 million, as described herein.

(2) Such approval shall include the Assignment Agreement and the Bill of Sale as described herein and shall be subject to the Commission's approval of the proposed Generation Project.

(3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.

(4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.

(5) Dominion Virginia Power shall include the transaction approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Dominion Virginia Power shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) The Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the turbine transfer taking place, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer took place, the actual sales price, the actual accounting entries reflecting the transaction, and documentation that the actual sales price was at the lower of cost or market at the time of purchase.

(8) This matter shall be continued pending further order of the Commission.

**CASE NO. PUE-2007-00032
AUGUST 24, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION WHOLESALE, INC.

For approval and certification of electric generating facilities under § 56-580 D and § 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4, Title 56 of the Code of Virginia

FINAL ORDER

On April 19, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company") and Dominion Wholesale, Inc. ("Dominion Wholesale", together with Dominion Virginia Power, the "Companies"), filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity ("CPCN") pursuant to § 56-580 D and § 56-46.1 of the Code of Virginia ("Code") and for approval of affiliate transactions under Chapter 4, Title 56 of the Code.

On June 7, 2007, an Order for Notice and Comment or Requests for Hearing ("Order of June 7, 2007") was issued, which provided for comments and requests for hearing and participation by respondents, prescribed notice to be published and directed the Commission Staff to investigate the application and file a report.¹

On June 15, 2007, the Commission issued an order Granting Approval of Affiliate Transactions, which granted Dominion Power approval to purchase two natural gas turbine units from Dominion Wholesale subject to the conditions approved therein.

On June 25, 2007, the Company filed proof of notice given as required by the Order of June 7, 2007.

On July 9, 2007, the coordinated review by the Department of Environmental Quality ("DEQ") was filed.²

¹ An Order Nunc Pro Tunc was issued June 18, 2007, which amended the prescribed notice.

² Earlier on June 6, 2007, a report was filed from DEQ's Office of Wetland and Water Protection which stated that the project would not impact state waters, including wetlands, and concluded that a Virginia Water Protection permit would not be required.

On July 13, 2007, CPV Warren, LLC filed a Notice of Participation as a Respondent. CPV Warren, LLC, did not object to the application and did not request a hearing.

On August 16, 2007, the Commission Staff filed Staff Testimony (in redacted and unredacted versions) which recommended the Company be granted a CPCN to construct and operate two additional 150 MW combustion units in Caroline County at the Company's existing Ladysmith Generation Facility.

On August 20, 2007, the Company filed a letter stating its agreement with and support of the conclusions and recommendations in the Staff Testimony, indicated no further response would be made, and requested approval of the application.

Dominion Virginia Power proposes to construct and operate at its existing Ladysmith Combustion Turbine Generation Facility ("Ladysmith Generation Facility"), located near the Town of Ladysmith in Caroline County, Virginia, two new dual fuel gas- and oil-fired turbine generator units with a nominal summer rating of approximately 150 megawatts ("MW") each for a total of approximately 300 MW of additional nominal summer capacity. These two proposed generator units would augment the two simple cycle combustion turbine generator units presently in operation at the Ladysmith Generation Facility.³

The Company states that the Ladysmith Generation Facility was originally designed for more generation than is currently installed there. As such, there is space available at the Ladysmith site to install the proposed new generators. Additionally, Dominion Wholesale has natural gas turbines in storage, and as previously noted, received approval to transfer two units, equating to the approximately 300 MWs proposed, to the Company at the lower of cost or market pricing.

The Staff considered in its investigation two criteria enumerated in § 56-580 D of the Code for permitting construction and operation of the proposed electric generating and associated facilities; that there be no material adverse affect upon reliability of electric service provided by any regulated public utility; and that the generating and associated facilities are not otherwise contrary to the public interest. The Staff noted that these statutory criteria are applicable for petitions filed before July 1, 2007, and that the Company's application was filed April 19, 2007.

The Staff further noted that pursuant to § 56-46.1 of the Code, the Commission must consider the effect of the proposed generating facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. In addition, the Staff testimony considered the effects of the two proposed generating units (Ladysmith 3 and 4) on economic development within the Commonwealth and the effects of any improvement in service reliability to be provided by Ladysmith 3 and 4 with respects to economic development in the Commonwealth.⁴

Virginia Power is an incumbent electric utility as defined in § 56-576 of the Code and the Commission's Rules at 20 VAC 5-302-20(b)(c) and is thus qualified to construct and operate the proposed facilities. The site of the proposed Ladysmith 3 and 4 units was previously developed by the Company at the existing Ladysmith Generation Facility located at 8063 Cedon Road (SR 632), Woodford, Virginia. It is located in Caroline County between U.S. Route 1 and west of Interstate 95, approximately 1/2 mile east of the village of Cedon. The Ladysmith Generation Facility has been previously developed to accommodate up to five generation units and Staff reported on infrastructure already developed or in place.

The Staff reported that no additional transmission facilities will be required for connection of the proposed Ladysmith 3 and 4 units to the transmission grid. Only minor equipment changes are anticipated at the Ladysmith substation to accommodate the connection with the existing single circuit 230 kV transmission line to the Dominion/PJM transmission systems.⁵

The Staff reported that current natural gas facilities and current natural gas capacity (released and interruptible) should be sufficient to power the proposed Ladysmith 3 and 4 units. These proposed units, like the existing units, may also operate on fuel oil, which is available onsite in two existing 2.7 million-gallon storage tanks, which are sufficient to operate both the two existing and two proposed units.

The Staff reported that local zoning and land use approvals are already granted by the Caroline County Board of Supervisors and that no amendments to the granted authority are required. Additionally, the Virginia Department of Transportation has previously issued permits for access to the fuel truck unloading facilities and no amendments are expected to be required for the two proposed units. Necessary local building permits required to construct the new facilities will be obtained from Caroline County.

The Staff reported the proposed generation facilities will contribute to PJM's generation reserve margin and, based upon designed 30-minute start up capability, will provide system operators with additional real-time operating reserves. Regarding the planned location, Dominion Virginia Power maintains that the proposed generation facilities are most needed in northern Virginia to help support voltage during high load periods as well as to serve as reserves for reliability contingencies.

The Company issued a Request for Proposal for Unit Capacity and/or Demand-Side Management ("RFP"). The RFP requested proposals for approximately 300 MW of new primarily peaking capacity to be connected to the Company's bulk transmission system in the northern Virginia region and/or demand side management reduction in the region.

³ The Ladysmith Generation Facility was certificated in Application of Virginia Electric and Power Company, Case No. PUE-2000-00009, 2000 S.C.C. Ann. Rept. 490 (Final Order, October 6, 2000).

⁴ The analysis followed the directives of § 56-46.1 A and § 56-596 A to consider die effect of the proposed facilities on economic development in the Commonwealth.

⁵ Pursuant to a PJM Feasibility Study Report received by the Company concerning the proposed additional generation, additional redundant transmission facilities are required for plants exceeding 500 MW. Because the total capacity of the Ladysmith Generation Facility following completion of the proposed units will be approximately 650 MW, a redundant feed will be required in the future.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Staff reviewed the responses to the Company's RFP. Staff concurred with the Company's assessment of the bids compared to a build option and concluded that the proposed combustion turbines will impose less cost on the Company and/or provide greater reliability than any of the outside proposals received.

The Staff reported the coordinated environmental review conducted by the DEQ (filed on July 9, 2007 and also attached to Staff testimony). A summary of the recommendations by DEQ (referencing the Impacts and Mitigation section of DEQ's report) is given below:

- Reduce solid waste at the source, re-use it and recycle it to the maximum extent practicable (Environmental impacts and Mitigation, item 6, page 9).
- Update natural heritage information if a significant amount of time passes before the project is implemented (Environmental Impacts and Mitigation, item 7, page 12).
- Maintain erosion and sediment control measures throughout project construction to minimize general impacts to wildlife resources (Environmental Impacts and Mitigation, item 7, page 12).
- Coordinate road and transportation impacts with Caroline County and the VDOT Bowling Green Residency (Environmental Impacts and Mitigation, item 1, page 11).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 11, pages 11 & 12).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 12, page 12).

The Staff evaluated the economic impact of the proposed units by considering the units' contribution to the Company's voltage support requirements and to the Company's reserve requirements for meeting reliability contingencies. Staff concluded that the relevant economic impact of these units requires a calculation of the contributed value of the electrical service to northern Virginia, and more broadly, to the entire Commonwealth's economy. Staff did not attempt quantification of this value; however, Staff asserted that in the instance of a need for electric generating facilities, a positive economic benefit is clearly implied.

With respect to the impact of the proposed units on the Company's exertion of market power in its control area, Staff finds that the proposed units will not significantly increase the ability of Virginia Power to exert market power within the PJM South region beyond the Company's current level.

Based upon the positive impact of the proposed units on economic development within the Commonwealth and on the negligible contribution to Virginia Power's market power within the control area, Staff finds that Virginia Power's request for authority to construct the proposed units is reasonable. Staff recommends that the Company be granted a CPCN to construct and operate two additional 150 MW combustion units in Caroline County at its existing Ladysmith Generating Facility.

NOW THE COMMISSION, upon consideration of the record, is of the opinion and finds that the application should be approved and we will grant a CPCN effective the date of this Order to Virginia Electric and Power Company to construct and operate the proposed Ladysmith generation facility.

We find that die proposed Ladysmith facility will have no material adverse effect upon the reliability of electric service provided by any regulated public utility and that it is not otherwise contrary to the public interest. With respect to the effect of the generating facility on the environment, we find that the Company should comply with all applicable state and federal laws and regulations as described in the coordinated environmental review of the DEQ and, further, that the Company should comply with the recommendations of DEQ as summarized above.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-580 D and § 56-46.1 of the Code, Virginia Electric and Power Company is hereby granted authority and a CPCN to construct and operate the Ladysmith Generation Facility as described herein above.

(2) As a condition of the CPCN granted herein, Virginia Electric and Power Company shall comply with the recommendations of DEQ as summarized above.

(3) The CPCN granted herein shall be conditioned upon the receipt of any additional permits and approvals that may be required to construct and operate the Ladysmith Generation Facility.

(4) This case is closed.

**CASE NO. PUE-2007-00032
SEPTEMBER 14, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION WHOLESALE, INC.

For approval and certification of electric generating facilities under § 56-580 D and § 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4, Title 56 of the Code of Virginia

ORDER ON RECONSIDERATION

On August 24, 2007, the State Corporation Commission ("Commission") issued a Final Order in this docket, which among other things, granted Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") a certificate of public convenience and necessity and authority to construct and operate two additional combustion turbine units (Units 3 and 4) at its existing Ladysmith generation site, and closed the case.

On September 13, 2007, Dominion Virginia Power filed a Petition for Reconsideration requesting that the Commission modify its Final Order of August 24, 2007, for the limited purpose of continuing the matter generally in order to provide the Company with an opportunity to submit supplemental information in support of construction and operation of a fifth combustion turbine ("Unit 5") at its existing Ladysmith generating facility, while maintaining all other aspects of the Final Order.

NOW THE COMMISSION, upon consideration of this matter, believes that modifying its Final Order of August 24, 2007, for the limited purpose of continuing this docket so as to provide the Company with an opportunity to file supplemental information supporting approval of a Unit 5 at Ladysmith promotes judicial economy, and hereby grants reconsideration for that limited purpose.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Reconsideration is granted for the limited purpose expressed herein;
- (2) Our Final Order of August 24, 2007, is continued generally;
- (3) Except as modified herein, all other provisions of our Final Order of August 24, 2007, remain in full force and effect; and
- (4) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2007-00034
MAY 25, 2007**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its cogeneration tariff pursuant to PURPA Section 210

ORDER OF APPROVAL

On April 23, 2007, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed with the State Corporation Commission ("Commission") the above-captioned application requesting approval of a change in the capacity pricing calculation for its Schedule 19 tariff in order to incorporate a corresponding change in PJM Interconnection, L.L.C.'s ("PJM") capacity market structure. As approved by the Federal Energy Regulatory Commission ("FERC") in Docket No. ER05-1410-001, PJM's capacity market will transition to a new Reliability Pricing Model ("RPM") on June 1, 2007. This new capacity market structure will completely replace the current Daily Unforced Capacity Credit Market, which is the capacity pricing referenced in the currently approved Schedule 19. The daily prices currently posted by PJM will no longer be available after May 31, 2007.

On April 27, 2007, the Commission issued an Order for Notice and Comment or Request for Hearing ("Order of Notice and Comment").¹

On May 10, 2007, the Company filed proof of notice as required by the Order of Notice and Comment.

On May 21, 2007, the Staff of the Commission filed Comments on DVP's Proposed Schedule 19 Modification ("Staff Comments"). The Staff Comments recommended approval of the Company's application.

No other comments, notice of participation, or request for hearing was filed.

On May 24, 2007, the Company filed its Response to Staff's Comments. The Company supports Staff's Comments and its recommendation of approval.

NOW THE COMMISSION, having reviewed all pleadings of record, is of the opinion and finds that the Company's application should be approved.

¹ An Order Nunc Pro Tunc was issued May 1, 2007, which corrected a filing date established.

Accordingly, IT IS ORDERED THAT:

- (1) Virginia Power's application, including PJM's RPM pricing methodology set forth in the attached Schedule 19 tariff is hereby approved.
- (2) This case is hereby closed.

**CASE NO. PUE-2007-00035
MAY 17, 2007**

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On April 27, 2007, Northern Virginia Electric Cooperative ("Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term debt. Applicant has paid the requisite fee of \$250.

Applicant requests authority to borrow up to \$1,242,973 from CoBank. The proceeds will be used to retire existing debt issued to the National Rural Utilities Cooperative Financing Corporation ("CFC"). The existing loan with CFC carries a variable rate and the new loan with CoBank will also carry a variable rate, however, the variable rate on the current CFC loan is 7.05% and the rate on the CoBank loan is currently 6.25%. The refinancing is expected to save Applicant \$10,328 annually. The CoBank loan will have a maturity of 5 years.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to borrow up to \$1,242,973 from CoBank, under the terms and conditions and for the purposes set forth in the application.
- 2) Within thirty (30) days of the borrowing of the funds from CoBank, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the initial interest rate, the costs associated with the refinancing and the maturity of the loan.
- 3) The authority granted herein shall have no implications for ratemaking purposes.
- 4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00042
AUGUST 16, 2007**

APPLICATION OF
DALE SERVICE CORPORATION

Annual Informational Filing for Calendar Year 2006

**ORDER CLOSING REVIEW OF 2006
ANNUAL INFORMATIONAL FILING**

On May 1, 2007, Dale Service Corporation ("Dale Service" or "Company") filed its Annual Informational Filing ("AIF") for Calendar Year 2006 with the State Corporation Commission ("Commission").¹

On May 9, 2007, Dale Service filed a Request for Waiver and Notice of Rate Case Filing ("Waiver Request"). The Waiver Request advised the Commission that the Company will file a rate increase application later in calendar year 2007. The Company also advised that its 2006 AIF filing discloses a net cash flow of \$2,338,826 and an annual debt service of \$1,937,186, which equates to a debt service coverage ("DSC") ratio for the Company of 1.21 times. Dale Service acknowledges that the Company's current rates should be based on a DSC ratio of 1.20, pursuant to the requirement of the Commission

¹ The Commission's Staff filed a Memorandum of Incompleteness on May 10, 2007. The Company filed additional items requested by Staff on May 16, 2007. The Commission's Staff filed a Memorandum of Completeness on May 18, 2007.

established in the Company's last three rate orders.² Dale Service requests that the Commission waive the provision in its Final Orders in Case Nos. PUE-2001-00200, PUE-2004-00035, and PUE-2006-00070 and not require the Company to reduce rates going forward to reflect a 0.01 overage in its DSC calculation.

On May 24, 2007, the Commission issued an Order Inviting Comment on the Company's Waiver Request.

On June 18, 2007, the Staff filed a Response to Dale Service Corporation's Request for Waiver and Notice of Rate Case Filing ("Response"). Staff's Response did not oppose the Company's Waiver Request and reserved the right to make future recommendations regarding any overearning level that may subsequently be determined. The Company did not reply.

On August 7, 2007, the Staff filed its Report, which concluded after analysis that the Company was not overearning relative to the 1.20 benchmark established in Case No. PUE-2006-00070 and was, in fact, achieving a DSC ratio of 1.20.

On August 13, 2007, the Company filed a letter indicating no response to the Staff Report would be made, as its next rate increase application would be soon forthcoming.

NOW THE COMMISSION, having considered the pleadings in this case and the Staff Report, is of the opinion that the Company's Waiver Request is moot and that no reduction is required to the Company's tariff rates to achieve a 1.20 DSC ratio.

Accordingly, IT IS ORDERED THAT:

- (1) Dale Service's Waiver Request is denied as moot.
- (2) The Commissions review of the Company's AIF for calendar year 2006 is hereby concluded, and it is hereby determined that the Company is not overearning for the calendar year 2006.
- (3) This case is hereby closed.

² In the *Application of Dale Service Corporation*, Case No. PUE-2001-00200, Final Order issued February 21, 2003, the Commission approved the following stipulated requirement:

(16) If Dale Service's AIF calculates a DSC that exceeds 1.20, or if the Commission later adjusts Dale Service's AIF to produce a DSC above 1.20, Dale Service should be required to reduce its rates going forward as of the next quarterly billing to produce a 1.20 DSC.

This rate requirement has been carried through in the Commission's Final Orders in the subsequent rate cases for Dale Service, Case No. PUE-2004-00035, Final Order, Attachment A, ¶ 16 (January 19, 2006), and Case No. PUE-2006-00070, Order at 3 (March 19, 2007).

CASE NO. PUE-2007-00043 MAY 25, 2007

APPLICATION OF
A & N ELECTRIC COOPERATIVE

For approval to increase a line of credit limit up to \$7,200,000

ORDER GRANTING AUTHORITY

On May 4, 2007, A & N Electric Cooperative ("A&N" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for approval to increase a line of credit from \$4,500,000¹ up to \$7,200,000. The amount of short-term debt authority requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia, Applicant has paid the requisite fee of \$250.

Applicant seeks approval to increase its available borrowing through a short-term line of credit ("LOC") agreement with the National Rural Utilities Cooperative Finance Corporation ("CFC") to bridge any gap in obtaining long-term financing. The increased limit on the new line of credit will provide A&N access to capital, especially in times of emergency. Applicant executed the \$7,200,000 line of credit on February 22, 2007. The rate of interest paid by A&N will be determined by CFC from time to time, but the rate will not exceed the prevailing bank prime rate plus one percent. During each twelve-month period the LOC is in effect, A&N must have a zero balance for five consecutive days. The LOC will automatically renew annually in perpetuity, unless terminated by CFC or A&N with at least ninety days notice. The existing \$4,500,000 LOC with CFC will be terminated and cancelled.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

¹ See Application of A & N Electric Cooperative. For authority to borrow up to \$4,500,000 in short-term debt, Case No. PUF-1992-00027, Final Order dated July 31, 1992. 1992 S.C.C. Ann. Rpt. pp. 377.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) A&N is authorized to increase its existing line of credit with the National Rural Utilities Cooperative Finance Corporation from \$4,500,000 to \$7,200,000, under the terms and conditions and for the purposes stated in its application.
- (2) Should Applicant seek to modify any terms or conditions or seek to increase the limit amount of the line of credit approved herein, Applicant shall submit an application with the Commission at least 25 days prior to the effective date of the proposed change.
- (3) There appearing nothing further to be done in this matter, it hereby is, dismissed.

**CASE NO. PUE-2007-00044
MAY 25, 2007**

APPLICATION OF
A & N ELECTRIC COOPERATIVE

For authority to establish a loan agreement to issue long-term debt

ORDER GRANTING AUTHORITY

On May 4, 2007, A & N Electric Cooperative ("A&N" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to establish a loan agreement to issue long-term debt. Applicant has paid the requisite fee of \$250.

A&N requests authority to borrow up to \$10,000,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") under CFC's Power Vision loan program. The proceeds will be used to fund Applicant's ongoing construction program. Loans will have a thirty-five year maturity and funds may be drawn down from time to time and may have a variable or fixed rate of interest depending on market conditions at the time of the draw. Applicant represents that the primary use of the Power Vision loans will be to bridge any gap in obtaining long-term financing obtain financing from Rural Utilities Service ("RUS").

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to borrow up to \$ 10,000,000 from the National Rural Utilities Cooperative Finance Corporation under the Power Vision loan program, under the terms and conditions and for the purposes set forth in the application.
- 2) Within thirty (30) days of the date of any advance of funds from CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the date of the drawdown, the amount of the advance, the interest rate selected, the interest rate maturity, and the amount of remaining authority available to be borrowed.
- 3) Approval of this application shall have no implications for ratemaking purposes.
- 4) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2007-00045
JULY 12, 2007**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For Waiver of 2006 AIF Filing

ORDER GRANTING WAIVER

On May 10, 2007, Massanutten Public Service Corporation ("Massanutten" or "Company") filed in the above-captioned case a request that the State Corporation Commission ("Commission") grant a waiver of the filing of an Annual Informational Filing ("AIF") for 2006. Massanutten is required to file its AIF for 2006 pursuant to the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Commission's Rules") pursuant to 20 VAC 5-200-30 A 9.

Massanutten notes in its request for waiver of filing its 2006 AIF that the Company has pending an application seeking to change its base rates, based upon a test year ended June 30, 2006, and that the Commission's Rules at 20 VAC 5-200-30 A 9 and 11 provide for waiver of the AIF filing requirement when a base rate application is filed.

The Commission takes judicial notice that Massanutten was granted an increase in water and sewer rates by Final Order issued June 20, 2007, in Case No. PUE-2006-00126.

NOW THE COMMISSION, having considered the Company's request and having taken judicial notice of the Final Order issued in Case No. PUE-2006-00126, is of the opinion that the Company's request for waiver of the Commission's requirement to file an AIF for 2006 should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2007-00045.
- (2) Massanutten is hereby granted a waiver of the requirement under the Commission's Rules for filing an AIF for 2006.
- (3) Massanutten shall timely file an AIF, covering the twelve months ending June 30, 2007, pursuant to the Commission's Rules.
- (4) This case is hereby closed.

**CASE NO. PUE-2007-00046
JUNE 8, 2007**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For an Annual Informational Filing

ORDER GRANTING MOTION

On May 11, 2007, Washington Gas Light Company ("WGL" or the "Company") filed a Motion with the State Corporation Commission ("Commission") seeking a waiver of Rule 20 VAC 5-200-30 A9 of the Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules") requiring that the Company file an Annual Informational Filing ("AIF") for the 12 months ending December 31, 2006. In its Motion, the Company stated that it has a case pending with the Commission, docketed as Case No. PUE-2006-00059, that seeks a general increase in rates and approval of a performance-based rate ("PBR") plan, based on a test period for the 12 months ended December 31, 2005. WGL further related that much of the information the Company would file in an AIF for the 12 months ending December 31, 2006, has been filed and analyzed in the application docketed as Case No. PUE-2006-00059. The Company explained that in Case No. PUE-2006-00059, the Commission Staff recommended that if the Commission did not approve a PBR for the Company, then a portion of the deferred advisory services costs should be established as a regulatory asset subject to annual earnings test evaluations for accelerated recovery. The Company represented that, if in the Final Order in Case No. PUE-2006-00059, the Commission did not approve a PBR for the Company and accepted the Staff's recommended treatment for the deferred advisory services costs, the Company would file an earnings test based on the 12 months ending December 31, 2006, within 60 days of the issuance of the Final Order in Case No. PUE-2006-00059.

Counsel for WGL represented that she was authorized to state that the Staff did not object to the waiver requested by the Company in its Motion.

NOW THE COMMISSION is of the opinion and finds that the Company's May 11, 2007 request should be docketed and assigned Case No. PUE-2007-00046; that WGL's May 11, 2007 Motion should be granted; that WGL should be granted a waiver from filing an AIF based on the results of the financial and operating information for the 12 months ending December 31, 2006, subject to the condition that if the Final Order in Case No. PUE-2006-00059 approves Staff's recommendations regarding the establishment of a regulatory asset for the Company's deferred advisory services costs subject to annual earnings test evaluations, the Company will file an earnings test based on the 12 months ending December 31, 2006, within 60 days of the issuance of the Final Order in Case No. PUE-2006-00059; and that this case should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2007-00046.
- (2) The May 11, 2007 Motion filed by WGL is granted, subject to the condition set forth in Ordering Paragraph (3) herein.
- (3) If the Final Order in Case No. PUE-2006-00059 approves Staff's recommendations concerning WGL's deferred advisory services costs such that the Company's deferred advisory services costs are established as a regulatory asset subject to annual earnings test evaluations, WGL shall file an earnings test based on the twelve (12) months ending December 31, 2006, within sixty (60) days of the issuance of the Final Order in Case No. PUE-2006-00059.
- (4) Subject to the provisions of Ordering Paragraph (3) herein, WGL shall be granted a waiver of the provisions of Rule 20 VAC 5-200-30 A9 of the Rate Case Rules that would require WGL to file an AIF for the test period ended December 31, 2006.
- (5) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2007-00047
JUNE 11, 2007**

APPLICATION OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY HOLDINGS, INC.

For authority to borrow short-term funds from an affiliate

ORDER GRANTING AUTHORITY

On May 18, 2007, Amos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH"), filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 et seq. and Va. Code §§ 56-76 et seq., respectively) requesting authority to borrow short-term funds from an affiliate. Applicant paid the requisite fee of \$250.

Atmos proposes to execute an uncommitted revolving credit facility and promissory note ("New Affiliate Facility") with AEH. AEH will provide short-term loans to Atmos, from time to time, up to a maximum of \$200,000,000. Atmos is currently authorized by the Commission through Case No. PUE-2006-00114, to borrow up to \$943,000,000 in short-term debt and may lend up to \$200,000,000 in short-term funds to AEH.¹ The New Affiliate Facility will allow AEH to lend temporary excess cash to Atmos, should Atmos need such short-term funds. The interest rate under the New Affiliate Facility will be a rate commensurate with or less than the rate that Atmos would pay for short-term financing from a third-party lender. The New Affiliate Facility will be an uncommitted instrument under which AEH has no duty or obligation to advance any short-term loans to Atmos.

The New Affiliate Facility does not have an expiration date, but all borrowings must have a maturity of 364 days or less. In requesting a \$200,000,000 limit on borrowing from AEH, Atmos is not requesting an increase of the \$943,000,000 short-term borrowing limit authorized in Case No. PUE-2006-00114.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. We will limit the period of authorization in this case to December 31, 2007, when Atmos' existing short-term borrowing and affiliate lending authorization is set to expire.

ACCORDINGLY, IT IS ORDERED THAT:

- 1) Atmos is hereby authorized to borrow up to \$200,000,000 in short-term funds from AEH through the New Affiliate Facility, from the date of this Order through December 31, 2007, under the terms and conditions and for the purposes set forth in the application.
- 2) Atmos shall file with the Commission a report of action, on or before February 15, 2008, and shall include a summary of all transactions executed under the New Affiliate Facility, including the date, amount, maturity, interest rate and maximum limit borrowed during 2007.
- 3) Approval of this application shall have no implications for ratemaking purposes.
- 4) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

¹ Application of Atmos Energy Corporation and Atmos Energy Holdings, Inc., For authority to incur short-term debt and to lend short-term debt to an affiliate, Case No. PUE-2006-00114, Final Order dated December 1, 2006.

**CASE NO. PUE-2007-00048
AUGUST 10, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an amendment to a firm storage service/storage service transportation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On May 25, 2007, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of an amendment to a firm storage service/storage service transportation agreement pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

CGV is a Virginia public service corporation and natural gas distribution company serving approximately 235,000 residential, commercial, and industrial customers in Northern, Central, Southeast and Southwest Virginia as well as the Shenandoah Valley. CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

TCO is a Delaware corporation and a "natural gas company" as defined in § 15 U.S.C. § 717a of the Natural Gas Act ("NGA"). TCO transports approximately 3 billion cubic feet per day of natural gas through a 12,750-mile interstate pipeline network that serves customers in about a dozen Northeast, Midwest, and Mid-Atlantic states. TCO is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource.

NiSource is a Fortune 500 energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource, which has a current market capitalization of approximately \$6 billion, reported gross revenues of \$7.49 billion and net income of \$282 million for the fiscal year ending December 31, 2006.

Since the Columbia Energy Group owns both CGV and TCO, the two companies are considered affiliated interests under § 56-76 of the Code. As such, CGV must obtain prior approval from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The Application requests approval of an April 24, 2007, Letter Agreement ("2007 Amendment"), which amends a July 14, 2006, Letter Agreement ("2006 Amendment"), which amended a February 23, 2006, Eastern Market Expansion Project ("TCO Project") Precedent Agreement and attached Credit Index ("TCO Agreement"). The three agreements (collectively "Updated Agreement") provide for CGV to acquire from TCO 40,000 dekatherms per day ("Dth/day") of firm storage service ("FSS") and 40,000 Dth/day of associated storage service transportation ("SST") during the October through March heating season and 20,000 Dth/day of SST during the April through September non-heating season. TCO will provide the FSS and SST to CGV in the Counties of Culpeper, Fairfax, Fauquier, Loudoun, and Rockingham via 14 delivery points in Northern Virginia for a fifteen year period beginning April 1, 2009, or April 1, 2010, and ending March 31, 2024, or March 31, 2025. The Application complies with the filing and notification directives of two previous Commission orders¹ that permit CGV to enter into certain gas supply-related agreements with TCO and Columbia Gulf Transmission Corporation prior to obtaining Affiliates Act approval.

The Commission previously approved the 2006 Amendment and TCO Agreement (collectively "Prior Agreement") in Case No. PUE-2006-00086 ("2006 Case").² CGV represents that it is fully subscribed in its Northern Virginia service territory and requires additional pipeline and storage capacity to supply its projected firm demand through the year 2015. In the 2006 Case, CGV contracted with TCO to meet this need through the TCO Project. The TCO Project will extend from southern Ohio through West Virginia to northern Virginia. It is expected to supply approximately 97,050 Dth/day of additional storage deliverability and associated firm pipeline transportation capacity to natural gas distributors in the Eastern and Mid-Atlantic United States. TCO's current customers for the FSS/SST include CGV, Washington Gas Light Company, the City of Charlottesville, and Easton Utilities. The TCO Project will include the construction of approximately 15.26 miles of 26- and 38-inch pipeline loop in three locations; the drilling of nine new wells; the reconditioning of 14 existing wells; the construction or replacement of 13 well lines in three existing storage fields; the installation of 12,280 horsepower ("HP") at three existing compressor stations; and upgrades of various existing points of delivery. Construction is expected to begin in 2008, and the estimated in-service date is April 1, 2009.

The R&R Project is an outgrowth of the TCO Project. After the 2006 Case, TCO reviewed its five-year capital maintenance program scheduled for the same geographic area to determine if synergies could be realized by combining the capital maintenance program with the TCO Project. Once TCO determined that savings were achievable, TCO filed an abbreviated application with the Federal Energy Regulatory Commission ("FERC") requesting approval of a certificate of public convenience and necessity to proceed with both the TCO Project and the R&R Project. The initial cost estimate for the TCO Project was \$135 million. Subsequent market updates increased its cost to \$148 million. The R&R Project is estimated to cost \$26 million. Therefore, the combined project cost now totals \$174 million.

The 2007 Amendment proposes two changes to the Prior Agreement. First, the 2007 Amendment increases CGV's FSS take in year one from 26,800 Dth/day to 40,000 Dth/day. CGV represents that this change, which grants it access to its full entitlement a year earlier than originally planned, will allow CGV to acquire and store an additional 796,356 Dth of lower priced gas supply over the off-peak summer period for use during the traditional higher cost winter period in the initial year of the Updated Agreement.

The second change is an additional \$0.0025 per Dth/day (or \$0.076 per Dth/month) reduction in the SST negotiated demand rate. The demand rates for FSS and SST service were initially fixed for the primary term of the Updated Agreement and equaled the "Ultimate Demand Rates" established by the FERC, less 5%. The "Ultimate Demand Rates" are (1) the initial maximum demand rates established by the FERC in a Natural Gas Act ("NGA") § 7 certificate proceeding,³ and (2) the above rates as adjusted in a limited NGA § 4 proceeding⁴ to reflect actual costs. CGV will also be responsible for all maximum demand surcharges, maximum commodity rates, and maximum commodity surcharges. TCO has offered the demand rate reduction in consideration for CGV's commitment to support its certificate filing with the FERC for authority to undertake both the TCO Project and the R&R Project.

The remaining provisions of the Updated Agreement are unchanged from the Prior Agreement. TCO will file with the FERC for incremental monthly demand charge rates for both FSS and SST service based upon any costs associated with the TCO Project, including but not limited to any pipeline and storage design, construction and installation costs. TCO will seek authorization from the FERC to charge recourse commodity rates for FSS and SST service under TCO's Gas Tariff. TCO will request authorization from the FERC for rolled-in treatment, with respect to recovery through its Retainage Adjustment Mechanism, of company use, lost and unaccounted for quantities, as well as the recovery through its Electric Power Cost Adjustment of any electric costs associated with the TCO Expansion. TCO will have the right to adjust its rates in a limited NGA § 4 proceeding to reflect the actual costs of the TCO Expansion. CGV will bear its full proportionate share of the TCO Expansion's construction costs up to a demand rate of \$265/Dth per year. Should

¹ *Application of Commonwealth Gas Services, Inc., for approval of agreements with affiliates*, Case No. PUA-1995-00025, Order Granting Approval (July 18, 1996), 1996 S.C.C. Ann. Rep., 118; *Application of Columbia Gas of Virginia, Inc., for approval of a firm transportation service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00013, Order Granting Approval (April 13, 2004), 2004 S.C.C. Ann. Rep. 432.

² *Application of Columbia Gas of Virginia, Inc., for approval of an Eastern Market Expansion Project Precedent Agreement as Amended by the Amendment to the Precedent Agreement and attached Credit Index pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2006-00086, Amending Order (November 3, 2006), Doc. Con. No. 374838; Order Granting Approval (October 20, 2006), Doc. Con. No. 374628.

³ A NGA § 7 certificate proceeding is a FERC proceeding initiated by a natural gas pipeline company pursuant to § 7 of the Natural Gas Act ("NGA") as codified at 15 U.S.C. 717f, in which the pipeline company may file for authority to construct, extend or improve existing transportation and/or storage facilities and charge rates based on estimates of the costs of providing the related transportation/storage service

⁴ A limited NGA § 4 proceeding is a rate filing initiated by a natural gas pipeline company pursuant to § 4 of the NGA as codified at 15 U.S.C. 717d., wherein the pipeline company may adjust initial NGA § 7 rates based on the actual costs of the related expansion project.

construction cost overruns cause the demand rate to exceed \$265 but fall below \$300/Dth per year, then CGV and TCO will each shoulder one-half of CGV's proportionate share of the cost overruns. Under no circumstances will TCO be allowed to charge an initial demand rate to CGV of more than \$282.50/Dth per year.⁵

Under the Updated Agreement, CGV will have the contractual right of first refusal to retain the FSS/SST capacity by matching any change in TCO's rates, terms or conditions of service.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the 2007 Amendment to the 2006 Amendment and the TCO Agreement, collectively known as the Updated Agreement, is in the public interest and should be approved. Northern Virginia is experiencing rapid population and development growth. CGV is fully subscribed in that part of its service territory and requires the additional storage and transportation capacity to meet the increasing firm demand for natural gas service. The proposed TCO Project and R&R Project appear to be an economic and reliable source of new capacity and storage. The additional storage availability and demand rate reduction should also provide a tangible benefit to CGV and its customers.

To clarify the extent of our approval and enhance our regulatory oversight, we will adopt the following measures. First, we will make our approval effective as of April 24, 2007, the date of the 2007 Amendment, and extend it through the end of the initial term of the Updated Agreement or March 31, 2025, whichever date is earlier. Should CGV wish to continue the Updated Agreement after that date, further Commission approval will be required. Second, we will direct CGV to provide the Commission with the finalized Combined Project costs and calculations used to determine the FERC-approved FSS and SST rates charged to CGV as soon as this information becomes available. Third, we will direct CGV to attach to its Annual Report of Affiliate Transactions ("ARAT") for the next five years a schedule that compares CGV's actual peak and average firm demand in Northern Virginia with its projections⁶ supplied to Staff in the 2006 Case.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Columbia Gas of Virginia, Inc., is hereby granted approval of the April 24, 2007, Letter Agreement, which amends a July 14, 2006 Letter Agreement, which amends a February 23, 2006, Eastern Market Expansion Project Precedent Agreement and attached Credit Index, as described herein, effective as of April 24, 2007.
- 2) The approval granted herein shall extend through the end of the initial term of the Updated Agreement or March 31, 2025, whichever date is earlier. Should CGV wish to continue the Updated Agreement after that date, further Commission approval shall be required.
- 3) Commission approval shall be required for any changes in the terms and conditions of the Updated Agreement including, but not limited to, any changes in successors or assigns.
- 4) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 6) CGV shall submit to the Commission's Director of Public Utility Accounting ("PUA Director") the finalized Combined Project costs and calculations used to determine the FERC-approved FSS and SST rates charged to CGV as soon as this information becomes available.
- 7) CGV shall provide as an attachment to its ARAT for the next five years a schedule that compares CGV's actual peak and average firm demand in Northern Virginia with its projections supplied to Staff in the 2006 Case.
- 8) CGV shall include the transactions associated with the Updated Agreement approved herein in its ARAT submitted to the PUA Director on or before May 1 of each year, which deadline may be extended administratively by the PUA Director.
- 9) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then CGV shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 10) There appearing nothing further to be done in this matter, it hereby is dismissed.

⁵ \$282.5/Dth = \$265 plus (50% of the difference between \$265 and 300).

⁶ Case No. PUE-2006-00086, September 18, 2006, *Updated Responses of Columbia Gas of Virginia, Inc., to the First Set of Interrogatories and Requests for Production of Documents from the Commission Staff dated May 9, 2006 in Case No. PUE-2006-00050, Set 1, Question No. 1.*

**CASE NO. PUE-2007-00049
JUNE 8, 2007**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of determining a recommended mix of programs, including demand side management (DSM), conservation, energy efficiency, load management, real-time pricing, and consumer education, to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-102 of the Code of Virginia to reduce electric energy consumption

ORDER ESTABLISHING PROCEEDING

The General Assembly of Virginia enacted on April 4, 2007, Chapter 933 of the 2007 Acts of Assembly ("Chapter 933")¹ that, among other provisions, established:²

That it is in the public interest, and is consistent with the energy policy goals in § 67-102 of the Code of Virginia, to promote cost-effective conservation of energy through fair and effective demand side management, conservation, energy efficiency, and load management programs, including consumer education. These programs may include activities by electric utilities, public or private organizations, or both electric utilities and public or private organizations. The Commonwealth shall have a stated goal of reducing the consumption of electric energy by retail customers through the implementation of such programs by the year 2022 by an amount equal to ten percent of the amount of electric energy consumed by retail customers in 2006.

The State Corporation Commission ("Commission") is now directed to establish a proceeding³ to:

(i) determine whether the ten percent electric energy consumption reduction goal can be achieved cost-effectively through the operation of such programs, and if not, determine the appropriate goal for the year 2022 relative to base year of 2006, (ii) identify the mix of programs that should be implemented in the Commonwealth to cost-effectively achieve the defined electric energy consumption reduction goal by 2022, including but not limited to demand side management, conservation, energy efficiency, load management, real-time pricing, and consumer education, (iii) develop a plan for the development and implementation of recommended programs, with incentives and alternative means of compliance to achieve such goals, (iv) determine the entity or entities that could most efficiently deploy and administer various elements of the plan, and (v) estimate the cost of attaining the energy consumption reduction goal.

Upon the conclusion of the above-described proceeding, the Commission is directed to submit its findings and recommendations to the Governor and General Assembly, on or before December 15, 2007 ("Commission's Report"). The Commission's Report shall include:

recommendations for any additional legislation necessary to implement the plan to meet the energy consumption reduction goal. In developing a plan to meet the goal, the Commission may consider providing for a public benefit fund and shall consider the fair and reasonable allocation by customer class of the incremental costs of meeting the goal that are recovered in accordance with subdivision A 5 b of § 56-585.1 of the Code of Virginia.⁴

The Commission is of the opinion that the proceeding we are directed to establish should receive the input of the broadest range of persons and organizations having an interest in energy conservation within the Commonwealth. Accordingly, the Staff of the Commission ("Staff") should invite representatives of incumbent electric and gas utilities, competitive service providers ("CSPs"), retail customers, the Virginia Department of Mines, Minerals, and Energy ("DMME"), the Governor's Energy Council ("Council"), cooperative and municipal providers of electric and gas service in the Commonwealth, PJM Interconnection, environmental and consumer organizations, and any other interested persons to participate in a work group that will assist Staff in making the determinations called for in the Third Enactment Clause of Senate Bill 1416 and to develop recommendations to the Commission regarding the Commission's Report due on December 15, 2007.

We will not enlist specific members of the work group in this Order, other than to appoint the Director of the Division of Economics and Finance ("Director"), or his designee to call the work group into meeting and receive any written information, statements, or recommendations by interested persons to the work group. Based on our experience in related proceedings, the Commission is confident that a variety of interested persons having an interest in energy conservation will participate in the work group. The Commission will not limit the size of the work group. In order to promote maximum participation in the work group, we direct the Staff to provide copies of this Order by electronic transmission or, when electronic transmission is not possible, by mail, to individuals, organizations, and companies, identified by Staff as potentially having an interest in this proceeding.

¹ Chapter 933 (SB 1416) amends and reenacts §§ 56-233.1, 56-234.2, 56-235.2, 56-235.6, 56-249.6, 56-576 through 56-581, 56-582, 56-584, 56-585, 56-587, 56-589, 56-590, and 56-594 of the Code of Virginia; amends the Code of Virginia by adding sections numbered 56-585.1, 56-585.2, and 56-585.3; and repeals §§ 56-581.1 and 56-583 of the Code of Virginia, relating to the regulation of electric utility service.

² Third Enactment Clause of SB 1416.

³ Id.

⁴ Id.

In order for the work group to organize in a timely fashion to assist the Staff, we find that all persons with an interest in this proceeding and desiring to participate in the work group should file with the Clerk of the Commission a letter expressing their intention to participate in the work group. The letter should include a complete mailing address, voice telephone number, facsimile telephone number (if available), and electronic mailing address (if available). If several interested persons are members of the same organization or employees of the same entity, they should designate in the letters one contact person. Interested persons are encouraged to transmit a copy of the letter filed with the Clerk, or other requested information, to econfin@scc.virginia.gov.⁵

In addition to the notice that Staff is directed to give of this proceeding, the Director or his designee should send a letter no later than June 15, 2007, to all interested persons outlining the scope of content and Staff's plan and process to complete its review. The letter should invite comments to the work group. Comments should be in written form and transmitted to the Director in the manner and by the date set forth in the Director's letter.

The Commission directs the Staff to review all written information received by the Director and prepare a report to the Commission to assist the Commission in fulfilling its reporting obligations to the Governor and General Assembly under the Third Enactment Clause of Senate Bill 1416. The Staff should file its report on or before November 9, 2007.

IT IS THEREFORE ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2007-00049.
- (2) Within five (5) business days of the filing of this Order with the Clerk of the Commission, Staff shall transmit electronically or mail copies of this Order to interested persons and organizations as discussed in this Order.
- (3) The Director shall send a letter on or before June 15, 2007, consistent with the findings above, inviting representatives of incumbent electric and gas utilities, CSPs, retail customers, DMME, the Council, electric cooperatives, and municipal providers of gas and electric service in the Commonwealth, PJM Interconnection, environmental and consumer organizations, and any other interested persons to participate in a work group to assist Staff.
- (4) On or before June 15, 2007, the Commission Staff shall file with the Clerk a certificate of transmission or mailing, as required by Ordering Paragraph (2) of this Order, and shall include a list of names and addresses of persons to whom the Order was transmitted or mailed.
- (5) On or before June 25, 2007, all persons who desire to participate in the work group shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, a letter expressing their intention to participate in the work group. The letter shall include a complete mailing address, voice telephone number, facsimile telephone number (if available), and electronic mailing address (if available). If several interested persons are members of the same organization or employees of the same entity, they shall designate in the letters one contact person. Interested persons should also transmit a copy of the letter filed with the Clerk, or the requested information, to econfin@scc.virginia.gov.
- (6) The Commission Staff shall post promptly upon receipt all written comments received by electronic transmission at econfin@scc.virginia.gov to the Division of Economics and Finance website: <http://www.scc.virginia.gov/division/eaf/index.htm>. The Commission Staff shall not be responsible for editing any posted document to remove information that may be deemed confidential.
- (7) On or before November 9, 2007, the Commission Staff shall conduct an investigation, with input from a work group and other participants, and file with the Clerk of the Commission a Report presenting its findings and recommendations in response to the directives to the Commission contained in the Third Enactment Clause of SB 1416.
- (8) This case is hereby continued generally.

⁵ To allow broad and efficient dissemination of information received by the Director from the work group, we will request that all information be submitted, to the extent possible, in electronic form. This information will be posted on the Commission's Division of Economics and Finance website.

**CASE NO. PUE-2007-00051
AUGUST 31, 2007**

JOINT PETITION OF
VIRGINIA NATURAL GAS, INC.,
and
AGL C&I ENERGY SERVICES, INC.

For an exemption from the filing and prior approval requirements or, in the alternative, for approval of natural gas sales under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On June 4, 2007, Virginia Natural Gas, Inc. ("VNG"), and AGL C&I Energy Services Inc. ("AGL C&I") (collectively "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission") requesting an exemption ("Exemption") pursuant to § 56-77 B of the Code of Virginia ("Code") from the filing and prior approval requirements or, in the alternative, for approval of natural gas sales from VNG via its agent Sequent Energy Management, L.P. ("Sequent"), to AGL C&I under Chapter 4 of Title 56 ("Affiliated Interests Act") of the Code.

VNG is a Virginia public service corporation that provides natural gas service to more than 264,000 residential, commercial and industrial customers in Southeastern Virginia, including Newport News, Hampton Roads and Virginia Beach. VNG is a wholly owned subsidiary of AGL Resources Inc. ("AGLR").

AGL C&I is a newly created Delaware corporation that plans to enter into the natural gas commercial and industrial ("C&I") marketing business in various regions of the United States, including Virginia. AGL C&I is a wholly owned subsidiary of AGLR.

Sequent is a Houston, Texas based organization that provides asset optimization, transportation, storage, wholesale marketing, and producer and peaking services to AGLR affiliates and to commercial, industrial, and governmental customers throughout the United States. Sequent is also a wholly owned subsidiary of AGLR.

AGLR is an Atlanta, Georgia based Fortune 1000 energy services holding company whose primary business is the distribution of natural gas through its utility subsidiaries to more than 2.2 million customers in six states - Florida, Georgia, Maryland, New Jersey, Tennessee and Virginia. Through its affiliates, AGLR is also involved in retail natural gas marketing, natural gas asset management and related logistics activities, natural gas storage arbitrage and related activities, operation of high-deliverability underground natural storage, and construction and operation of telecommunications conduit and fiber infrastructure in selected metropolitan areas.

Since AGLR owns both VNG and AGL C&I, the Petitioners are considered affiliated interests under § 56-76 of the Code. As such, VNG must either obtain prior approval or seek an exemption pursuant to the Affiliated Interests Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The Petitioners are seeking an exemption or approval of a North American Energy Standards Board¹ base contract ("Base Contract") between Sequent, acting as VNG's agent, and AGL C&I. The proposed Base Contract is a standardized master agreement that creates a contractual framework within which parties can enter into one or more individual gas supply transactions, including sales, purchases, and exchanges, by means of a "Transaction Confirmation" that generally incorporates by reference the standardized terms and conditions of the Base Contract. A Transaction Confirmation specifies the details of a particular transaction with respect to such key contract terms as quantity, price, term, delivery and receipt points, and any other special provisions in the transaction. The purpose of the Base Contract structure is to allow the parties to quickly execute market orders and to avoid costly delays caused by extensive contract negotiations over specific sales and purchases. The Base Contract does not have a specific term but continues from month to month unless terminated by either party upon giving advance notice.

The purpose of the proposed Base Contract is to allow Sequent, acting as VNG's agent, to sell natural gas to AGL C&I so that AGL C&I can begin marketing gas to commercial and industrial ("C&I") customers throughout Virginia. Currently, VNG sells gas directly to C&I customers and indirectly through Sequent which, acting as VNG's agent, sells gas to several non-affiliated C&I marketers in Virginia. The Petitioners represent that an Exemption is appropriate because Sequent, acting as VNG's agent, will treat AGL C&I under the Base Contract the same as it treats other non-affiliated C&I marketers. In addition, the Petitioners represent that the October 31, 2005, Order ("AMAA Order")² in Case No. PUE-2004-00111, which approved the Asset Management and Agency Agreement ("AMAA") and Gas Purchase and Sales Agreement ("GPSA") between VNG and Sequent, already covers and will fully protect VNG, Sequent, AGL C&I, their customers, and their competitors in this new affiliate relationship.

NOW THE COMMISSION, upon consideration of the Petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the request for Exemption should be denied. We find the Petitioners' claim that the proposed VNG-Sequent-AGL C&I relationship is no different than the arrangements that VNG-Sequent currently have with non-affiliated C&I marketers to be unpersuasive. The proposed Base Contract is not an arm's length relationship between non-affiliated parties. VNG, Sequent, and AGL C&I all have the same senior parent, AGLR. Furthermore, the Petitioners' claim that the proposed Base Contract is covered under the AMAA is incorrect. Neither the AMAA nor the AMAA Order included or contemplated affiliates such as AGL C&I as parties to the AMAA, and its inclusion after the fact as both a customer and competitor of VNG constitutes a change in the AMAA which, according to Ordering Paragraph (4) of the AMAA Order, requires separate Commission approval.

Upon consideration of the Petition pursuant to the Affiliated Interests Act, we find both positive and negative factors. The factors favoring the Petition are as follows. First, there is precedent for the VNG-Sequent-AGL C&I relationship. Other Virginia utilities, such as Washington Gas Light Company and Columbia Gas of Virginia, have unregulated marketing affiliates that compete with the local utility in its franchised service territory for customers. Second, the cost and reliability of VNG's gas supply should be unaffected by incremental sales to AGL C&I. The AMAA Order requires Sequent to give first priority to meeting VNG's system supply needs at the lowest possible cost through a virtual dispatch plan.

However, there are risks associated with the Petition, too. As a new competitor AGL C&I could capture a significant portion of VNG's existing C&I portfolio. Under this scenario, VNG may try to obtain approval to spread its capacity and administrative costs over a smaller customer base. Also, affiliated relationships in general have the potential for self-dealing, preferential, and discriminatory behavior.

However, the proposed VNG-Sequent-AGL C&I relationship under the Base Contract offers the potential of more energy choices for C&I customers. The Petitioners have also agreed to adopt for themselves and any designated agents/assignees the Code of Conduct ("Code of Conduct") provisions for competitive service providers ("CSP(s)") described in 20 VAC 5-312-30 of the Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"). In addition, the Petitioners have agreed to develop extensive internal controls for themselves and any designated agents/assignees and provide detailed transaction reports to ensure that the Base Contract complies with the AMAA Order and that non-affiliated C&I marketers are granted equal, nondiscriminatory access to unutilized VNG capacity. Therefore, we find the Petition with certain modifications to be in the public interest, and we will approve the Base Contract pursuant to the Affiliated Interests Act subject to certain requirements as outlined below.

¹ The North American Energy Standards Board is an independent industry forum for the development and promotion of standards to facilitate the goal of creating a seamless marketplace for wholesale and retail natural gas and electricity transactions.

² Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re : Investigation of gas supply asset assignment and agency agreement between Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., f/k/a AGL Energy Services, Inc., Case No. PUE-2004-00111, Order Approving Affiliate Agreements And Closing Investigation (October 31, 2005), 2005 S.C.C. Ann. Rep. 360.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

First, we will require the Base Contract to be revised such that it is governed by the laws of the Commonwealth of Virginia, not the State of Texas. We will also limit the duration of our approval by only extending it through March 31, 2009, the current termination date for the AMAA and GPSA under the AMAA Order. In order to provide more flexibility to the Petitioners, we will allow AGL C&I the option to make a single assignment of the Base Contract to a designated, wholly owned subsidiary of AGL C&I. In addition, we will adopt certain measures to protect ratepayers and to ensure fair and equal, non-discriminatory access for all C&I marketers. We will not rule on whether the Petitioners are CSPs as defined under the Retail Access Rules. However, in accordance with the Petitioners' representations, we will require the Petitioners and any designated agents/assignees under the Base Contract to adopt the Code of Conduct described in the Retail Access Rules. We will also require the Petitioners and any designated agents/assignees under the Base Contract to adopt extensive internal controls to guard against any preferential or discriminatory behavior associated with the Base Contract, provide documentation to verify that such internal controls have been implemented, and provide ongoing access to the related internal control data. Finally, we will require certain ongoing reports to ensure that the Base Contract continues in the public interest during the duration of our approval.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, the request of Virginia Natural Gas, Inc., and AGL C&I Energy Services Inc., for an exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code, for sales of natural gas from VNG via its agent Sequent Energy Management, L.P., to AGL C&I, is hereby denied.
- 2) Pursuant to § 56-77 of the Code, the Petitioners are granted approval to enter into the North American Energy Standards Board Base Contract as described herein, revised such that it is governed by the laws of the Commonwealth of Virginia, subject to and compliant with the provisions of the AMAA and GPSA as described in the AMAA Order, and effective as of the date of this Order. The Petitioners shall file with the Commission an executed copy of the Base Contract revised in accordance with the Commission findings within 30 days after the date of this Order, subject to administrative extension by the Commission's Director of Public Utility Accounting ("PUA Director").
- 3) The approval granted herein shall extend through March 31, 2009, the termination date of the AMAA and the GPSA under the AMAA Order. Should the Petitioners wish to continue the Base Contract after that date, further Commission approval shall be required.
- 4) AGL C&I shall be granted the option to make a single assignment of the Base Contract to a designated, wholly owned subsidiary of AGL C&I, subject to the conditions that: (i) the Petitioners provide written notice of any assignment within 30 days after its occurrence to the Commission's PUA Director; (ii) AGL C&I remains principally liable under the Base Contract; and (iii) AGL C&I and any designated assignee shall each bear full responsibility for complying with all the requirements imposed by the Order in this case.
- 5) Any changes in the terms and conditions of the Base Contract as revised and described herein, including any successors and assigns other than that allowed by Ordering Paragraph (4) above, shall require separate Commission approval.
- 6) The Petitioners and any designated agents/assignees shall be required to conduct business under the Base Contract in accordance with the Code of Conduct provisions described in 20 VAC 5-312-30 of our Rules Governing Retail Access to Competitive Energy Services.
- 7) The Petitioners and any designated agents/assignees shall establish and implement the following internal control measures pertaining to the Base Contract:
 - a) VNG shall submit with its quarterly AMAA report to the Commission's PUA Director a schedule ("Schedule") to verify that all affiliate and non-affiliate C&I transactions occur at market prices. The Schedule should show sales by i) customer ID; ii) VNG affiliation (Yes or No); iii) transaction date; iv) term of sale; v) price; vi) form of pricing; and vii) delivery point. The Schedule should also show any C&I customers that switch from VNG to AGL C&I or a designated assignee by i) customer ID; ii) former VNG rate schedule; and iii) prior year volumes.
 - b) VNG shall train all appropriate VNG personnel with regard to conducting business in cases where the C&I marketer, AGL C&I or a designated assignee, is an affiliate.
 - c) VNG shall conduct quarterly data tests to ensure no price disparity exists between affiliated and non-affiliated transactions of a similar nature and also to ensure that the quantities transacted do not appear to have limited or excluded non-affiliated marketers.
 - d) If non-affiliated marketers make any claims of preferential treatment by Sequent towards AGL C&I or a designated assignee, then VNG shall report the claim to AGLR's internal audit division ("IAD") for investigation, and the IAD will report its findings to VNG and the Commission's PUA Director.
 - e) Sequent shall specify in its policies that it will not provide preferential access or pricing to any current or prospective affiliates.
 - f) AGLR's corporate division shall provide training to Sequent and AGL C&I personnel associated with the utilization of VNG assets to make C&I transactions behind VNG's city gate in order to ensure such transactions are not favorable compared to those with non-affiliated marketers.
 - g) Within 90 days of the date of the Order in this case, VNG shall submit documentation to the Commission's PUA Director verifying that each of the internal control measures listed above has been enacted, and on an ongoing basis provide any related internal control data upon request by the Commission's Staff.
- 8) The approval granted herein shall have no ratemaking implications. In particular, the approval granted herein does not guarantee the recovery of any costs directly or indirectly related to the Base Contract as revised and described herein.
- 9) VNG shall be obligated to demonstrate that, for all gas sold to AGL C&I or a designated assignee under the Base Contract, VNG through Sequent charged the higher of cost or market.
- 10) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

- 11) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.
- 12) VNG shall include all transactions associated with the Base Contract in its Annual Report of Affiliate Transactions submitted to the Commission's PUA Director on or before May 1 of each year, which deadline may be extended administratively by the PUA Director.
- 13) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then VNG shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 14) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2007-00052
AUGUST 30, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
VIRGINIA POWER ENERGY MARKETING, INC.,
and
VIRGINIA POWER SERVICES ENERGY CORP., INC.

For approval of cash reimbursement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On June 8, 2007, Virginia Electric and Power Company ("Dominion Virginia Power"), Virginia Power Energy Marketing, Inc. ("VPEM"), and Virginia Power Services Energy Corp., Inc. ("VPSE") (collectively, the "Petitioners"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") for approval of a cash reimbursement from VPEM and VPSE to Dominion Virginia Power. Specifically, VPEM and VPSE will reimburse Dominion Virginia Power for cash deposits supporting broker margining activities made on behalf of VPEM and VPSE.

Dominion Virginia Power is a Virginia public service corporation providing electric service to customers in its service territory in Virginia and North Carolina. Dominion Virginia Power is a wholly owned, direct subsidiary of Dominion Resources, Inc. ("Dominion"). Dominion is a "holding company," as defined in the Public Utility Holding Company Act of 2005 ("PUHCA 2005"), and is subject to such regulation as such under PUHCA 2005 by the Federal Energy Regulatory Commission.

VPEM is a direct wholly owned subsidiary of Dominion and is a general business corporation organized under the laws of the Commonwealth of Virginia. Based upon agreements previously approved by the Commission, VPEM serves as exclusive agent for VPSE, an indirect wholly owned subsidiary of Dominion Virginia Power, to provide fuel services. Through these agreements, VPEM serves as agent for VPSE for procurement of natural gas, No. 2 and No. 6 fuel oil, gasoline, and diesel fuel and can sell these fuels to Dominion Virginia Power through VPSE. VPEM also engages in the provision of fuel services to other affiliated and unaffiliated customers.

In 1994, an internal business unit of Dominion Virginia Power known at that time as The Wholesale Power Group ("TWPG") was formed to engage in off-system power sales from Dominion Virginia Power's excess generation supply, and later expanded its operations into the power trading and natural gas financial markets. Dominion Virginia Power through TWPG, in May 1997, opened a broker margin account for itself to cover the risk of financial loss on its third-party electric and gas financial contracts that may have occurred due to adverse market movements.

In January 1999, Dominion Virginia Power established subsidiaries VPSE and VPEM to provide it with fuel and related services.¹ VPSE and VPEM provided such services to Dominion Virginia Power through Commission approved affiliate agreements,² including a Fuel Management Agreement under which VPSE agreed to provide fuel and risk management services to Dominion Virginia Power through VPEM, as VPSE's agent. With this transition, all natural gas contracts that had originally been created between Dominion Virginia Power, through TWPG, and counterparties were assigned to VPEM and VPSE, and all new natural gas trading activity was conducted by VPEM. In July 1999, a separate broker margin account was established in VPEM's name to manage the risk for all new natural gas financial contracts traded for VPEM and VPSE. Although all natural gas financial contracts originally established by Dominion Virginia Power were transferred to VPEM and VPSE, the broker margin cash balances were not reassigned from Dominion Virginia Power's broker accounts to the VPEM's broker account. Therefore, although new activity was conducted in VPEM's broker account, Dominion Virginia Power continued to make all broker margining requirements to its brokers during the period of 1999-2001 for the open natural gas financial contracts that had been reassigned to VPEM and VPSE. In 2002, the activity related to the transferred natural gas financial contracts had concluded, and no more VPEM-VPSE-related broker margin cash requirements were transacted from the Dominion Virginia Power funded broker accounts.

¹ On December 31, 2005, control of VPEM was transferred from Dominion Virginia Power to Dominion pursuant to the Commission's Order Granting Approval dated December 21, 2005, in Case No. PUE-2005-00099; *Application of Virginia Electric and Power Company, Dominion Resources, Inc., Virginia Power Services, Inc., Virginia Power Services Energy Corp., Inc., and Virginia Energy Marketing, Inc.*, Case No. PUE-2005-00099, 2005 S.C.C. Ann Rpt. 491 (Order Granting Approval, December 21, 2005).

² *Application of Virginia Electric and Power Company*, Case No. PUA-1998-00037, 1999 S.C.C. Ann. Rpt. 146 (Order Granting Approval, Jan. 28, 1999); *Application of Virginia Electric and Power Company*, Case No. PUA-1998-00038, 1999 S.C.C. Ann. Rpt. 148 (Order Granting Approval, Jan. 28, 1999); *Application of Virginia Electric and Power Company*, Case No. PUA-1998-00039, 1999 S.C.C. Ann. Rpt. 150 (Order Granting Approval, Jan. 28, 1999).

The Petitioners request approval to transfer cash from VPEM and VPSE to Dominion Virginia Power to reimburse Dominion Virginia Power for the use of its cash that it paid for broker margining requirements on behalf of VPEM and VPSE during the period 1999-2001. The amount the Petitioners propose to transfer is \$32,084,207, which includes the original \$23.6 million Dominion Virginia Power paid for the broker accounts, plus interest.³ The interest rate used to reimburse Dominion Virginia Power is based on its monthly short-term commercial paper borrowing rate and was calculated for the period 1999 through April 30, 2007. Using this method, VPEM and VPSE would reimburse Dominion Virginia Power about \$6.02 million and \$2.49 million, respectively.

The Petitioners represent that the proposed transaction is in the public interest. The Petitioners further represent that the reimbursement will rectify the oversight and will allow Dominion Virginia Power to be compensated at a market rate for the time value of its money in the form of an interest component. The Petitioners state that ratepayers will not be harmed as Dominion Virginia Power will be fully compensated for the use of its cash from the date the cash was placed into the broker account to the date Dominion Virginia Power is reimbursed.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed reimbursement to Dominion Virginia Power is in the public interest and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Petitioners are hereby granted approval to reimburse Virginia Electric and Power Company for cash deposits supporting broker margining activities made on behalf of Virginia Power Energy Marketing, Inc., and Virginia Power Services Energy Corp., as described herein.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place, the actual amount transferred, and the accounting entries on Virginia Electric and Power Company's books reflecting the transaction.

(3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.

(4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.

(5) Virginia Electric and Power Company shall include the reimbursement approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Virginia Electric and Power shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.

³ The Petitioners state that if Commission approval is granted, Dominion Virginia Power will update the valuation of the interest component to reflect the date of the transfer. Final amounts will be filed with the Commission in the company's Annual Report of Affiliate Transactions.

**CASE NO. PUE-2007-00053
JULY 3, 2007**

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On June 13, 2007, Mecklenburg Electric Cooperative ("Mecklenburg" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term debt. Applicant has paid the requisite fee of \$25.

Mecklenburg requests authority to incur indebtedness in the amount of \$400,000 from the United States of America through the Rural Utilities Service ("RUS") under the Rural Economic Development Loan and Grant Program. Mecklenburg will then loan the proceeds to Oran Safety Glass, Inc.

The loan from RUS will be in the form of a zero interest promissory note ("Note") and will be secured by an irrevocable letter of credit or other form of guarantee. The Note is likely to be issued in the third quarter of 2007 with a ten-year maturity. Repayment terms specify that the principal amount be repaid without interest in monthly installments beginning two years after the Note is executed.

Mecklenburg's loan to Oran Safety Glass, Inc. will be made under the same terms and conditions as the Note. That loan will also be evidenced by a promissory note secured by a \$400,000 stand by letter of credit.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to borrow \$400,000 from the RUS and subsequently lend the proceeds to Oran Safety Glass, Inc., under the terms and conditions and for the purposes set forth in the application.
- 2) Applicant shall file directly with the Division of Economics and Finance a copy of each annual project performance report as required in Part 2.i. of the Rural Development Loan Agreement.
- 3) Approval of this application shall have no implications for ratemaking purposes.
- 4) There appearing nothing farther to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00055
OCTOBER 18, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AMERICAN ELECTRIC POWER SERVICE CORPORATION

For authority to enter into an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On June 14, 2007, Appalachian Power Company ("Appalachian") and American Electric Power Service Corporation ("AEPSC") (collectively, "Applicants") filed an application with the State Corporation Commission (the "Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia (the "Code") requesting authority to enter into a new Service Agreement between Applicants. On September 5, 2007, the Applicants filed a revised Exhibit B to the application adding six new allocation factors.

Appalachian is a Virginia public service corporation engaged in the generation, sale, purchase, transmission, and distribution of electric energy in Virginia, West Virginia, and Tennessee and is subject to rates and service regulation by the Commission. Appalachian is part of the American Electric Power System, one of the largest electric utilities in the United States, delivering electricity to more than five million customers in 11 states. Appalachian is wholly owned by American Electric Power Company, Inc. ("AEP"), a holding company under the Public Utility Holding Company Act of 2005. American Electric Power Service Corporation ("AEPSC") is a wholly owned subsidiary of AEP as well, making Appalachian and AEPSC affiliated interests within the meaning of § 56-76 of the Code of Virginia. Therefore, Commission approval is required for all agreements between Appalachian and AEPSC as being in the public interest.

The Commission approved a Service Agreement dated June 15, 2000, between Appalachian and AEPSC on October 10, 2000, in Case No. PUA-2000-00082 and issued a revised Order in the same case on January 30, 2001, in response to Appalachian's petition for reconsideration and clarification.

On May 15, 2007, the Commission issued an Order in Case No. PUE-2006-00065 (the "Rate Order") approving an increase in Appalachian's electric rates. In that Rate Order, the Commission ordered Appalachian to file a new Chapter 4 application for approval of its Service Company Agreement with AEPSC by June 14, 2007, to reflect the repeal of the Public Utility Holding Company Act of 1935 (the "1935 Act") and other concerns with the Service Agreement.

Appalachian filed the instant application in which it is requesting authority to enter into a New Service Agreement to comply with the requirements of the Rate Order. Under the New Service Agreement, AEPSC will continue to provide managerial, administrative, technical, financial, and other services previously provided by AEPSC. AEPSC will account for, allocate, and charge its services provided on a full cost reimbursement basis under a work order system consistent with the uniform system of accounts for mutual and subsidiary service companies, which was established while AEPSC was regulated as a service company under the 1935 Act. The New Service Agreement provides for termination upon not less than 90 days' prior written notice by either Appalachian or AEPSC. However, The New Service Agreement does not have an expiration date. Appalachian is required to obtain approval of the New Service Agreement from the West Virginia Public Service Commission as well.

Under the terms of the New Service Agreement, costs incurred in connection with services performed by AEPSC for Appalachian will be billed 100% to Appalachian. Costs incurred in connection with services performed for two or more affiliate companies will be allocated in accordance with a set of allocation factors provided with the application. Indirect costs incurred by AEPSC that are not directly allocable to one or more affiliate companies will be allocated in proportion to how either direct salaries or total costs are billed to the affiliate companies depending on the nature of the indirect costs themselves. The time AEPSC employees spend working for each affiliate will be billed to and paid by the affiliate on a monthly basis, based upon time records. Each affiliate company will maintain separate financial records and detailed supporting records showing charges by AEPSC. The proposed allocation factors are based on cost drivers emphasizing factors that correlate to the volume of activity inherent in performing certain services.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that, subject to certain requirements, the New Service Agreement is in the public interest and should be approved. The New Service Agreement should continue to be a cost-efficient and reliable way for Appalachian to obtain services needed to continue to provide services to its customers. Appalachian should benefit from the economies of scale that AEPSC should achieve in the procurement of materials, supplies, and contractors and should be able to provide such services to affiliated companies system-wide at a lower cost than each company could do on a stand-alone basis. However, we do have some concerns with the New Service Agreement that need to be addressed to ensure that the New Service Agreement continues to be in the public interest.

The first concern is that the New Service Agreement does not have a termination date. Due to changes in the energy industry, the fact that service company agreements are frequently the largest and most comprehensive affiliate arrangements that public service companies have, and the type, nature, and scope of the services provided can change significantly over time, we find it appropriate to limit Appalachian's authority to operate under the New Service Agreement for a set period of five years. The time limitation will allow for a regular, comprehensive review of services obtained by Appalachian from AEPSC and will ensure that such provision of services continues to be in the public interest. We have approved this time limitation in several prior cases.¹

Another concern is the reference in the New Service Agreement to "additional general and special services." Such reference could be construed to allow Appalachian and AEPSC to add services to be provided by AEPSC to Appalachian without obtaining separate Commission approval. We will limit our approval to those specific services in the application and the New Service Agreement. We have consistently denied such open-ended clauses in service agreements approved,² and find it to be appropriate in this case as well.

The third concern is the reference in the New Service Agreement to the use of the "services of experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the rendition of services." The concern is that AEPSC may use affiliates of Appalachian without Appalachian obtaining prior Commission approval. Therefore, we will make it clear in our approval herein that separate approval shall be required by Appalachian under the Affiliates Act should AEPSC decide to use affiliates of Appalachian for the provision of such services to Appalachian. We have addressed this issue in previous Chapter 4 cases.³

Furthermore, §§ 56-78 and 56-79 of the Code and Virginia case law require the Applicants to bear the affirmative burden of proof of demonstrating that the affiliate charges are just and reasonable in any future rate proceedings. *Commonwealth Gas Services, Inc. v. Reynolds Metals Co., et al.*, 236 Va. 362, 368, 374 S.E.2d 35, 39 (1988). Also, the Commission's "lower of cost or market" practice for affiliate charges, as described in *Application of GTE South Incorporated, For revisions to its local exchange, access and intraLATA long distance rates*, 1997 S.C.C. Ann. Rept. 218, aff'd sub. Nom. *GTE South Incorporated v. AT&T*, 259 Va. 338 (2000), states that:

Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. The market test applied by this Commission and the Court is to test whether the affiliate's costs are reasonable.

For most services, pricing at cost may be appropriate. However, some services may be obtainable from unaffiliated parties and, therefore, a market and a market price may exist. We find that Appalachian should maintain records to demonstrate that the provision of services by AEPSC to Appalachian is cost beneficial to Virginia consumers. We also find that Appalachian should bear the burden to show that, for services obtained from AEPSC where a market and a market price exist, Appalachian paid the lower of cost or market.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Appalachian Power Company is hereby granted authority to enter into the New Service Agreement, excluding "additional general and special services" not specifically identified in the application and New Service Agreement, consistent with the findings above.
- 2) The authority granted herein for the New Service Agreement is limited to five years from the date of this Order Granting Authority. Any further provision of services under the New Service Agreement by AEPSC to Appalachian shall require subsequent Commission approval.
- 3) Should Appalachian desire to add "additional general and special services" not specifically identified in the application and New Service Agreement, Appalachian shall be required to file a separate application for approval pursuant to the Affiliates Act.
- 4) The authority granted herein shall not include the provision by AEPSC of services to Appalachian through the use of Appalachian affiliates to render such services to Appalachian. Should AEPSC desire to use Appalachian affiliates in providing such services, Appalachian shall be required to file a separate application for approval pursuant to the Affiliates Act.
- 5) Appalachian shall maintain records to demonstrate that the services provided by AEPSC are cost beneficial to Virginia ratepayers and that such services cannot be obtained more economically at the local level. For all services provided by AEPSC where a market may exist, Appalachian shall investigate whether there are alternative sources from which it could purchase such services. If an alternative source exists, Appalachian shall compare the market price to AEPSC's charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Commission Staff review upon request.
- 6) Commission approval shall be required for any changes in the terms and conditions of the New Service Agreement approved herein, including changes in allocation methodologies affecting Appalachian.
- 7) The authority granted herein shall supersede the authority granted in Case No. PUA-2000-00082.

¹ *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00025, Order Denying Petition for Reconsideration and Granting Approval (July 8, 2005), Doc. Con. No. 359379, Order on Reconsideration (November 1, 2005), Doc. Con. Cent No. 362969; *Application of Columbia Gas of Virginia, Inc., For approval of a service agreement with NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00072, Order Granting Approval (September 30, 2004), 2004 S.C.C. Ann. Rep. 477-480, Order on Reconsideration (December 1, 2004), 2004 S.C.C. Ann. Rep. 480-482.

² Ibid.

³ Ibid.

- 8) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 9) The authority granted herein shall not be deemed to include any approvals other than for the specific transactions contained in the New Service Agreement authorized herein.
- 10) The authority granted herein shall have no ratemaking implications for annual informational filings or future rate proceedings.
- 11) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- 12) Appalachian shall include the transactions covered under the New Service Agreement authorized herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 13) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Appalachian shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 14) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00055
NOVEMBER 7, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AMERICAN ELECTRIC POWER SERVICE CORPORATION

For authority to enter into an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER DENYING RECONSIDERATION

On June 14, 2007, Appalachian Power Company ("Appalachian") and American Electric Power Service Corporation ("AEPSC") (collectively, "Applicants") filed an application with the State Corporation Commission (the "Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia (the "Code") (the "Affiliates Act") requesting authority to enter into a new Service Agreement between the Applicants. On September 5, 2007, the Applicants filed a revised Exhibit B to the application adding six new allocation factors.

On October 18, 2007, the Commission issued an Order Granting Authority.

On November 2, 2007, the Applicants filed a Petition for Reconsideration. The Applicants "request that the Commission reconsider its October 18, 2007, Order and strike in its entirety paragraph 5 of the Order." Petition for Reconsideration at 7.

NOW THE COMMISSION, upon consideration of this matter, denies reconsideration.

The October 18, 2007 Order Granting Authority, at pp. 5-6, explains as follows:

Furthermore, §§ 56-78 and 56-79 of the Code and Virginia case law require the Applicants to bear the affirmative burden of proof of demonstrating that the affiliate charges are just and reasonable in any future rate proceedings. *Commonwealth Gas Services, Inc. v. Reynolds Metals Co., et al.*, 236 Va. 362, 368, 374 S.E.2d 35, 39 (1988). Also, the Commission's 'lower of cost or market' practice for affiliate charges, as described in *Application of GTE South Incorporated, For revisions to its local exchange, access and intraLATA long distance rates*, 1997 S.C.C. Ann. Rept. 218, aff'd sub. Nom. *GTE South Incorporated v. AT&T*, 259 Va. 338 (2000), states that:

Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. The market test applied by this Commission and the Court is to test whether the affiliate's costs are reasonable.

For most services, pricing at cost may be appropriate. However, some services may be obtainable from unaffiliated parties and, therefore, a market and a market price may exist. We find that Appalachian should maintain records to demonstrate that the provision of services by AEPSC to Appalachian is cost beneficial to Virginia consumers. We also find that Appalachian should bear the burden to show that, for services obtained from AEPSC where a market and a market price exist, Appalachian paid the lower of cost or market.

Accordingly, Ordering Paragraph (5) of the October 18, 2007 Order Granting Authority provides as follows:

5) Appalachian shall maintain records to demonstrate that the services provided by AEPSC are cost beneficial to Virginia ratepayers and that such services cannot be obtained more economically at the local level. For all services provided by AEPSC where a market may exist, Appalachian shall investigate whether there are

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

alternative sources from which it could purchase such services. If an alternative source exists, Appalachian shall compare the market price to AEPSC's charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Commission Staff review upon request.

The Commission's "lower of cost or market" practice fulfills requirements of the Affiliates Act. Indeed, the Commission has placed conditions — consistent with those reflected in Ordering Paragraph (5) — on affiliate transactions for other public utilities that must comply with the Affiliates Act, including, most recently, Columbia Gas of Virginia (Case No. PUE-2004-00072), Virginia Natural Gas (Case No. PUE-2005-00025), and Roanoke Gas Company (Case No. PUE-2006-00023). We continue to find that conditions as reflected in Ordering Paragraph (5) of the October 18, 2007 Order Granting Authority are appropriate to satisfy statutory requirements under the Affiliates Act.

Accordingly, IT IS ORDERED THAT:

- 1) Applicants' Petition for Reconsideration is hereby denied.
- 2) This matter is hereby dismissed.

**CASE NO. PUE-2007-00056
AUGUST 3, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On June 21, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an Application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant requests authority to structure a Revolving Credit Facility ("RCF") by entering agreements and assuming obligations necessary to establish one or more credit facilities between the Company and one or more banks or other financial institutions ("Bank") to provide up to \$35,000,000 of aggregate short-term borrowings. Applicant states that the committed source of funds under the RCF will provide credit support, enhance the marketability, and eliminate the need for bond insurance on its variable rate, external, long-term debt. In addition, borrowings under the RCF could also be used to provide funds for general financing needs on a short-term basis until permanent financing can be arranged.

While the RCF would provide a committed source of short-term debt, Applicant states that funds available under the RCF may not necessarily be drawn. By Commission Order dated September 21, 2004, in Case No. PUE-2002-00644, Applicant was granted authority to issue up to \$400,000,000 in short-term debt in the form of unsecured promissory notes and/or commercial paper through December 31, 2007. This alternative source of short-term debt, while not committed, may offer a more cost effective source of funds. Applicant states that its aggregate short-term borrowings from all sources, inclusive of the RCF, will not exceed the \$400,000,000 limit established in Case No. PUE-2002-00644.

The term of any funds borrowed under the RCF would not exceed 364 days. However, the term of the RCF could extend to five (5) years. Applicant believes that market conditions are favorable for a multi-year RCF, which will also avoid the time and cost to negotiate renewal of committed funds. Applicant expects that an origination fee to establish the RCF would not exceed five basis points or 0.05% of the amount of funds committed. Applicant further expects that the annual facility fee for the RCF will not exceed seven basis points or 0.07% of the amount of funds committed. Applicant intends to negotiate for interest rate options on RCF borrowings that can be converted from one rate to another. Based on current market conditions, the Company believes that interest rates on RCF borrowings would not exceed 40 basis points above the current London Inter-Bank Offered Rate ("LIBOR").

THE COMMISSION, upon consideration of the Application and having been advised by Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to structure a RCF for a term of up to five (5) years by entering agreements and assuming obligations necessary to establish one or more credit facilities between the Company and one or more Banks to provide up to \$35,000,000 of committed short-term borrowing capacity.
- 2) The aggregate principal amount of RCF borrowings shall not exceed \$3 5,000,000 and the Company's aggregate short-term indebtedness, inclusive of RCF borrowings, shall not exceed the \$400,000,000 limit authorized by Commission Order dated September 21, 2004, in Case No. PUE-2002-00644.
- 3) Applicant shall submit a Preliminary Report of Action within thirty (30) days of its entrance into any RCF, to include a copy of the underlying agreement(s) that explain the terms, conditions, and available borrowing rate options.
- 4) Applicant shall file a final Report of Action on or before January 31, 2013, to include a summary of all origination, commitment, and facility fees paid during the term of the RCF.

- 5) Approval of the Application shall have no implications for ratemaking purposes.
- 6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00057
OCTOBER 5, 2007**

APPLICATION OF
COGENTRIX VIRGINIA LEASING CORPORATION

For a Certificate to Operate as an Electric Generating Facility Pursuant to Virginia Code § 56-580 D

FINAL ORDER

On June 26, 2007, Cogentrix Virginia Leasing Corporation ("CVLC" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") requesting that the Commission issue a certificate of public convenience and necessity ("Certificate" or "CPCN") to operate the Company's existing electric generating facility located in the City of Portsmouth, Virginia ("Facility"). The Facility currently operates as a qualifying cogeneration facility ("QF") under the federal Public Utilities Regulatory Policies Act ("PURPA");¹ the Facility is not currently certificated by the Commission. The Company, however, desires to operate the Facility as a non-qualifying electric generating facility, and is seeking a CPCN from the Commission for that purpose.²

The Commission issued an Order for Notice and Comment on July 25, 2007 ("Order for Notice and Comment"), providing interested parties an opportunity to comment on the Company's Application and to request a hearing thereon. As the Commission stated in that Order, CVLC is applying for a Certificate pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure and to the extent applicable, the merchant plant rules, 20 VAC 5-302-10 *et seq.* According to the Application, CVLC owns and operates the Facility³ and sells all of the Facility's output to Virginia Power pursuant to a power purchase agreement between CVLC and Virginia Power, the Restatement of the Power Purchase and Operating Agreement between Cogentrix Virginia Leasing Corporation and Virginia Electric and Power Company ("PPA"), which was executed December 5, 1997.⁴

CVLC plans to file a self-certification of Exempt Wholesale Generator ("EWG") status with the FERC to own and operate the Facility as an eligible facility of an EWG. CVLC also plans to file an application with the FERC for authority to make wholesale sales of electric energy, capacity, and ancillary services from the Facility at market-based rates. CVLC will request that its proposed market-based tariff become effective on the date that CVLC begins making sales to the market. The Facility has a net electric power production capacity of 115 MW. The Facility began commercial operation on April 12, 1988. We would reiterate that output from the Facility is sold at wholesale, and such transactions are subject to the jurisdiction and oversight of the FERC.

In sum, the Company requests in its Application that the Commission issue an Order granting CVLC a CPCN in order to permit CVLC (i) to operate the Facility as a non-QF electric generating facility; and (ii) waive any information requirements provided in the Commission's merchant plant rules, 5 VAC 5-302-10, *et seq.* (i.e., the Commission's "filing requirements"), that may apply to CVLC's Application to the extent that CVLC has not provided such information in its Application.

In support of its Application, the Company represents that granting the Facility a CPCN will have no material adverse effect on reliability of electric service provided by any regulated utility and is not otherwise contrary to the public interest. Specifically, the Application states the Facility will continue to contribute to the reliability of electric service provided by Virginia Power pursuant to the PPA.

Additionally, the Application states that the Facility will continue to provide direct and indirect economic benefits to the surrounding area and to the Commonwealth as a whole; needed power to Virginia Power; and diversity of fuel sources within the Commonwealth. The Facility is also said to provide a substantial tax base for state and local governments. The Application asserts that CVLC possesses all required state and federal environmental permits for the Facility.

The Commission's Order for Notice and Comment in this matter docketed the case and established an August 31, 2007 deadline for the Commission Staff and any interested persons to file written comments, if any, on the Application with the Clerk of the Commission. Contemporaneous with filing any such comments, interested persons were authorized to request that the Commission convene a hearing concerning the Company's Application. The Order for Notice and Comment further established September 17, 2007, as the date by which the Company could file a response to any comments or

¹ 16 U.S.C. § 2601 *et seq.*

² According to the Application, the Facility has been operated as a QF pursuant to PURPA since 1988. CVLC currently provides all of the electric capacity and energy from the Facility to Virginia Electric and Power Company ("Virginia Power"). CVLC also provides thermal output from the facility to two adjacent manufacturing plants.

³ The Facility is a topping cycle cogeneration facility comprised of six stoker coal-fired steam generators and two extraction/condensing steam turbine generators. Thermal energy recovered from the turbines provides process steam for adjacent manufacturing plants owned by U.S. Amines (Portsmouth) LLC and BASF Corporation ("BASF"). BASF is expected to cease taking steam from the Facility this fall. If CVLC loses BASF as a steam host, CVLC can no longer meet the FERC's standards for operating the Facility as a QF, absent a waiver from the Federal Energy Regulatory Commission ("FERC") of such standards. CVLC intends to request a waiver from FERC.

⁴ The PPA amends and restates the Power Purchase and Operating Agreement between Cogentrix Virginia Leasing Corporation and Virginia Electric and Power Company, dated July 21, 1986, as amended prior to the PPA.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

requests for hearing filed herein pursuant to this schedule. Finally, the Order for Notice and Comment directed the Company to publish a prescribed notice of this proceeding in newspapers of general circulation in the City of Portsmouth.

The Commission Staff filed a letter in this docket on August 13, 1007, advising that the Staff did not oppose CVLC's Application and that, for that reason, the Staff had not filed comments and did not intend to do so. The Staff further noted in its letter that the Department of Environmental Quality ("DEQ") had furnished its report⁵ concerning the Application by letter to the Commission dated July 18, 2007, and filed with the Clerk of the Commission.

DEQ's July 18, 2007 report indicates that no permits are required for the change in legal status sought by the Company in this Application. Specifically, the DEQ report states that the existing CVLC plant has all required permits and there are no new permits required.⁶ Finally, DEQ reports that with respect to the Company operating permits (principally air and water quality permits), the Facility is in compliance with such permits; however, there is evidence of noncompliance in reporting requirements, which has been resolved.

On August 16, 2007, CVLC filed a certificate of service showing service on August 8, 2007,⁷ by first class mail of the Order for Notice and Comment on the mayor of the City of Portsmouth and an affidavit of publication of the prescribed notice.

Thereafter, on September 17, 2007, CVLC filed its response to the letter filed by Staff and renewed its request that the Application be granted. CVLC noted the absence of any objection from the Commission Staff or any interested person, and thus requested that the Commission enter an Order that (i) grants the Company a CPCN in order to permit CVLC to operate the Facility described in the Application as a non-QF electric generating facility, and (ii) waive information requirements applicable under the Commission's merchant plant rules, 5 VAC 5-302-10 *et seq.*

NOW THE COMMISSION, in consideration of the foregoing, and having considered the Application and the responses thereto; the report of Virginia's Department of Environmental Quality; and all applicable law, is of the opinion and finds as follows:

Pursuant to § 56-580 D of the Code, we find that CVLC's Facility (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility; and (ii) is not otherwise contrary to the public interest. We have further evaluated the Application pursuant to § 56-46.1 of the Code and have given consideration to the effect of this Facility on the environment. Section 56-46.1 of the Code provides that permits issued by federal, state, or local governmental entities that regulate environmental impact and mitigation of adverse environmental impact are deemed to satisfy the requirements of such section with respect to all matters that are governed by the permit.

In this regard, the DEQ has concluded that the CVLC Facility is in compliance with water and air permits that have been issued by the DEQ. The DEQ's report does not identify any environmental issues that are not otherwise addressed in the Facility's existing permits or approvals. In addition, the DEQ report recommends that the Facility: (1) maintain compliance with the Facility's existing permits (the air quality Title V permit, the groundwater withdrawal permit, and the water quality VPDES permit) and zoning authorization; (2) commit to and maintain compliance with the air quality permits being applied for, e.g., the CAIR permit, the NSR permit, and the Title V permit amendment; and (3) notify DEQ's Tidewater Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air quality, water quality, waste generation or disposal, or the management of petroleum tanks. As a condition of the Certificate granted herein, we will require the Company to comply with these DEQ recommendations. No other environmental issues were raised in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-580 D of the Code of Virginia, Cogentrix Land Leasing Corporation be granted Certificate of Public Convenience and Necessity No. ET-176 to operate an electric generation facility in the City of Portsmouth, Virginia, upon the filing of site maps with the Commission's Division of Energy Regulation that conform to the filing requirements of such Division.

(2) The Certificate granted herein shall be conditioned upon Cogentrix Virginia Leasing Corporation (i) maintaining compliance with the Facility's existing permits and zoning authorization; (ii) maintaining compliance with any future permit modifications; and (iii) notifying DEQ's Tidewater Regional Office of any operational changes that would or might require amendment of any applicable permits pertaining to air quality, water quality, waste generation or disposal, or the management of petroleum tanks.

(3) CVLC's request for the Commission's waiver pursuant to 20 VAC 5-302-10 *et seq.* of any filing requirement that may apply to this proceeding, to the extent that CVLC has not provided such information in its Application, is hereby granted.

(4) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

⁵ DEQ's responsibilities under a 2002 Memorandum of Agreement between DEQ and the Commission (entered into pursuant to §§ 10.1-1186.2:1 B and 56-46.1 G of the Code), require DEQ to furnish written information addressing (i) the environmental impacts of proposed electric generating plants and associated facilities, and (ii) environmental permits or approvals associated with such plants and facilities.

⁶ DEQ reported that on June 29, 2007, CVLC submitted an application for a Clean Air Interstate Rule ("CAIR") permit in keeping with a new Clean Air Act requirement. DEQ reported it is processing the CAIR application. On June 12, 2007, DEQ reported CVLC submitted an application for a New Source Review ("NSR") permit. This would be used to alter an existing Prevention of Significant Deterioration Permit ("PSD") by making a change in the way in which sulfur dioxide limits in the permit are met. The NSR application is needed to alter the PSD permit, and the requirement in the PSD permit is the underlying applicable requirement for the Title V permit amendment. DEQ has yet to decide upon this change. On June 12, 2007, CVLC also submitted an application for a Title V permit amendment to change the way the sulfur dioxide limits in the permit are met.

⁷ We grant leave for service to be effected two days out of time.

**CASE NO. PUE-2007-00057
OCTOBER 16, 2007**

APPLICATION OF
COGENTRIX VIRGINIA LEASING CORPORATION

For a Certificate to Operate as an Electric Generating Facility Pursuant to Virginia Code § 56-580 D

ORDER NUNC PRO TUNC

On June 26, 2007, Cogentrix Virginia Leasing Corporation ("CVLC" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") requesting that the Commission issue a certificate of public convenience and necessity ("Certificate" or "CPCN") to operate the Company's existing electric generating facility located in the City of Portsmouth, Virginia ("Facility"). On October 5, 2007, the Commission issued a Final Order which granted the Company's Application. It has come to the Commission's attention that Ordering Paragraph (1) of the Final Order erroneously grants Certificate of Public Convenience and Necessity No. ET-176 to Cogentrix Land Leasing Corporation rather than to Cogentrix Virginia Leasing Corporation.

NOW THE COMMISSION finds that Ordering Paragraph (1) of the Final Order should be amended, NUNC PRO TUNC, to substitute the applicant's name, Cogentrix Virginia Leasing Corporation, in place of Cogentrix Land Leasing Corporation. Ordering Paragraph (1) of the Final Order should thus read:

(1) Pursuant to § 56-580 D of the Code of Virginia, Cogentrix Virginia Leasing Corporation be granted Certificate of Public Convenience and Necessity No. ET-176 to operate an electric generation facility in the City of Portsmouth, Virginia, upon the filing of site maps with the Commission's Division of Energy Regulation that conform to the filing requirements of such Division.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (1) of the Final Order issued in this case on October 5, 2007, is amended, NUNC PRO TUNC, to substitute Cogentrix Virginia Leasing Corporation in place of Cogentrix Land Leasing Corporation, consistent with the findings above.

(2) This case is dismissed.

**CASE NO. PUE-2007-00058
AUGUST 29, 2007**

APPLICATION OF
UTILITY MANAGEMENT SERVICES, INC.

For a license to conduct business as an electric aggregator

ORDER GRANTING LICENSE

On June 27, 2007, Utility Management Services, Inc. ("Utility Management" or "the Company"), filed an application with the State Corporation Commission ("Commission") for a license as an aggregator of electric service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers in electric retail access programs in the service territories of Dominion Virginia Power, Appalachian Power Company, and all electric distribution cooperatives operating in the Commonwealth of Virginia. The Company agreed to abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Retail Access Rules.

On July 12, 2007, the Commission issued an Order for Notice and Comment docketing the application; requiring that notice of the application be given to Dominion Virginia Power, Appalachian Power Company, all electric distribution cooperatives, and other interested persons; allowing interested persons to file comments on the application; and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on July 23, 2007. No comments were received on Utility Management's application.

The Staff filed its Report on August 16, 2007, addressing Utility Management's fitness to conduct business as an aggregator of electric service. In its Report, the Staff summarized Utility Management's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, the Staff recommended that Utility Management be granted a license to conduct business as an aggregator of electric service to commercial and industrial customers in the service territories of Dominion Virginia Power, Appalachian Power Company, and all electric distribution cooperatives operating in the Commonwealth of Virginia. The Company did not file a response to the Staff's Report.

NOW UPON CONSIDERATION of the application, the Staff Report, the applicable law, and the Retail Access Rules, the Commission is of the opinion and finds that Utility Management's application as an aggregator of electric service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Utility Management Services, Inc., is hereby granted License No. A-27 to be an aggregator of electric service to commercial and industrial customers in the service territories of Dominion Virginia Power, Appalachian Power Company, and all electric distribution cooperatives operating in the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2007-00059
JULY 27, 2007**

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For authority to issue securities under Chapter 3, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On July 2, 2007, Shenandoah Valley Electric Cooperative ("SVEC" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term debt securities with the National Rural Utilities Cooperative Finance Corporation ("CFC"). Applicant has paid the requisite fee of \$250.

SVEC requests authority to obtain financing from CFC up to a maximum amount of \$30,000,000 under CFC's Power Vision Loan Program. The proceeds will be used to fund new construction and system improvements envisioned by the Company's new work plan due to be filed with the Rural Utilities Service ("RUS") in 2008. The loan will have a maturity of thirty-five years. The CFC loan may be drawn down from time to time over the next five years and may have a rate of interest that can be floating or fixed over a period between one and thirty years. The interest rate will be based on the CFC yield chosen by SVEC at the time of draw-down. Applicant requests the flexibility to determine the term of the interest rate at the time of each draw down.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to borrow up to \$30,000,000 from CFC under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the date of the drawdown, the amount of the advance, the interest rate selected, the interest rate maturity, and the amount of remaining authority available to be borrowed.
- (3) Approval of this application shall have no implications for ratemaking purposes.
- (4) There being nothing further to be done, this matter is hereby dismissed.

**CASE NOS. PUE-2007-00060, PUE-2007-00061, PUE-2007-00062
PUE-2007-00063, and PUE-2007-00065
OCTOBER 19, 2007**

JOINT PETITION OF
A&N ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of purchase and sale of service territory and facilities

JOINT APPLICATION OF
A&N ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of certificates of public convenience and necessity

JOINT PETITION OF
OLD DOMINION ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of purchase and sale of transmission facilities

JOINT APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of certificates of public convenience and necessity

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For approval of special rates

ORDER APPROVING APPLICATIONS

On July 3, 5, and 13, 2007, five applications ("Applications") were filed with the State Corporation Commission ("Commission") by A & N Electric Cooperative ("ANEC"), Old Dominion Electric Cooperative ("Old Dominion"), and/or Delmarva Power & Light Company ("Delmarva") (ANEC, Old Dominion, and Delmarva are jointly referred to herein as "Applicants").

As set forth in the Applications, ANEC is a utility consumer cooperative organized under the laws of the Commonwealth of Virginia. ANEC is certificated to provide retail electric service in the Eastern Shore counties of Accomack and Northampton, Virginia, where it serves approximately 11,182 customers. Delmarva is a public service company organized under the laws of the State of Delaware and the Commonwealth of Virginia. Delmarva is certificated to provide electric service in Accomack and Northampton Counties, Virginia, where it serves approximately 22,400 customers. Delmarva also serves approximately 493,000 customers in Delaware and Maryland. Old Dominion is a utility aggregation cooperative organized under the laws of the Commonwealth of Virginia. It provides generation, transmission, ancillary and other related services to twelve member electric distribution cooperatives serving retail customers in Virginia, Delaware, Maryland, and parts of West Virginia. ANEC is one of the distribution cooperatives served by Old Dominion.

Collectively, the Applications would effect Delmarva's withdrawal from the Virginia market as a certificated provider of retail electric service. The Applications also would result in ANEC expanding its Eastern Shore service territory within Accomack and Northampton Counties to include Delmarva's current certificated service territory for providing retail electric service. ANEC will acquire Delmarva's distribution system assets; it will not acquire any of Delmarva's generation or transmission facilities. The Applications propose that certain of Delmarva's transmission facilities on the Eastern Shore will be purchased and subsequently operated by Old Dominion.

In Case Nos. PUE-2007-00060 and PUE-2007-00061 ("Distribution Dockets"), Delmarva and ANEC request that the Commission: (i) grant the parties thereto authority to transfer Delmarva's electric distribution facilities located in Delmarva's Virginia service territory to ANEC;¹ (ii) issue ANEC certificates of public convenience and necessity for the acquisition of Delmarva's electric distribution facilities; (iii) issue ANEC certificates of public convenience and necessity to furnish electric utility service in Delmarva's current Virginia service territory; (iv) cancel Delmarva's certificates of public convenience and necessity to furnish retail electric utility service in Virginia; and (v) provide such further relief as may be appropriate.

ANEC and Delmarva state that the proposed transaction, if approved, would result in "modest, immediate savings to residential customers in the Delmarva Virginia service territory, establish Virginia based ownership and operation of their electric utility service, ensure necessary investment in facility maintenance and upgrades, and unite Virginia's Eastern Shore in a common utility service community, and dedicate the benefit of any operating margins exclusively to local consumers."² ANEC and Delmarva further declare that the transfer of Delmarva's Virginia service territory and distribution system

¹ The negotiated purchase price for Delmarva's distribution facilities used in conjunction with the operation of its Virginia service territory is \$39,575,000.

² Distribution Dockets application at 7.

assets associated therewith will also result in long-term savings to Delmarva's Virginia customers. ANEC's near-term plan is to "lower residential rates charged to Delmarva's Virginia customers by 2.40 percent and to maintain the base rates charged to Delmarva's non-residential customers to what they are at the time the transactions close."³

In addition, ANEC and Delmarva state that in the long term, "all of Delmarva's Virginia customers will benefit by avoiding direct exposure to market volatility that they would experience when the existing Delmarva proxy formula [under the previously approved Memorandum of Agreement ('MOA')] ends. As members of ANEC, these customers' exposure to wholesale market rates will be insulated through ANEC's wholesale power contract with Old Dominion, where power purchased in the wholesale market is only part of the supply portfolio."⁴

The Distribution Docket application also notes that "all of the Delmarva load in Virginia will be supplied by Old Dominion through the purchase of power in the wholesale market."⁵ Old Dominion has generation assets sufficient to generate 45 percent of its members' power requirements. Consequently, the application states, Old Dominion must supply all new load through purchases in the wholesale market. The application further states that since wholesale power prices are higher than Old Dominion's embedded generation costs, "all new load puts upward pressure on the Old Dominion fuel factor."⁶ Thus, ANEC's acquisition of Delmarva's Virginia load "is expected to increase Old Dominion's average cost and have a negative impact on all Old Dominion members, including ANEC's existing members."⁷ To address that concern, ANEC proposes to "pay out of the revenue from the acquired territory an incremental power cost contribution to Old Dominion, as an add-on to its wholesale power bill."⁸ The proposed incremental contribution would be made in each of the four years following ANEC's acquisition of Delmarva's Virginia service territory.

The Distribution Dockets application also notes that the proposed transaction will triple ANEC's customer base. In addition, the miles of distribution lines would increase 1.86 times, and the book value of distribution plant would increase 2.18 times. As stated in the Distribution Dockets application, the net effect is that the proposed transaction would "increase the number of consumers per mile served by ANEC, and decrease the net investment in utility plant per consumer served. These basic factors along with other economies of scale contribute to economic feasibility of the Transaction."⁹ Thus, the Applicants contend that "the financial aspects of the Transaction . . . will ultimately inure to the benefit of all the members of [ANEC], new and old."¹⁰

In Case Nos. PUE-2007-00062 and PUE-2007-00063 ("Transmission Dockets"), Delmarva and Old Dominion request that the Commission: (i) grant authority to transfer certain of Delmarva's electric transmission facilities located in Virginia to Old Dominion;¹¹ (ii) issue Old Dominion appropriate certificates of public convenience and necessity for the acquisition of these transmission facilities; (iii) issue Old Dominion appropriate certificates of public convenience and necessity to furnish service on the Eastern Shore of Virginia; (iv) issue a new certificate of public convenience and necessity to Delmarva for its retained transmission and associated facilities in Virginia; and (v) provide such further relief as may be appropriate.

The Transmission Dockets application states that certificating Old Dominion to acquire and to operate such facilities "is expected to continue and enhance reliable service to the public."¹² Moreover, the application notes that with the tripling of ANEC's load, "Old Dominion's interest and incentive to properly maintain and improve the transmission facilities which are essential to serving a member cooperative will be high."¹³ Old Dominion and Delmarva also contend that the cost of maintaining transmission service is likely to be reduced since Old Dominion is a not-for-profit, tax-exempt electric cooperative owned by its member cooperatives; Old Dominion's primary interest is providing its members (which include ANEC) "reliable electric capacity and energy at the lowest reasonable price."¹⁴

In Case No. PUE-2007-00065 ("Special Rates Docket"), ANEC requests that the Commission approve its proposal for special rates applicable to Delmarva's current Virginia customers during a four-year transition period following ANEC's acquisition of Delmarva's Virginia service territory. Specifically, ANEC has requested the Commission's approval of special transitional rate schedules in order to "allow ANEC a reasonable opportunity to assimilate . . . new customers, distribution facilities and service territory. . . ."¹⁵ According to this application, these transitional rate schedules are different from ANEC's rate schedules in its current service territory and would be applicable to its "new member consumers in the acquired Delmarva Virginia service

³ *Id.* at 10.

⁴ *Id.*

⁵ *Id.* at 13.

⁶ *Id.*

⁷ *Id.* at 13-14.

⁸ *Id.* at 14.

⁹ *Id.* at 25 (emphasis in original).

¹⁰ *Id.* at 26.

¹¹ The proposed price for the purchase and sale of Delmarva's transmission facilities subject to this transaction is \$4.8 million.

¹² Transmission Dockets application at 9. These transmission facilities are currently operated by PJM (Delmarva is a PJM member), and are included in Delmarva's transmission rate as approved by the Federal Energy Regulatory Commission ("FERC"). The application states that Old Dominion intends to file for FERC review and acceptance of a revenue requirement to collect the cost of these facilities, with a rate of return. *Id.* at 10.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Special Rates Docket application at 1.

territory."¹⁶ ANEC asserts that "the Transition Rates from ANEC will ensure that no customer receives an increase in rates on their first bill from ANEC as compared to the Delmarva rates effective as of June 1, 2007, and that many of Delmarva's residential customers in Virginia will see a rate decrease."¹⁷

ANEC also states that the transition rate schedules proposed in the Special Rates Docket application will "protect the public interest by providing rate stability for the acquired Delmarva customers and sufficient revenue for ANEC during the [proposed] 48-month Transition Period."¹⁸ Specifically, ANEC asserts that these transition rate schedules will enable it to "recover its costs, maintain reliable service, and avoid any unreasonable adverse rate impacts to either its current member/consumers or its new member/consumers, and also the other member distribution cooperatives of Old Dominion."¹⁹ Finally, ANEC proposes to make a voluntary power cost contribution to Old Dominion "to help offset some of the potential effect on wholesale power supply prices for the other Old Dominion member cooperatives. . . ."²⁰

On July 18, 2007, the Commission issued an Order for Notice and Comment that, among other things, (1) established a procedural schedule for these dockets, and (2) required the Applicants to provide public notice of the Applications. On or before August 10, 2007, notices of participation in this proceeding were filed by Northern Virginia Electric Cooperative ("NOVEC") and by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). Pursuant to the Order for Notice and Comment, the Commission also received written and electronic public comments on the Applications.

On August 29, 2007, Consumer Counsel filed Comments on the Applications, in which Consumer Counsel stated as follows:

Consumer Counsel generally supports the proposed transfer of Delmarva's Virginia service territory and facilities. Considering the five applications together with the uncertainty related to Delmarva's future rates, the proposal appears to reasonably balance numerous interests in a manner that can reasonably be expected to benefit affected consumers. . . . Consumer Counsel recommends that ANEC be required to eliminate any rate differentiation between transition rates proposed for Delmarva's former customers (if approved) and ANEC's rates for existing customers by no later than the end of the four-year transition period. . . . Subject to this and other appropriate conditions, Consumer Counsel believes that the proposed transfer satisfies the applicable statutory standards for approval.²¹

On August 29, 2007, NOVEC filed Comments and Request for Hearing, in which NOVEC stated as follows:

NOVEC requests that the Commission either direct a full evidentiary hearing or deny the transaction as proposed. Either way, the Commission should step in and protect the overwhelming number of Virginians that will see their rates increase as a result of a transaction on the Eastern Shore that the evidence suggests will not benefit them and over which they have no control.²²

On September 7, 2007, ANEC and Old Dominion filed a Response in opposition to NOVEC's Request for Hearing.

On September 11, 2007, the Commission issued an Order Scheduling Hearing, which scheduled a hearing in this proceeding to commence on October 3, 2007.

On September 14, 2007, the Commission's Staff ("Staff") filed a Staff Report, in which Staff stated as follows:

[T]he above facts do not lend themselves to a rigorous determination relative to the public interest implications of the petition. Issues such as the continued relevance of the MOA; the uncertainty of long term market prices; the lack of a rigorous cost benefit analysis by the application(s) and a host of other issues place the Staff in the position of being unable to reach a conclusion relative to the merits of the joint petition. Rather, any determination is simply a judgment call based on a qualitative balancing of the foregoing considerations. Accordingly, the Staff's goal is to present the key considerations in an orderly manner to assist the Commission in exercising its judgment.²³

On September 18, 2007, the Commission issued (1) an Order granting a motion by Old Dominion and Delmarva to amend the Transmission Dockets application, and (2) an Order granting a motion by ANEC to amend the Special Rates Docket application.

On September 19, 2007, the Commission issued an Order denying ANEC's and Old Dominion's Motion to Strike the Notice of Participation filed by NOVEC.

¹⁶ *Id.* at 2.

¹⁷ *Id.* at 6-7.

¹⁸ *Id.* at 17.

¹⁹ *Id.*

²⁰ *Id.* at 16. The voluntary cost contribution will be at least \$3,125,000. *Id.*

²¹ Consumer Counsel's August 29, 2007 Comments at 3, 16.

²² NOVEC's August 29, 2007 Comments and Request for Hearing at 5.

²³ Staff's September 14, 2007 Staff Report, Summary at 3.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 21, 2007, Delmarva filed a Response to the Staff Report, to Consumer Counsel's Comments, and to NOVEC's Comments.

On September 21, 2007, ANEC and Old Dominion filed a Response to the Staff Report, to Consumer Counsel's Comments, and to NOVEC's Comments.

The hearing was held on October 3-4, 2007. Eric M. Page, Esquire, John A. Pirko, Esquire, James P. Guy, II, Esquire, and Samuel R. Brumberg, Esquire, appeared on behalf of ANEC and Old Dominion. Richard D. Gary, Esquire, appeared on behalf of Delmarva. Brian R. Greene, Esquire, appeared on behalf of NOVEC. D. Mathias Roussy, Jr., appeared on behalf of Consumer Counsel. William H. Chambliss, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of Staff. Vernon N. Brinkley, D. Richard Beam, Gregory L. Booth, Jack D. Gaines, Daniel M. Walker, and James M. Reynolds testified for ANEC and Old Dominion. William M. Curtis and Robert Bisson testified for NOVEC. Robert Dalton, David Roberts, John Ballsrud, and Cody Walker testified for Staff.

NOW THE COMMISSION, upon consideration of this matter, approves the Applications subject to the requirements ordered herein.

Code of Virginia

In the Distribution Dockets, ANEC and Delmarva request approval under §§ 56-89 and 56-90 of the Utility Transfers Act²⁴ and under §§ 56-265.2 and 56-265.3 of the Utility Facilities Act.²⁵ In the Transmission Dockets, Old Dominion and Delmarva request approval under the same statutes. These statutes provide in part as follows:

§ 56-89. Acquisition or disposition of utility assets or utility securities.

It shall be unlawful for any public utility, directly or indirectly, to acquire or dispose of any utility assets situated within the Commonwealth or any utility securities of any other company unless such acquisition or disposition shall have been authorized by the Commission.

§ 56-90. Procedure for authority to acquire or dispose of utility assets or securities.

Application for authority to acquire or dispose of utility assets or utility securities under § 56-89 shall be by petition to the Commission. ... Upon the filing of the petition, if the Commission shall deem a hearing necessary, the Commission shall assign the matter for prompt hearing. If and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order....

§ 56-265.2. Certificate of convenience and necessity required for acquisition, etc., of new facilities.

A. It shall be unlawful for any public utility to construct, enlarge or acquire, by lease or otherwise, any facilities for use in public utility service, except ordinary extensions or improvements in the usual course of business, without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege. Any certificate required by this section shall be issued by the Commission only after opportunity for a hearing and after due notice to interested parties.

§ 56-265.3. Certificate to furnish public utility service; allotment of territory transfers, leases or amendments.

A. No public utility shall begin to furnish public utility service within the Commonwealth without first having obtained from the Commission a certificate of public convenience and necessity authorizing it to furnish such service.

B. On initial application by any company, the Commission, after formal or informal hearing upon such notice to the public as the Commission may prescribe, may, by issuance of a certificate of public convenience and necessity, allot territory for development of public utility service by the applicant if the Commission finds such action in the public interest.

In the Special Rates Docket, ANEC requests approval under Va. Code § 56-235.2, which provides in part as follows:

§ 56-235.2. All rates, tolls, etc., to be just and reasonable to jurisdictional customers; findings and conclusions to be set forth; alternative forms of regulation for electric companies.

A. ... Notwithstanding § 56-234, the Commission may approve, either in the context of or apart from a rate proceeding after notice to all affected parties and hearing, special rates, contracts or incentives to individual customers or classes of customers where it finds such measures are in the public interest. Such special charges shall not be limited by the provisions of § 56-235.4.

B. The Commission shall, before approving special rates, contracts, incentives or other alternative regulatory plans under subsection A, ensure that such action (i) protects the public interest, (ii) will not unreasonably

²⁴ See Va. Code §§ 56-88 *et seq.* ("Transfers Act").

²⁵ See Va. Code §§ 56-265.1 *et seq.* ("Facilities Act").

prejudice or disadvantage any customer or class of customers, and (iii) will not jeopardize the continuation of reliable electric service.

Distribution Dockets – Case Nos. PUE-2007-00060 and PUE-2007-00061

After considering the factual record before us, the Commission finds that, subject to the requirements ordered below, the Distribution Dockets application meets the relevant statutory standards, specifically, that: (1) adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the transfers requested in the Distribution Dockets; and (2) the public convenience and necessity requires issuance of certificates to ANEC and cancellation of Delmarva's certificates as requested in the Distribution Dockets, and that such action is in the public interest.

The proposed transaction will benefit Delmarva's Virginia customers. One of the primary reasons that this case is in front of us is because Delmarva voluntarily chose to divest its generating units under the Virginia Electric Utility Restructuring Act, Va. Code §§ 56-576 *et seq.* As a result of such divestiture, Delmarva must purchase power for its customers from the volatile wholesale markets, with the result that customers in Delmarva's service territory are exposed to requests from Delmarva for precipitous rate increases such as those sought in 2006 and earlier this year. The Commission found that the MOA, which was ordered as part of Delmarva's voluntary divestiture, provided certain protections to Delmarva's ratepayers in 2006 and 2007. We cannot predict, however, the extent to which (if any) the MOA may apply in any future Commission proceeding or in any state or federal court if challenged by Delmarva.

Indeed, Delmarva currently is challenging the most recent Commission rate decision in federal court and at the Supreme Court of Virginia.²⁶ Accordingly, Consumer Counsel concludes that "there exists significant uncertainty concerning Delmarva's future rates... and the proposed transfer is likely to benefit Delmarva's Virginia customers by eliminating this uncertainty and providing for less volatility in future rates, particularly over the long term."²⁷ For example, under at least one plausible scenario, Delmarva's Virginia customers could be dependent upon the wholesale electric market for their entire cost of electricity. As explained by Consumer Counsel: "In comparison, ANEC is a member of [Old Dominion], a power supply cooperative that has ownership interests in both baseload and non-baseload generation facilities. These generation interests would provide a significant benefit to Delmarva's customers if and when Delmarva's customers would otherwise be entirely exposed to volatile market prices."²⁸ In short, these transactions substantially moderate the exposure of Delmarva's customers to precipitous future rate increases.

ANEC's application in the Distribution Dockets, along with the testimony of its President and CEO, Vernon Brinkley,²⁹ describe the geographical and operational synergies that will benefit both ANEC and the former Delmarva customers after consolidation. The Staff Report shows the fragmented nature of the ANEC and Delmarva service territories, which would be consolidated after this transaction.³⁰ The acquisition of the Delmarva service territory will allow ANEC "to serve clusters of customers living in towns, as well as developments along the shoreline, providing a customer base with a lower plant investment per consumer" and will provide capital and O&M (operation and maintenance) benefits.³¹ The transaction will triple ANEC's customer base, increase its miles of distribution line by 1.86, and increase the book value of that plant by 2.18 – thus *increasing* the number of customers served per mile and *decreasing* the net investment in utility plant per customer served.³² In addition, Mr. Brinkley testified that based on ANEC's financial forecast, the proposed consolidation would push ANEC's next base rate increase from 2010 as currently projected to beyond the year 2016.³³

We next address the wholesale power cost impact on ANEC and other member cooperatives of Old Dominion.³⁴ All of Old Dominion's member cooperatives are currently obligated by contract to purchase their full power requirements from Old Dominion. Old Dominion owns generation sufficient to supply approximately 45 percent of its members' needs and must purchase the remainder from the wholesale power market. Old Dominion is entitled to pass-through its wholesale power purchase costs to its members, and the members may (but are not required to) pass such costs on to their member-customers. The new load represented by Delmarva's former customers will require Old Dominion to purchase additional wholesale power supplies, the cost of which is expected to be higher than the cost of Old Dominion's self-generated supply at this time. As a result, total power supply costs are expected to increase, and, under Old Dominion's contracts with its members, all members share in the incremental costs incurred to meet the needs of all members.

NOVEC's concerns in this case center around this expected increase in wholesale power costs. NOVEC "is not asking that the Commission deny this transaction," but "objects to, however, the Applicants' attempts to require NOVEC and other member cooperatives to subsidize the increase in power supply costs that will result from this transaction."³⁵ NOVEC's counsel further stated that "... I think NOVEC's interest is money – I don't think that's a secret."³⁶ In response to questions from the bench during the hearing, NOVEC's Vice President of Electric System Development, Robert Bisson, set forth NOVEC's position as follows:

²⁶ Consumer Counsel's August 29, 2007 Comments at 5 n.7.

²⁷ *Id.* at 5.

²⁸ *Id.* at 6 (footnote omitted).

²⁹ *See, e.g.,* Brinkley, Tr. 39-59.

³⁰ *See* Staff's September 14, 2007 Staff Report at Exhibit 1.

³¹ Distribution Dockets application at 8-11.

³² *Id.* at 25-26.

³³ Brinkley, Tr. 58.

³⁴ For purposes of this analysis, we assume – without deciding – that all of Old Dominion's distribution cooperatives in Virginia and the members thereof are encompassed within the term "public" as used in Va. Code § 56-90.

³⁵ Tr. 31.

³⁶ Tr. 330.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

COMMISSIONER CHRISTIE: You said and Mr. Greene said in his opening statement that NOVEC is not opposed to this transaction, but you want to be held entirely harmless for the incremental power costs that are going to come about because [ANEC] is, obviously, taking on additional load.

THE WITNESS: That's correct.

COMMISSIONER CHRISTIE: So NOVEC's position, then, is that this Commission should order [ANEC] to make a voluntary contribution equal to the total incremental cost of power, additional power.

THE WITNESS: I'm not saying you should order it, I'm saying that that is a mechanism –

COMMISSIONER CHRISTIE: Should we just suggest it?

THE WITNESS: Well, it's a mechanism that will make us and the other members whole. I don't know if there are other similar mechanisms that can do the same thing. That's my only point in saying I'm not sure. Something along those lines that would make this a cost-neutral on the wholesale power side to NOVEC, NOVEC could then support the transaction.

COMMISSIONER CHRISTIE: ... Is there nothing between zero and a hundred that you regard as acceptable? You don't regard what [ANEC] has offered as acceptable. I'm just trying to find out if NOVEC's position is that nothing less than a hundred percent total hold-harmless is acceptable to you.

THE WITNESS: I would have to say yes right now.

COMMISSIONER CHRISTIE: Yes, nothing but a hundred percent hold harmless is acceptable?

THE WITNESS: Yes.

CHAIRMAN MORRISON: ... And would that hold true indefinitely or until the NOVEC contract itself expired – 2028, I think. Is that right?

THE WITNESS: That's when the contract expires, yes.

COMMISSIONER CHRISTIE: So 100 percent hold-harmless through 2028, on a floating basis, because fuel costs, obviously, are going to float. You can't predict what are going to be the fuel costs. So NOVEC's position is 100 percent hold-harmless, on a floating basis, no matter how high it goes, through 2028.

THE WITNESS: Right now, yes.³⁷

Old Dominion has twelve member cooperatives. Although NOVEC states that it seeks to protect itself and the other member cooperatives other than ANEC, NOVEC is the only member cooperative that has contested any part of these transactions in this proceeding. Not only did none of the other member cooperatives protest the Applications before the Commission, at least a majority apparently approved Old Dominion's acquisition of Delmarva's transmission facilities for the purpose of supporting this transaction. In addition, the President of Community Electric Cooperative, Mr. Reynolds, provided testimony in support of the Applications and on the benefits he expects to accrue to his cooperative from the proposed transaction.³⁸

To the extent NOVEC asks us to require ANEC or Delmarva to absorb 100% of any increased wholesale power costs resulting from this transaction, we deny such request as not in the public interest and as unnecessary in order to meet the statutory standards mandated herein. Likewise, the statute does not require ANEC to make a larger voluntary wholesale power cost contribution to Old Dominion than it already proposes in this proceeding.³⁹

NOVEC has not established that any increased wholesale power costs resulting from these transactions will impair or jeopardize adequate service at just and reasonable rates to any electric distribution cooperative in Virginia or the members thereof. NOVEC has not established that any increased

³⁷ Tr. 296-300. Subsequent to this exchange, NOVEC's counsel asked "the Commission to do two things:" (1) "delay a ruling for at least four weeks;" and (2) "direct the parties to negotiate in good faith to see if a compromise can be reached that is in the interest of everyone." Tr. 323. Counsel for ANEC and Old Dominion, after conferring with his client, opposed NOVEC's request. Tr. 332. The Commission noted that the parties can negotiate if they choose to do so, decided to go forward with the proceedings on the pending Applications as the Applicants had a right to ask for, and denied NOVEC's request. Tr. 332-333.

³⁸ See Reynolds, Tr. 465-503.

³⁹ As noted above, ANEC proposes to make a voluntary wholesale power cost contribution to Old Dominion of at least \$3.125 million spread out over four years. See Brinkley, Tr. 139-140; Special Rates Docket application at 16.

wholesale power costs resulting from ANEC's acquisition of Delmarva's Virginia load will be greater than increased wholesale power costs resulting from so-called "organic" load growth by any of Old Dominion's member distribution cooperatives – including NOVEC. Indeed, ANEC explains as follows:

For several years, NOVEC has been blessed with rapid development and population growth, producing rapid increases in its demand for electricity. From 2004 to 2005, NOVEC's demand went from 652 MW to 762 MW, a full 110 MW increase (a one year load level increase similar to the Distribution Transaction).⁴⁰

Moreover, there is evidence in this case that NOVEC's load has increased by approximately one million megawatt hours from 1999-2006, which is about 37 times the growth experienced by ANEC over the same period of time.⁴¹ Like ANEC, power to serve NOVEC's additional load must be supplied by Old Dominion, with any additional costs borne by all member cooperatives.

There is no evidence, and NOVEC did not assert, that the increased wholesale power requirements created by its own load growth has impaired or jeopardized adequate service at just and reasonable rates to the other distribution cooperatives or that such load growth was not in the public interest. Rather, NOVEC distinguishes between "internal organic load growth versus the voluntary acquisition of another service territory."⁴² The Transfers Act recognizes such distinction to the extent that a voluntary acquisition of another service territory requires our approval, whereas similar approval is not required for so-called "organic" load growth. Such distinction, however, does not necessitate a denial of the Applications or adoption of the specific requirements requested by NOVEC. Rather, the distinction means that we must apply the appropriate statutory standards to the Applications before us; it does not mean that load growth by voluntary acquisition is somehow disfavored under Virginia law beyond the statutory requirements that we must follow.

We do not suggest, however, that the proposed transactions are cost-free to Delmarva, ANEC, Old Dominion, NOVEC, or any other electric distribution cooperative. The statutory requirement, however, does not require the proposed transaction to be "cost-free" or, put another way, "rate increase-free." Rather, we find that, under the statute that we must follow, none of NOVEC's requests are necessary in order for the Commission to "be satisfied that adequate service to [Old Dominion's distribution cooperatives in Virginia and the members thereof] at just and reasonable rates will not be impaired or jeopardized by granting" the requested transfers; thus, we do not "deem proper" and do not find that "the circumstances require" the adoption of NOVEC's requests.⁴³ We also conclude that the concerns raised by NOVEC do not warrant a finding that the issuance and cancellation of certificates, as requested by the Applicants, is not in the public interest.⁴⁴

Transmission Dockets – Case Nos. PUE-2007-00062 and PUE-2007-00063

The Transmission Dockets application, along with the testimony of Old Dominion's Vice President of Power Supply and Transmission Planning, D. Richard Beam, describe the purpose and benefits of transferring the majority of Delmarva's transmission facilities in Virginia to Old Dominion. Old Dominion explains, among other things, that: it currently serves as transmission provider for ANEC and its other member cooperatives; if ANEC becomes the sole provider of distribution service on the Eastern shore, Old Dominion's purchase of Delmarva's transmission facilities will ensure continued transmission reliability; the overall transmission revenue requirement will be lower for Old Dominion than for Delmarva; it projects certain capital cost savings; and its proposed transaction is necessarily conditioned on ANEC acquiring Delmarva's Virginia service territory.⁴⁵

After considering the factual record before us, the Commission finds that the Transmission Dockets application meets the relevant statutory standards, specifically, that: (1) adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the transfers requested in the Transmission Dockets; and (2) the public convenience and necessity requires issuance of certificates to Old Dominion and to Delmarva and cancellation of certificates previously issued to Delmarva as requested in the Transmission Dockets, and that such action is in the public interest.

Special Rates Docket – Case No. PUE-2007-00065

After considering the factual record before us, the Commission finds that, subject to the requirements ordered below, the Special Rates Docket application meets the relevant statutory standards, specifically, that the proposed transition rates: (1) protect and are in the public interest; (2) will not unreasonably prejudice or disadvantage any customer or class of customers; and (3) will not jeopardize the continuation of reliable electric service. We agree with ANEC that the proposed transition rates "are necessary to the successful completion of the [t]ransaction, in order to provide the ratepayers continuity, to allow ANEC to retain its financial stability and to support the overall economic feasibility of the [t]ransaction [and] will protect the public

⁴⁰ ANEC's and Old Dominion's September 21, 2007 Response at 28 (footnote omitted). For example, NOVEC has taken steps, some successful and some not, to support increases in its load by adding large users such as AOL and the Smithsonian Institution. See Curtis, Tr. 250-251, 268-272; Bisson, Tr. 347-348; Beam, Tr. 427-431. See also ANEC's and Old Dominion's September 21, 2007 Response at 8 n.4.

⁴¹ Exh. 9.

⁴² Tr. 89.

⁴³ Va. Code § 56-90.

⁴⁴ Consumer Counsel further discusses this as follows (Tr. 33-36):

[T]he proposed transfer of Delmarva's service territory and most of Delmarva's Virginia assets, considered as a whole, is a reasonable attempt to balance a number of interests [and] would not jeopardize the provision of adequate electric service at just and reasonable rates, notwithstanding an acknowledged expectation that the transaction will have some short-term rate impact. ... To the extent that [Old Dominion's] contractual relationship with its members dictates that all members share equally any incremental wholesale power costs incurred to serve additional load, then that is the bargain that was struck by those parties, and that is the bargain that was approved by the FERC. ... [Approval of the Applications] is the prudent course and is in the public interest, subject to reasonable conditions [discussed later herein].

⁴⁵ See Transmission Dockets application at 8-15; Beam, Tr. 153-159.

interest by providing rate stability for the acquired Delmarva customers and sufficient revenues for ANEC during the 48-month [t]ransition [p]eriod."⁴⁶ Accordingly, as a result of the transactions and the rates approved in this proceeding, the current rates paid by Delmarva's existing customers and that company's Virginia tariffs – including fuel rates and the MOA that is used to determine such rates – are superseded and no longer applicable.

Additional Requirements

Finally, our approval in the Distribution Dockets and in the Special Rates Docket is subject to the following requirements, which we find in the public interest and deem proper and the circumstances require: (1) ANEC shall make the voluntary wholesale power cost contribution to Old Dominion of, at a minimum, \$3,125,000 spread out over four years; and (2) on or before January 1, 2012, ANEC shall file a base rate case, with a full cost of service study encompassing ANEC's entire post-acquisition footprint, to implement a cost-based rate for its combined system.⁴⁷

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, the Joint Petition in Case No. PUE-2007-00060 is granted subject to the requirements established in this Order Approving Applications.
- (2) Pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia, the Joint Application in Case No. PUE-2007-00061 is granted subject to the requirements established in this Order Approving Applications.
- (3) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, the Joint Petition in Case No. PUE-2007-00062 is granted.
- (4) Pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia, the Joint Application in Case No. PUE-2007-00063 is granted.
- (5) Pursuant to § 56-235.2 of the Code of Virginia, the Application in Case No. PUE-2007-00065 is granted subject to the requirements established in this Order Approving Applications.
- (6) ANEC shall make the voluntary wholesale power cost contribution to Old Dominion of, at a minimum, \$3,125,000 spread out over four years.
- (7) On or before January 1, 2012, ANEC shall file a base rate case, with a full cost of service study encompassing ANEC's entire post-acquisition footprint, to implement a cost-based rate for its combined system.
- (8) Certificates of public convenience and necessity are cancelled and issued as follows:
 - (a) The certificates of public convenience and necessity previously issued to Delmarva, as listed in attached Appendix A, are cancelled.
 - (b) The certificates of public convenience and necessity, listed in the attached Appendix B, relating to ANEC's acquisition of Delmarva's utility facilities in Virginia and the provision of service in Delmarva's former territory, are issued to ANEC. Appropriate certificates and maps shall be issued by the Commission's Division of Energy Regulation and sent to ANEC.
 - (c) Certificate of public convenience and necessity number ET-9F which authorizes Delmarva to operate transmission lines and facilities in Accomack County shall be issued upon the filing by Delmarva of a Virginia Department of Transportation county map showing the location of the transmission facilities retained by Delmarva.
 - (d) Certificate of public convenience and necessity number ET-177 which authorizes Old Dominion to operate transmission lines and facilities in Accomack County and certificate of public convenience and necessity number ET-178 which authorizes Old Dominion to operate transmission lines and facilities in Northampton County shall be issued upon the filing by Old Dominion of Virginia Department of Transportation county maps showing the location of the transmission facilities acquired by Old Dominion.
- (9) Within seven (7) days of consummation of the transaction approved in Case No. PUE-2007-00060, ANEC shall file with the Clerk of the Commission a report of action providing the date the transfer took place.
- (10) Within seven (7) days of consummation of the transaction approved in Case No. PUE-2007-00062, Old Dominion shall file with the Clerk of the Commission a report of action providing the date the transfer took place.
- (11) Within thirty (30) days of completing the proposed transfers, subject to administrative extension by the Director of Public Utility Accounting, ANEC and Old Dominion shall file reports with the Commission providing the actual sales price and the accounting entries reflecting the respective transfers on the party's books.
- (12) ANEC and Old Dominion shall submit reports to the Director of Public Utility Accounting showing the contributions made by ANEC to Old Dominion as ordered herein within thirty (30) days of making such contributions, subject to administrative extension by the Director of Public Utility Accounting. Such reports shall include an explanation and calculation of the contributions, and such reports shall be submitted until all contributions required herein are made.
- (13) Beginning on or before March 1, 2009, ANEC shall submit to the Director of Public Utility Accounting annual "state of systems integration" reports, subject to administrative extension by the Director of Public Utility Accounting, which provide information showing the systems integration work

⁴⁶ Special Rates Docket Application at 16-17.

⁴⁷ See Consumer Counsel's August 29, 2007 Comments at 11-13.

that has been completed and that remains to be effectuated. These reports shall continue to be submitted until otherwise requested by the Director of Public Utility Accounting.

(14) Within thirty (30) days of the date of this Order Approving Applications, ANEC shall file with the Commission's Division of Energy Regulation revised tariffs reflecting the rates approved herein, to become effective upon consummation of the transaction approved herein.

(15) Except for the approval in Case No. PUE-2007-00065, this Order Approving Applications shall have no ratemaking implications.

(16) These cases are continued.

NOTE: Copies of Appendix A and Appendix B are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2007-00064
DECEMBER 21, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to revise its tariff to allow the implementation of an Off-System Sales and Capacity Release Incentive Mechanism

FINAL ORDER

On July 12, 2007, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company") filed an application with the State Corporation Commission ("Commission") requesting authority to implement a proposed Off-System Sales and Capacity Release Incentive Mechanism ("Incentive Mechanism"). According to the Company's application, the Incentive Mechanism will require: (i) revisions to the Company's Purchased Gas Adjustment ("PGA")/Actual Cost Adjustment ("ACA") mechanism in order to specify the manner in which off-system sales margins and capacity release revenue will be shared between customers and the Company under the Incentive Mechanism, and (ii) an amendment to the September 21, 2005 Service Agreement ("Service Agreement") between Columbia and NiSource Corporate Services Company ("NCSC") to clarify that the Service Agreement allows the off-system sales and capacity release transactions contemplated by the proposed Incentive Mechanism.

The Company's proposed Incentive Mechanism would modify the traditional treatment of off-system sales margins and capacity release revenue in the Company's PGA/ACA mechanism in recognition of the Company's recent commitment to add significant new peak day capacity to serve customers. In the Company's recently concluded application for approval of a performance-based regulation ("PBR") plan, Columbia agreed to acquire significant additional peak-day capacity from its upstream suppliers and to undertake the distribution system enhancements necessary to make this new capacity available to customers.¹ The Company's application filed in the captioned docket maintains that the new capacity additions required under the Company's PBR plan will create additional opportunities for the Company to increase the value that can be generated by managing its gas supply assets in a manner that will benefit both customers and the Company. According to the Company, this additional value will be created by expanding the supply management functions under the Company's current Service Agreement with NCSC to authorize such gas supply activities as flowing gas sales, incremental gas sales, physical gas put options, exchanges, asset management arrangements, and capacity release arrangements. In order to implement the Incentive Mechanism, the Company requested authority to revise its PGA/ACA tariff pursuant to § 56-236 of the Code of Virginia (the "Code"). Such a revision would modify Columbia's PGA/ACA mechanism to define the scope of the Incentive Mechanism and to specify the manner in which off-system sales margins and capacity release revenue would be shared under the Incentive Mechanism.

On July 30, 2007, the Commission issued its Order for Notice and Comment herein. This Order bifurcated the Company's application into the request for approval of an amendment to a corporate services agreement, which was docketed as Case No. PUE-2007-00072,² and the instant application, docketed as PUE-2007-00064, which considered Columbia's tariff revisions to the PGA/ACA mechanism. The Commission's July 30, 2007 Order directed the Company to provide public notice of its application to amend its tariff; suspended the Company's proposed revisions to its PGA/ACA tariff, to and through December 9, 2007; invited interested persons to file comments, requests for hearing, and Notices of Participation on or before September 14, 2007; directed the Staff to investigate the proposed revisions to Columbia's tariff and to present its findings and recommendations in a Report or testimony, as appropriate, to be filed with the Commission on or before September 21, 2007; and authorized the Company to file on or before September 28, 2007, any response or testimony, as appropriate, the Company expected to introduce in rebuttal to the comments of interested persons and the Staff's Report or testimony.

Prince William County, by counsel, filed Comments dated September 14, 2007, with the Clerk of the Commission. In its Comments, Prince William County requested the Commission to review the effect of the Company's proposal on Columbia's ratepayers and to examine any other potential

¹ See Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2005-00098 and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case No. PUE-2005-00100, 2006 S.C.C. Ann. Rep. 366 (Dec. 28, 2006 Final Order).

² An Order Granting Approval of the Company's request to amend its Service Agreement under Chapter 4 of Title 56 of the Code was entered on October 9, 2007, in Case No. PUE-2007-00072. Among other things, that Order approved an amendment to the Service Agreement between Columbia and NCSC to authorize gas supply management activities such as flowing gas sales, incremental gas sales, time exchanges, location exchanges, asset management arrangements, operational transactions, capacity release arrangements, retail choice program releases, and administrative releases. However, NCSC was not permitted to engage in gas supply management activities known as physical gas put options under the revised Service Agreement, approved in Case No. PUE-2007-00072.

issues that could place reasonable, reliable, low-cost natural gas service and rates at risk. Prince William County did not request a hearing on the Company's application.

On September 14, 2007, the Virginia Industrial Gas Users Association ("VIGUA") filed a Notice of Participation, Request for Hearing, and Comments on Columbia's application to establish an off-system sales and capacity release Incentive Mechanism. VIGUA asserted that the issues raised in Columbia's application and in VIGUA's comments required an evidentiary hearing and could not be adequately addressed solely in written comments. VIGUA identified a number of issues that it asserted necessitated an evidentiary hearing at which ore tenus testimony would be received. VIGUA expressed concern that transportation customers and gas marketers would be harmed by the Company's proposed Incentive Mechanism.

On September 14, 2007, Hess Corporation ("Hess"), by counsel, also filed comments and a Request for Hearing ("Comments"). Hess' Comments expressed concern about the impact the proposed Incentive Mechanism would have on Hess and on its customers because of the integral nature of capacity and gas supply. Hess asserted that it was possible that any benefits or profits realized by the Company under the Incentive Mechanism may be maximized at the expense of transportation and banking and balancing customers. Hess also expressed concern that off-system sales could be favored over releases of upstream capacity and that NCSC may refuse to release system pipeline capacity even though such capacity was available.

Hess' Comments also observed that NCSC may withhold capacity or otherwise exercise monopoly power over transportation service by tying or bundling upstream capacity rights with off-system gas sales, requiring transportation customers to purchase gas in a way that transportation customers may not desire and contravening the requirement that a public utility provide adequate service at just and reasonable rates. Hess requested that Columbia's proposal be denied or, in the alternative, an evidentiary hearing be convened on the Company's application.

On September 21, 2007, the Commission Staff filed testimony addressing the Company's proposed revisions to its PGA/ACA mechanism. In its testimony, the Staff recommended, among other things, that: (1) the Incentive Mechanism's Program Year Threshold ("PYT") be set at a higher amount to increase the margins customers would receive before margin sharing between Columbia's customers and the Company commence; (2) Columbia be required to guarantee the PYT as a credit to customers through the PGA/ACA mechanism regardless of the level of margins generated by off-system sales and capacity releases; (3) the sharing percentages between customers and the Company be revised to increase the percentage of margins credited to customers through the PGA/ACA mechanism; and (4) the Company's proposed Incentive Mechanism and the ACA determination periods be synchronized to streamline the administration of the Incentive Mechanism.

On September 28, 2007, Columbia filed a Response to the Staff testimony and a Response in opposition to the requests for hearing by Hess and VIGUA. Columbia's Response, among other things, opposed the Staff's recommendations to: (1) increase the PYT; (2) guarantee the payment of the PYT through the PGA/ACA mechanism regardless of the margins generated by off-system sales and capacity releases; and (3) revise the sharing percentage between the customers and the Company to increase the percentage of margins credited to customers through the Company's PGA/ACA mechanism. Columbia also opposed Hess' and VIGUA's requests for hearing.

On October 10, 2007, the Commission entered an Order scheduling a hearing on the Company's proposed tariff revisions. The Order scheduled a hearing before a Hearing Examiner on December 5, 2007, to receive evidence on the Company's application. The Order also directed Hess and VIGUA to prefile on or before November 9, 2007, any testimony and exhibits they expected to present during the hearing, and directed the Respondents to serve copies of their testimony and exhibits on Counsel to the Company, the Staff, and on each other. The October 10, 2007 Order further directed Columbia to prefile on or before November 20, 2007, any rebuttal testimony that the Company expected to offer during the hearing.

On November 9, 2007, Hess prefiled the direct testimony of Jodi Lutz in support of its case. VIGUA did not prefile any testimony in this proceeding. On November 20, 2007, Columbia prefiled its rebuttal testimony.

On November 30, 2007, Columbia filed a "Motion to Accept Proposed Stipulation and Recommendation" ("Motion"). Columbia's Motion represented that the Proposed Stipulation and Recommendation ("Stipulation") attached to the Motion set out mutually agreeable terms and conditions under which Columbia's Incentive Mechanism would be implemented, and established the conditions under which the Incentive Mechanism would operate. The Stipulation also proposed that the prefiled testimonies of the Company, Staff, and Hess be accepted into the record without cross-examination.

On December 5, 2007, the matter came on for hearing before Howard P. Anderson, Jr., the Commission's Hearing Examiner. Counsel appearing were: James S. Copenhaver, Esquire, and Bernard L. McNamee, Esquire, counsel for Columbia; Louis Monacell, Esquire, counsel for VIGUA; Katharine A. Hart, Esquire, counsel for Hess; and Sherry H. Bridewell, Esquire, and Glenn P. Richardson, Esquire, counsel for the Commission Staff. The application and proof of notice were identified and received into the record as exhibits. In addition, the prefiled testimonies of the Company, Staff, and Hess, and the Response of Columbia Gas of Virginia, Inc. to the Staff Testimony of John A. Stevens were identified and made a part of the record without cross-examination. No public witnesses appeared at the hearing. At the conclusion of the proceeding, the Company, VIGUA, Hess, and Staff agreed to waive their rights to file comments responsive to the Hearing Examiner's Report, provided that the Hearing Examiner accepted the Stipulation in its entirety.

On December 11, 2007, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner found the Stipulation to be reasonable, and should be adopted. The Hearing Examiner recommended that the Commission enter an Order that adopted his findings, approves the Stipulation, and dismisses the case from the Commission's docket of active proceedings. The Hearing Examiner noted in his Report that Staff and the parties had agreed to waive their rights to file comments in response to his Report.

NOW THE COMMISSION, upon consideration of the record developed herein, is of the opinion and finds that the recommendations and findings of the December 11, 2007 Report of Howard P. Anderson, Jr., Hearing Examiner, are supported by the record and should be adopted. To this end, we accept the Proposed Stipulation and Recommendation and incorporate its terms and provisions into this Order by its attachment hereto as Attachment A.

We note that the Stipulation, identified and received into the record as Exhibit 3, proposes a revised methodology for the sharing of off-system sales margins and capacity release revenue under the Incentive Mechanism, which is described in the Company's revised General Terms and Conditions, Section 17.6--Actual Cost Adjustment and Section 17.7--Revenue from Off-System Sales and Capacity Release, found in Attachment 1 to the Stipulation.

Under the terms of the Stipulation, the Incentive Mechanism will become effective on January 1, 2008. The first sharing of Incentive Dollars under the Incentive Mechanism will occur with the Company's annual ACA and quarterly PGA filing for rates to be effective with the first billing unit for December 2008. The sharing of Incentive Dollars will be determined each Program Year, which is defined in the Stipulation as the twelve month period

running from September 1 through August 31. The Program year mirrors Columbia's ACA determination period in order to simplify the administration of the Incentive Mechanism.

The Incentive Dollars derived from the Incentive Mechanism in any Program Year shall be shared such that a minimum of 75% of all Incentive Dollars are credited to the Company's ACA and up to 25% of all Incentive Dollars are retained by the Company, subject to the Company's guarantee of a specific dollar amount, referred to as Minimum Incentive Dollars ("MID") for each Program Year and the operation of the PYT. As described in the Stipulation, customers will receive all Incentive Dollars up to the PYT during each Program Year, with a guaranteed amount of MID to customers regardless of the amount of margins generating by the Incentive Mechanism.

The Stipulation provides that a baseline MID will operate such that the ACA will be credited with the amount of the Incentive Dollars derived from the Incentive Mechanism in any Program Year. The baseline MID will be adjusted proportionally with changes in the Company's firm capacity portfolio in the manner described in Attachment 3 to the Stipulation. The MID for the abbreviated Program Year will be set at 8/12ths of the otherwise applicable MID in recognition of the fact that the initial Program Year will run from January 1, 2008 through August 31, 2008.

The Stipulation further provides that a baseline PYT will be established at \$2,800,000. The PYT will operate such that the ACA will be credited with the amount of Incentive Dollars derived from the Incentive Mechanism during the Program Year to the extent the Incentive Dollars exceed the \$1.5 million MID but are less than or equal to the applicable PYT, before any Incentive Dollars are retained by the Company. The application of the PYT may result in the allocation of less than a 25% of the Incentive Dollars to the Company. The PYT will be adjusted proportionally with changes in the Company's firm capacity portfolio in the same manner as the MID. Likewise, the PYT for the initial abbreviated Program Year shall be 8/12ths of the otherwise applicable PYT in recognition of the fact that the initial Program year will run from January 1, 2008 through August 31, 2008.

The Stipulation also contains a description of how the Incentive Mechanism will operate using a \$1.5 million MID and a \$2.8 million PYT. As described in the Stipulation, the Company's ACA will be credited with the initial \$2.8 million Incentive Dollars, representing the PYT. The Company's customers will receive all Incentive Dollars up to the PYT. To achieve the 75%/25% sharing contemplated in the Incentive Mechanism, the Company will then retain the next \$933,333 of Incentive Dollars. Thus, the \$3,733,333 level of total Incentive Dollars is the first amount of Incentive Dollars that will provide for a 75%/25% sharing of Incentive Dollars between the customers and the Company. Any Incentive Dollars in excess of \$3,733,333 would be shared on a 75%/25% dollar for dollar basis between the customers and the Company.

Paragraph (8) of the Stipulation delineates the operating conditions that apply to the Incentive Mechanism. This paragraph of the Stipulation serves to address the concerns raised by Hess and VIGUA about the effects of the Incentive Mechanism on Columbia's transportation and banking and balancing customers.

We find the proposed Incentive Mechanism, as revised in the Stipulation, addresses the issues raised by this application in a pragmatic, reasonable, and workable manner. We expect the Incentive Mechanism to produce positive benefits for both the Company and its customers by creating incentives for the Company and NCSC to maximize the value of the Company's gas supply assets. We will therefore approve the Incentive Mechanism proposed in the Stipulation.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations set out in the December 11, 2007 Report of the Hearing Examiner are hereby adopted.
- (2) The Stipulation identified as Attachment A hereto is accepted, and its terms shall be incorporated in this Order by attachment hereto.
- (3) The Company's Incentive Mechanism as set forth in Attachment A hereto is approved, effective as of January 1, 2008.
- (4) The Company shall forthwith file revised tariffs that reflect the terms and provisions of the Stipulation accepted herein with the Division of Energy Regulation.
- (5) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be lodged in the Commission's file for ended causes.

NOTE: A copy of Attachment A entitled "Stipulation" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2007-00067
AUGUST 20, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2007-2008 FUEL FACTOR PROCEEDING

On July 16, 2007, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting authority to: (1) decrease its fuel factor from 2.030¢ / kWh to 1.614¢ / kWh, effective for bills rendered on and after September 1, 2007; (2) terminate the Company's Off-system Sales Margin Rider ("OSS Margin Rider") effective September 1, 2007; (3) adjust the Company's fuel cost recovery balances beginning July 1, 2007, to ensure that customers receive credit for only 75% of the Company's off-system sales margins from July 1, 2007, through the date the OSS Margin Rider is terminated; and (4) revise the Company's Definitional Framework of Fuel Expenses, effective July 1, 2007, to reflect the recent amendments to § 56-249.6 of the Code of Virginia ("Code"). The Company represents that "[t]he

net revenue impact of implementing the proposed fuel factor and terminating the OSS Margin Rider is an estimated increase of \$44.5 million over the 16-month period of September 1, 2007 through December 31, 2008, or approximately \$33.4 million on an annual basis." Application at 3.

The Company's proposed fuel factor and related proposals were filed in response to the General Assembly's 2007 amendments to § 56-249.6 of the Code.¹ The 2007 amendments to § 56-249.6 of the Code rewrote subsection D 1 to provide that "75 percent of the total annual margins from off-system sales shall be credited against fuel factor expenses." In response to this new statutory provision, the Company's proposed fuel factor and related proposals are designed to implement sharing of off-system sales margins, effective July 1, 2007, with customers receiving 75% of the margins and the Company retaining 25% of the margins.

The Company's proposed fuel factor of 1.614 ¢ / kWh reflects the Company's projected fuel costs over the 16-month period from September 1, 2007, through December 31, 2008, including a credit equal to 75% of the Company's projected off-system sales margins.

The Company also requests authority to terminate, effective September 1, 2007, its OSS Margin Rider that is currently crediting approximately \$100.6 million annually to customers. The OSS Margin Rider was approved by the Commission in Case No. PUE-2006-00065 and was placed into effect on October 2, 2006.² According to the Company's application, if the OSS Margin Rider is not terminated on the effective date of the proposed fuel factor, the combined off-system sales margins credited to customers through the proposed fuel factor and OSS Margin Rider would far exceed the 75% share of off-system sales margins that must be credited to customers under § 56-249.6 D 1 of the Code. *Id.* at 2.

The Company also proposes to adjust its fuel cost recovery balances beginning on July 1, 2007, to ensure that customers receive credit for only 75% of the Company's off-system sales margins from July 1, 2007 through the date the OSS Margin Rider is terminated. Under the Company's proposal, its fuel factor revenue would be reduced each month by the total amount of OSS Margin Rider billing credits provided in customer bills. The Company would also make a corresponding credit to fuel expenses each month equal to 75% of the estimated off-system sales margins, with a later true-up through the fuel factor to reflect the Company's actual off-system sales margins for each month. These adjustments are necessary, according to the Company, "[i]n order to reduce the potential for customers to receive revenue credits for more than 75% of OSS margins and thereby crediting more than the amount of off-system credits provided for in § 56-249.6" of the Code. *Id.* at 3.

Finally, the Company proposes to revise its Definitional Framework of Fuel Expenses, effective July 1, 2007, to reflect the new provisions of § 56-249.6 of the Code. The proposed revisions provide that 75% of total margins for off-system sales, or such smaller percentage of margins as may be approved by the Commission, shall be credited against fuel expenses, and that no charges shall be applied to the fuel factor in the event the Company's off-system sales result in a net loss. The Company also proposes that the definition of "margins from off-system sales" found in § 56-249.6 D 1 be incorporated into the Company's Definitional Framework of Fuel Expenses.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that this matter should be docketed; that the Company's proposed fuel factor should be allowed to go into effect on an interim basis on September 1, 2007; that the Company's proposed termination of its OSS Rider should be allowed to go into effect on an interim basis, subject to refund, on September 1, 2007; that public notice and an opportunity for participation in this proceeding should be given; and that a hearing should be scheduled before the Commission to consider the Company's application. We will also allow the Company, Staff, and any respondents participating in this proceeding to file a memorandum in advance of the hearing addressing certain legal issues raised by the Company's application.

The Company's application and supporting testimony state that § 56-249.6 D 1 of the Code mandates that 75% of all off-system sales margins be credited to customers through the fuel factor and that the remaining 25% of off-system sales margins be retained by the Company beginning on July 1, 2007 - the effective date of the 2007 amendments to § 56-249.6 of the Code. We seek comments on whether § 56-249.6 D 1 of the Code mandates an immediate 75%/25% sharing of off-system margins between customers and the Company, as the Company claims in its application, or whether margin sharing can or should be implemented at a later date. Accordingly, the Company, Staff, and any respondents participating in this case may file a memorandum addressing whether § 56-249.6 D 1 of the Code requires an immediate 75%/25% sharing of off-system margins between customers and the Company, or whether margin sharing can be implemented at a later date.

The Company's application also proposes to adjust the Company's fuel cost recovery balances to ensure that customers receive only 75% of off-system sales margins between July 1, 2007, and the date the OSS Margin Rider is terminated. Under the Company's proposal, customers would receive the benefits of 100% of the Company's off-system sales margins in their bills until the OSS Margin Rider is terminated, and then would have 25% of the off-system sales margins realized during July and August of 2007 returned to the Company through the Company's proposed adjustments to its fuel recovery balances. We seek comments from the Company, Staff, and any respondents on whether the Company's proposed adjustments to its fuel recovery balances to implement margin sharing effective July 1, 2007, is permissible under Virginia statutes.

Finally, the Company's current fuel factor of 2.030¢ / kWh was approved by the Commission in Case No. PUE-2006-00100 and reflects the appropriate level of fuel expense recovery over the 12-month period running from January 1, 2007, through December 31, 2007.³ The Company's current application requests that the fuel factor approved in Case No. PUE-2006-00100 be revised mid-year to reflect 75%/25% off-system sales margin sharing between the customers and the Company. The Company also proposes to implement a revised fuel factor for the 16-month period running from September 1, 2007, through December 31, 2008.

Section 56-249.6 A 1 of the Code requires the Company to "submit to the Commission its estimate of fuel costs, including the cost of purchased power, for the 12-month period beginning on the date prescribed by the Commission." In Case No. PUE-2006-00100, we prescribed a calendar year running from January 1, 2007 through December 31, 2007, for the Company's current fuel factor. We seek comments on whether the Commission has the authority

¹ Chapters 933 and 888, 2007 Acts of Assembly.

² *Application of Appalachian Power Company*, For an increase in electric rates, Case No. PUE-2006-00065, (Final Order, May 15, 2007), Doc. Cont. No. 381094.

³ *Application of Appalachian Power Company*, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia, Case No. PUE-2006-00100, (Order Establishing Fuel Factor, February 14, 2007), Doc. Cont. No. 378256.

to, and should, implement a mid-year adjustment to the Company's fuel factor that would apply for the 16-month period running from September 1, 2007, through December 31, 2008.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2007-00067.
- (2) The Company's proposed fuel factor of 1.614¢ /kWh shall be allowed to go into effect on an interim basis for bills rendered on and after September 1, 2007.
- (3) The Company's OSS Margin Rider shall be terminated on an interim basis, subject to refund, for bills rendered on and after September 1, 2007. The interim termination of the OSS Margin Rider shall be accomplished by setting the OSS Margin credit at \$0 pending further order of the Commission.
- (4) On or before October 5, 2007, Appalachian, Staff, and any respondents participating in this proceeding may file an original and fifteen (15) copies of a memorandum addressing the three (3) legal issues discussed above. Any responses to the memoranda filed by the Company, Staff, and respondents may be filed on or before October 15, 2007.
- (5) A public hearing shall be convened on November 8, 2007, at 10:00 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence related to the establishment of Appalachian's fuel factor. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.
- (6) The Company shall forthwith make copies of its application, written testimony, and exhibits available for public inspection during regular business hours at all Company offices in Virginia where customer bills may be paid. Interested persons may also review a copy of Appalachian's application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also request a copy of the same, at no charge, by written request to counsel for Appalachian, Anthony Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. Appalachian shall make a copy available of its application and related materials on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.
- (7) On or before September 4, 2007, Appalachian shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF APPALACHIAN
POWER COMPANY'S REQUEST TO
REVISE ITS FUEL FACTOR
CASE NO. PUE-2007-00067

On July 16, 2007, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an application, written testimony and exhibits requesting authority to: (1) decrease its fuel factor from 2.030¢/ kWh to 1.614¢/ kWh, effective for bills rendered on and after September 1, 2007; (2) terminate the Company's Off-system Sales Margin Rider ("OSS Margin Rider") effective September 1, 2007; (3) adjust the Company's fuel cost recovery balances beginning July 1, 2007, to ensure that customers receive credit for only 75% of the Company's off-system sales margins from July 1, 2007, through the date the OSS Margin Rider is terminated; and (4) revise the Company's Definitional Framework of Fuel Expenses, effective July 1, 2007, to reflect recent amendments to § 56-249.6 of the Code of Virginia ("Code"). According to the Company's application, "[t]he net revenue impact of implementing the proposed fuel factor and terminating the OSS Margin Rider is an estimated increase of \$44.5 million over the 16-month period of September 1, 2007 through December 31, 2008, or approximately \$33.4 million on an annual basis."

The Company's proposed fuel factor and related proposals were filed in response to the General Assembly's 2007 amendments to §56-249.6 of the Code. Section 56-249.6 D 1 of the Code now provides that "75 percent of the total annual margins from off-system sales shall be credited against fuel factor expenses." As a result of this new legislation, the Company's proposed fuel factor reflects the Company's projected fuel costs, including a credit of 75% of the Company's projected off-system sales margins, over the 16-month period from September 1, 2007, through December 31, 2008.

The Company's application also proposes to terminate, effective September 1, 2007, its OSS Margin Rider that is currently crediting approximately \$100.6 million annually to customers. According to the Company's application, if the OSS Margin Rider is not terminated on the effective date of the proposed fuel factor, the combined effect of the proposed fuel factor and OSS Margin Rider would far exceed the 75% share of off-system sales margins credited to customers under § 56-249.6 D 1 of the Code.

The Company's application also requests authority to adjust the Company's fuel recovery balances beginning on July 1, 2007, until the OSS Margin Rider is terminated. This proposal is designed to give customers the benefit of only 75% of off-system sales margins on and after July 1, 2007.

Finally, the Company requests authority to revise its Definitional Framework for Fuel Expenses, effective July 1, 2007, to reflect the General Assembly's 2007 amendments to § 56-249.6 of the Code.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission entered an Order Establishing 2007-2008 Fuel Factor Proceeding ("Scheduling Order") that, among other things, allowed the Company to place its proposed fuel factor into effect on an interim basis for bills rendered on and after September 1, 2007. The Commission's Scheduling Order also allowed the Company to terminate its OSS Margin Rider on an interim basis, subject to refund, for bills rendered on and after September 1, 2007.

The Commission's Scheduling Order also identified several legal issues that were raised by the Company's application concerning the proposed implementation of off-system sales margin sharing between customers and the Company under § 56-249.6 of the Code. The Company, Commission Staff, and respondents are allowed to file memorandum, on or before October 5, 2007, addressing the legal issues identified in the Commission's Scheduling Order. The Commission also allowed responses to the memoranda to be filed on or before October 15, 2007. Interested persons should obtain a copy of the Commission's Scheduling Order for further details on the implementation issues identified by the Commission.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on November 8, 2007, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of Appalachian's fuel factor.

The Company's application, written testimony and exhibits are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. A copy of the Company's application may also be obtained by written request to counsel for Appalachian, Anthony Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff. Any person desiring to file written comments on the Company's application shall file, on or before October 15, 2007, an original and fifteen (15) copies of such comments with the Clerk of the Commission at the address set forth below and shall simultaneously serve a copy of such comments on counsel for the Company at the address set forth above. Any person desiring to file comments electronically may do so following the instructions found at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

On or before September 14, 2007, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth above. Interested persons should obtain a copy of the Commission's Scheduling Order for further details on participation as a respondent.

On or before October 1, 2007, each respondent may file with the Clerk at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to Appalachian and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2007-00067 and shall simultaneously be served on counsel for the Company at the address set forth above.

APPALACHIAN POWER COMPANY

(8) On or before September 4, 2007, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(9) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(10) Any person desiring to file written comments on the Company's application shall file, on or before October 15, 2007, an original and fifteen (15) copies of such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of such comments on counsel to the Company at the address set out in Ordering Paragraph (6) above. Any person desiring to file comments electronically may do so by following the instructions found at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(11) On or before September 14, 2007, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (10) above, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (6) above. Pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the

respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2007-00067.

(12) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(13) On or before October 1, 2007, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to the Company and all other respondents.

(14) The Commission Staff shall investigate the reasonableness of the Company's estimated fuel expenses, projected off-system sales margins, proposed fuel factor, and proposed changes to the Company's Definitional Framework of Fuel Expenses. On or before October 15, 2007, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(15) On or before October 22, 2007, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one (1) copy on Staff and all respondents.

(16) The Company and all respondents shall respond to written interrogatories within ten (10) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2007-00069
DECEMBER 13, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia

FINAL ORDER

On July 16, 2007, Appalachian Power Company ("Appalachian" or the "Company") filed an Application for adjustment of its capped rates pursuant to § 56-582 B (vi) of the Code of Virginia ("Code") to revise its surcharge for the recovery of its incremental environmental compliance and transmission and distribution system reliability costs ("E&R costs"). Appalachian requested that the Commission permit the proposed surcharges to be effective for bills rendered on and after December 1, 2007. The Company states that the cost recovery sought represents the Company's incremental E&R costs incurred between October 1, 2005, and September 30, 2006, and that recovery of those costs as permitted by § 56-582 B (vi) of the Code creates an additional revenue requirement of \$59.5 million. The Company proposes to recover this revenue requirement through a surcharge, called the "Environmental and Reliability Cost Recovery Surcharge" ("ERCRC"), applied to customers' bills during the twelve-month period December 1, 2007 through November 30, 2008.

On August 9, 2007, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, permitted the filing of testimony and exhibits, scheduled an evidentiary hearing for November 5, 2007, and assigned this case to a hearing examiner.

The hearing was convened as scheduled on November 5, 2007. Anthony Gambardella, Esquire, Guy T. Tripp, Esquire, James R. Bacha, Esquire, and Charles Bayless, Esquire, appeared for the Company. Arlen K. Bolstad, Esquire, and Fred Ochsenhirt, Esquire, appeared for the Commission's Staff ("Staff"). D. Mathias Roussy, Jr., Esquire, appeared for the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel"). Edward L. Petrini, Esquire, appeared for the Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"). Howard W. Dobbins, Esquire, and Robert D. Perrow, Esquire, appeared for the Virginia Municipal League and the Virginia Association of Counties Steering Committee ("VML/VACo Committee"). The participants presented the direct testimony of twelve (12) witnesses and the rebuttal testimony of four (4) witnesses, and the participants presented closing arguments at the conclusion of the hearing. In addition, two public witnesses testified at the hearing: The Honorable W. Roscoe Reynolds, Member, Senate of Virginia, 20th District; and Mary S. Martin, a citizen of Henry County and a member of the Henry County School Board.

On November 16, 2007, Chief Hearing Examiner Deborah V. Ellenberg entered a Report that explained the procedural history of this case, summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations ("Hearing Examiner's Report"). The Hearing Examiner's Report included the following findings and recommendations:¹

- (1) The revenue requirement necessary for Appalachian to recover incremental E&R costs prudently incurred during the 12-month cost period of October 1, 2005, through September 30, 2006, pursuant to Virginia Code § 56-582 B (vi), is \$48,921,000;
- (2) A return on common equity [(ROE)] of 9.9% and an overall cost of capital, using the Company's proposed capital structure of 7.357% to 7.801% are reasonable;
- (3) Carrying costs are not reasonable in this case, and should be excluded;

¹ Hearing Examiner's Report at 22-23.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (4) The Company should update the functional revenues by applying the rates approved in its last general rate case, Case No. PUE-2005-00065, to the 12-month period ending September 30, 2006 billing determinants as recommended by Staff and agreed to by the Company;
- (5) The functional E&R factors should be developed in accordance with the agreement between the Company and Staff;
- (6) The Company should be directed to work with interested parties to develop a simplified methodology to bill customers for the recovery of E&R revenue requirements in future E&R proceedings; and
- (7) The Company's Motion to Institute an E&R Surcharge Effective December 1, 2007, is not reasonable to the extent it seeks to implement a new surcharge before this proceeding is concluded, and it should be denied.

On or before November 26, 2007, the following participants filed comments on the Hearing Examiner's Report: Appalachian; VML/VACo Committee; Old Dominion Committee; Consumer Counsel; and Staff. VML/VACo Committee, Old Dominion Committee, Consumer Counsel, and Staff support the Hearing Examiner's Report. The Company objects to the Chief Hearing Examiner's recommendations to exclude carrying costs and to apply an ROE of 9.9%.

NOW THE COMMISSION, having considered the Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows. We adopt the findings and recommendations in the Hearing Examiner's Report.

Section 56-582 B (vi) of the Code

Appalachian seeks an adjustment to its capped rates pursuant to § 56-582 B (vi) of the Code, which provides as follows:

The Commission may adjust such capped rates in connection with the following: . . . (vi) with respect to incumbent electric utilities that were not, as of the effective date of this chapter, bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002, the Commission shall adjust such utilities' capped rates, not more than once in any 12-month period, for the timely recovery of their incremental costs for transmission or distribution system reliability and compliance with state or federal environmental laws or regulations to the extent such costs are prudently incurred on and after July 1, 2004.

As required by the plain language of the statute, the Commission will adjust the Company's capped rates for incremental E&R costs prudently incurred between October 1, 2005, and September 30, 2006, which is the historical period chosen by Appalachian for this case.

Carrying Costs

We deny the Company's request for \$5.3 million in carrying costs. The Company requests a rate increase of \$59.5 million in this case, which includes \$5.3 million in carrying costs. Appalachian asserts that: (1) "[t]he E&R statute [above] does not identify specific costs;" (2) "financial carrying costs . . . are E&R costs just as expenditures for the flue gas desulfurization scrubbers . . . and the right-of-way improvements . . . are E&R costs;" and (3) under the E&R statute above, "[i]f costs are incurred for the stated purposes, they 'shall' be included in an adjustment to capped rates."² Thus, the Company concludes that the "carrying costs included in this Application clearly were incurred for the statutory purposes, as acknowledged by Staff witness Carr, and therefore *must* be included in the Surcharge."³

As explained by the Chief Hearing Examiner, however, the Commission previously concluded, as we do here, that the E&R statute does not mandate recovery of carrying costs:

Contrary to the Company's contention that the statute mandates recovery of carrying costs, in the first E&R case the Commission clearly concluded that Virginia Code § 56-582 B (vi) 'neither mandates nor prohibits recovery of the carrying costs' requested in that case. The Commission allowed those costs in that case '[b]ased on the plain language of the statute and the length of this proceeding.' The Commission clearly stated that its allowance in that first E&R case was 'based on the particular circumstances of this proceeding and does not permit the Company to accrue such carrying costs on a going-forward basis' and further referred to its award as 'one-time carrying cost of \$335,000.' There is no doubt that the Commission did not consider carrying costs to be mandated, but rather discretionary, and they were allowed only due to the length of that first proceeding which necessarily involved numerous issues of first impression.⁴

As a result, and as noted by the Old Dominion Committee, the Commission "specifically did not permit Appalachian to accrue such carrying costs on a going forward basis."⁵

² Appalachian's November 26, 2007 Comments at 3.

³ *Id.* (emphasis added).

⁴ Hearing Examiner's Report at 17 (citations omitted).

⁵ Old Dominion Committee's November 26, 2007 Comments at 6.

In addition, we agree with Consumer Counsel that "Appalachian's proposal to layer carrying charges on top of return, and indeed on top of other carrying charges, is neither mandated by law nor reasonable in this case."⁶ Consumer Counsel further explains that "[t]he Company's position 'presumes that Appalachian is entitled [to] *instantaneous* recovery not just *timely* recovery.'"⁷ Consumer Counsel properly concludes that "[b]y facilitating an expeditious ratemaking and allowing the Company to recover its incremental operating expenses as well as a return on investment – all subject to true up – the Company is adequately and fairly compensated for all of its incremental E&R costs in a manner consistent with applicable law."⁸

The Chief Hearing Examiner further explained that "the Commission generally does not authorize a return on regulatory assets resulting from deferred accounting even when dollar-for-dollar recovery is allowed," and that "[t]here is no precedent for recovery of all carrying costs, beginning with day one of the cost period for not only E&R costs incurred during that cost period but also the unrecovered E&R cost balances from the previous case."⁹ As stated by the Old Dominion Committee, the "Commission does not order a 'lump sum' payment from the utility's customers to avoid any lag in recovery of a revenue deficiency (E&R or otherwise), nor should such a payment be made."¹⁰ The Old Dominion Committee further points out that: (1) "Appalachian's proposal is lopsided and potentially unfair to customers [because it] seeks carrying charges on its E&R costs, but it would *not* permit customers to collect such charges on a reciprocal basis, when, for example, its ERCRS results in an over-collection of such costs;" and (2) "Appalachian has made no attempt to show that failure by the Commission to adopt its proposals for collecting carrying charges would result in unfair or unreasonable rates."¹¹

Finally, any assertion by Appalachian that the Commission's procedures have caused the Company to endure a "3 plus-year delay in the E&R cost recovery process"¹² is simply incorrect and unsupported. To the contrary, the total length of this proceeding has been approximately *five* (5) months. Indeed, the Old Dominion Committee notes concern that the Commission established "a compressed procedural schedule," which "left relatively little time, prior to hearing, for discovery, the pre-filing of testimony by respondents, the pre-filing of testimony by the Commission Staff, and the pre-filing of rebuttal testimony by Appalachian."¹³ Furthermore, the Chief Hearing Examiner explains that although the Company requests recovery of costs incurred up to September 30, 2006, it did not file its Application until "July 16, 2007, nine and a half months after the close of the 12-month cost period in this case," and that Appalachian "took no steps to close that gap" or to identify a greater period such as "an 18-month cost period which would have ended March 30, 2007, and still allowed sufficient time to file an application before July 16, 2007. . . ."¹⁴

Return on Common Equity

The Chief Hearing Examiner finds that a "return on equity of 9.9% should be used to calculate the Company's revenue requirement in this case."¹⁵ This finding is supported by Staff, Consumer Counsel, Old Dominion Committee, and VML/VACo Committee. Appalachian requests a return on equity of 12%. We disagree, however, with the Company's conclusion that its "recommendation is the more reasonable and consistent with the standard of a return equal to current and expected returns on investments of similar risk."¹⁶

For example, the Chief Hearing Examiner properly found that: (1) the Company did not "estimate a sustainable growth rate for the [Discounted Cash Flow] model at the outset" and based its recommendation "on results that reflect the remaining higher, but less sustainable, projected earnings growth rates;" (2) Staff's "evaluation and use of relationships from earlier periods to estimate current markets [in its risk premium study] are reasonable and consistent with Commission practice;" and (3) "[g]iven that the cost of equity is a long-term expectational cost rate, Staff's method is to average the risk premium relationships over the study period that encompassed the wide range of economic conditions that one could expect to encounter in future periods[, and it] is that average expected or *ex ante* risk premium relationship that is used in Staff's methodology."¹⁷ The Chief Hearing Examiner further noted as follows:

[T]he Commission recently authorized a 10.0% return on equity for Appalachian in May of 2007, in Case No. PUE-2006-00065. That authorized return reflected a 10 basis point reduction, which the Commission found was warranted due to the reduced risk of recovery of Appalachian's E&R costs. The only thing that has changed since then is that interest rates have come down, which supports Staff's 9.9% return on equity recommendation and does not justify a 200 basis point increase.¹⁸

⁶ Consumer Counsel's November 26, 2007 Comments at 4 (footnote omitted).

⁷ *Id.* at n.9 (citations omitted) (emphasis added).

⁸ *Id.* at 4.

⁹ Hearing Examiner's Report at 18.

¹⁰ Old Dominion Committee's November 26, 2007 Comments at 9.

¹¹ *Id.* at 10-11 (emphasis in original) (citations omitted).

¹² *See, e.g.*, Appalachian's November 26, 2007 Comments at 5-6, 11.

¹³ Old Dominion Committee's November 26, 2007 Comments at 2.

¹⁴ Hearing Examiner's Report at 17.

¹⁵ *Id.* at 21.

¹⁶ Appalachian's November 26, 2007 Comments at 13.

¹⁷ Hearing Examiner's Report at 19-20.

¹⁸ *Id.* at 20.

We have considered the evidence and pleadings presented on this matter and agree with the Chief Hearing Examiner's conclusion that a "return on common equity of 9.9% and an overall cost of capital, using the Company's proposed capital structure of 7.357% to 7.801% are reasonable."¹⁹

Prudency Review

Consumer Counsel states that "it cannot conclude that the costs associated with projects and expenditures that were not approved in the prior E&R proceeding were, in fact, prudently incurred."²⁰ As noted by the Chief Hearing Examiner, however, Consumer Counsel "does not recommend any disallowance in this case" but, "[r]ather, recommends that the Commission order the Company to include detailed descriptions and cost/benefit studies to support its claimed costs, particularly for the largest new projects."²¹

The Chief Hearing Examiner found that there was sufficient evidence to support a finding of prudency:

Those projects that were addressed in a previous E&R case, and for which costs continue, need not necessarily be revisited. Most of the E&R costs for which recovery is sought in this case are on projects that were considered in the first E&R case. Moreover, Staff's testimony also provides sufficient independent verification of the E&R costs incurred during the cost period at issue in this case, but in future cases the Company should provide more evidence to support the prudency, including alternatives and cost/benefit analyses considered, of the largest new projects.²²

In future E&R proceedings, Consumer Counsel or any other participant may contest the prudency, and/or the sufficiency of the evidence on the same, of costs requested by the Company for E&R recovery.

Motion to Institute an E&R Surcharge Effective December 1, 2007

We adopt the Chief Hearing Examiner's finding that the "Company's Motion to Institute an E&R Surcharge Effective December 1, 2007, is not reasonable to the extent it seeks to implement a new surcharge before this proceeding is concluded, and it should be denied."²³ Rather, the E&R surcharge approved in this Final Order shall be effective for service rendered on and after January 1, 2008.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Application seeking adjustment of its capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia is granted in part, and denied in part, as set forth herein.
- (2) The Findings and Recommendations in the Chief Hearing Examiner's November 16, 2007 Report are adopted.
- (3) The Company shall implement a line-item surcharge, designated on customer bills as "Environmental & Reliability Cost Recovery Surcharge," to recover the \$48,921,000 revenue requirement approved herein for incremental E&R costs prudently incurred from October 1, 2005, through September 30, 2006.
 - (a) Such surcharge shall be effective for service rendered on and after January 1, 2008, and shall be calculated as recommended in the Chief Hearing Examiner's November 16, 2007 Report.
 - (b) Such surcharge shall be designed to recover the \$48,921,000 revenue requirement approved herein for service rendered during the 12 months ending December 31, 2008.
 - (c) Such surcharge shall cease for service rendered after December 31, 2008.
 - (d) Any future E&R surcharge shall address any under- or over-recovery of the revenue requirement approved herein.
- (4) Consistent with the findings made herein, the Company shall forthwith file with the Commission's Division of Energy Regulation revised tariffs, effective for service rendered on and after January 1, 2008.
- (5) The Company shall keep track of all base rate and surcharge recoveries of incremental E&R costs on a continuing basis and shall provide reports of same to Staff as may be reasonably requested.
- (6) Appalachian's Motion to Institute an E&R Surcharge Effective December 1, 2007, is denied.
- (7) This case is dismissed.

¹⁹ *Id.* at 22.

²⁰ Consumer Counsel's November 26, 2007 Comments at 6.

²¹ Hearing Examiner's Report at 15 (citation omitted).

²² *Id.* at 16.

²³ *Id.* at 23.

**CASE NO. PUE-2007-00070
SEPTEMBER 24, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For waiver of certain provisions of the Rules Governing Retail Access to Competitive Energy Services

FINAL ORDER

On June 19, 2001, the State Corporation Commission ("Commission") entered an Order in Case No. PUE-2001-00013 adopting Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"), 20 VAC 5-312-10 *et seq.*, effective August 1, 2001, to be applicable to the implementation of full or phased-in retail access to competitive energy services in the service territory of each local distribution company.¹ The Retail Access Rules currently provide at 20 VAC 5-312-20 A that a request for waiver of any provisions of the Retail Access Rules shall be considered by the Commission on a case-by-case basis. Any waiver may be granted upon such terms and conditions as the Commission may impose.

On July 20, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed the above captioned petition requesting the Commission grant Dominion Virginia Power a waiver of 20 VAC 5-312-80 E of the Retail Access Rules.² In support of its request, Dominion Virginia Power states that less than 0.1% of customers eligible to choose an electric energy supplier have actually done so and that competitive retail choice has not developed in Virginia. The Company further states that its compliance with 20 VAC 5-312-80 E through following its call center script has created customer confusion that has inevitably led to frustration between Dominion Virginia Power and its customers. Dominion Virginia Power urges that waiving the Retail Access Rule at 20 VAC 5-312-80 E until the Commission issues any new rules or alters existing rules as necessary in the changing regulatory environment will alleviate the confusion and frustration currently experienced by Dominion Virginia Power's customers. The Company represents that the Commission Staff, as a general matter, does not object to this requested waiver.

On July 30, 2007, the Commission issued an Order Permitting Responses to Request ("July 30, 2007 Order"). Pursuant to the July 30, 2007 Order, comments were filed by New Era Energy ("New Era"), the Virginia, Maryland Delaware Association of Electric Cooperatives (the "Cooperatives"), and the Staff of the Commission. New Era and the Cooperatives support the petition, and the Staff's comments state that it does not object to the petition and Dominion Virginia Power's request for waiver of 20 VAC 5-312-80 E.

Dominion Virginia Power filed on August 31, 2007, its renewed request that the Commission grant a complete waiver from Retail Choice Rule 20 VAC 5-312-80 E.

NOW THE COMMISSION, upon consideration of the petition and comments filed, is of the opinion that Dominion Virginia Power should be granted a waiver of the application of 20 VAC 5-312-80 E of the Retail Access Rules until such time as the Commission issues new rules or alters the existing rules as necessary in the changing regulatory environment.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power is hereby granted waiver of the application of 20 VAC 5-312-80 E of the Retail Access Rules until such time as the Commission issues new rules or alters the existing rules as necessary in the changing regulatory environment.

(2) There appearing nothing further to be done in this matter, it is hereby dismissed.

¹ The Retail Access Rules were promulgated pursuant to the Virginia Electric Restructuring Act (Va. Code § 56-576 *et seq.*). The 2007 General Assembly's passage of Chapter 933 (originally Senate Bill 1416) is expected to require changes to the Retail Access Rules.

² Rule 80 E of the Retail Access Rules provides, "The local distribution company shall advise a customer initiating new service of the customer's right and opportunity to choose a competitive service provider."

**CASE NO. PUE-2007-00071
AUGUST 20, 2007**

PETITION AND APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of acquisition of the electric generating facilities constituting Possum Point Unit 6 and for expedited consideration

ORDER GRANTING APPROVAL

On July 24, 2007, Virginia Electric and Power Company ("Dominion Virginia Power," the "Company," or the "Petitioner") filed a petition and application ("Petition") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of acquisition of the electric generating facilities constituting Possum Point Unit 6 and for expedited consideration.¹

¹ The Petitioner represents that no additional approvals are necessary under Chapter 3 or 4 of Title 56 of the Code of Virginia. Therefore, in accordance with these representations, we will consider this petition under Chapter 5 of Title 56 alone.

Dominion Virginia Power is a Virginia public service corporation providing electric service to customers in its service territory in Virginia and North Carolina. Dominion Virginia Power is a wholly owned, direct subsidiary of Dominion Resources, Inc. ("Dominion").

On June 16, 2000, Dominion Virginia Power filed an application, docketed as Case No. PUE-2000-00343, for approval to reconfigure the generation units at its Possum Point facility and to construct the approximately 540 MW Possum Point Generating Unit 6 ("Unit 6"), a new gas-fired combined cycle electric generating facility that included two General Electric ("GE") gas-fired combustion turbines, one new GE steam turbine, and associated equipment. On July 5, 2000, Dominion Virginia Power filed an application, docketed as Case No. PUF-2000-00021, under Chapters 3, 4, and 5 of Title 56 of the Code for authorization to participate in a synthetic lease financing of approximately \$300 million for the construction of Unit 6. By Order issued November 17, 2000, in Case No. PUF-2000-0002 1, the Commission authorized, subject to certain conditions, Dominion Virginia Power's participation in the synthetic lease financing for the construction of Unit 6. On March 12, 2001, in consolidated Case Nos. PUE-2000-00343 and PUF-2000-00021, the Commission authorized the Company to construct, acquire, and operate Unit 6 and approved the synthetic lease financing. In response to a Petition for Reconsideration and Motion to Amend filed by the Company on March 30, 2001, the Commission, on June 29, 2001, issued an Order Granting Additional Authority, which increased the approved amount of the synthetic lease financing to \$370 million from \$300 million and approved the use of the synthetic lease financing to construct a natural gas pipeline needed to transport and deliver fuel to Unit 6.

Dominion Virginia Power proposed the synthetic lease financing for the construction of Unit 6 because it offered certain earnings and balance sheet benefits, a more efficient funding of the construction, and increased financial and operational flexibility. Because, at the time, it was to be treated as an operating lease for financial accounting purposes and a loan for federal income tax purposes, the lessee would recognize neither the asset nor the debt on its balance sheet for financial reporting purposes but would be entitled to both interest and depreciation deductions for income tax purposes². The synthetic lease financing also provided Dominion Virginia Power with flexibility, both in terms of controlling the design, construction, and operation of the asset and in terms of refinancing opportunities, because the financing allowed the Company to acquire the asset on any payment date at a fixed price. As a result, the Company could buy or sell the facility or renew the lease upon its termination.

Financing for Unit 6 was provided by certain financial institutions via a Participation Agreement under which a Certificate Trustee unaffiliated with Dominion Virginia Power received the funding, as needed, and expended it to acquire from vendors the equipment and engineering, procurement, and construction services required to build the facility. The actual procurement and construction activities were conducted for the Certificate Trustee by Dominion Equipment II, Inc. ("DE II"), an affiliate of Dominion Virginia Power, as agent for the Certificate Trustee under a Supervisory Agreement. A leasehold interest in Unit 6, as well as the property and rights received by the Certificate Trustee through various agreements, contracts, and leases were included among the Unit 6 project property leased by the Certificate Trustee, as Lessor, to DE II, as Lessee, under a Master Lease and Lease Supplement ("Lease"). The property rights leased to DE II under the Lease were leased to Dominion Virginia Power under a "triple-net" Sublease containing essentially the same terms and conditions as the Lease.

The term of the synthetic lease was for a period of five years commencing August 22, 2000, and ending August 22, 2005, subject to extension or renewal. Under the synthetic lease, Dominion Virginia Power was granted three annual options to extend the base term in one-year increments, for a total of three years. By exercising this option on each of the first two opportunities, Dominion Virginia Power extended the base term for two years to August 22, 2007. The Company's request for its last available extension was denied and, thus, the synthetic lease will terminate on August 22, 2007.

Dominion Virginia Power proposes to exercise its right to purchase the generating facility under the terms of the synthetic lease financing. The purchase price specified under the synthetic lease financing is \$370 million, plus approximately \$2.7 million of accrued and unpaid rent. Because the synthetic lease will terminate on August 22, 2007, and the Company must exercise its option to purchase the facility by this date, the Petitioner has requested expedited consideration of its petition.

The Petitioner states that, because of changes in the accounting treatment of the lease, the re-regulation of generation in Virginia, and the desire of the financial institutions to limit their exposure to the synthetic lease structure, it has determined that, consistent with its initial objectives, it is the appropriate time for the synthetic lease financing to be terminated. Dominion Virginia Power has notified the Certificate Trustee that it intends to exercise its right to purchase Unit 6.

The Petitioner represents that adequate service to the public at just and reasonable rates will be impaired if the Company does not purchase Unit 6. The Petitioner further represents that Unit 6 has been, and will continue to be, a vital source of reliable generation capacity as demand for power increases in the future. In addition, the Petitioner represents that if it does not acquire the facility, it will be required to contract for 540 MW in the market to continuously provide adequate service to its customers.

NOW THE COMMISSION, upon consideration of the petition and application and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the purchase of Unit 6 by Dominion Virginia Power will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Virginia Electric and Power Company is hereby granted approval to consummate the transaction to allow for the purchase of the electric generating facilities constituting Possum Point Unit 6, as described herein.
- (2) The Petitioner shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place, the actual price paid, and the accounting entries on Virginia Electric and Power Company's books reflecting the transaction.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

² On December 31, 2003, the Company adopted Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities." As a result, the Company's consolidated financial statements have reflected Unit 6 as well as the associated debt, depreciation, and interest expense since that date.

**CASE NO. PUE-2007-00072
OCTOBER 9, 2007**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an amendment to a corporate services agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 12, 2007, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Original Application") with the State Corporation Commission ("Commission") requesting authority to implement a proposed Off-System Sales and Capacity Release Incentive Mechanism ("Incentive Mechanism"). The Original Application sought authority to revise CGV's Purchased Gas Adjustment ("PGA") / Actual Cost Adjustment ("ACA") mechanism pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code"), and requested approval of an amendment to the current corporate services agreement ("Current Agreement")¹ between CGV and NiSource Corporate Services Company ("NCSC") pursuant to Chapter 4 of Title 56 ("Affiliated Interests Act") of the Code. CGV requested Commission approval by November 1, 2007.

On July 30, 2007, the Commission issued an Order for Notice and Comment that separated the Original Application into two dockets (Case Nos. PUE-2007-00064 and PUE-2007-00072) in order to allow for the different procedures that the Commission uses to evaluate Chapter 10 and Chapter applications. The Chapter 4 application ("C4 Application"), which was designated Case No. PUE-2007-00072, is the subject of this Order.

CGV is a Virginia public service corporation and natural gas distribution company serving approximately 235,000 residential, commercial, and industrial customers located in Northern, Central, Southeast and Southwest Virginia as well as the Shenandoah Valley. CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

NCSC is a Delaware corporation with approximately 1,500 employees that are engaged in providing corporate, administrative and technical support services to members of the NiSource system, including CGV.

Nisource is a Fortune 500 energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource, which has a current market capitalization of approximately \$6 billion, reported gross revenues of \$7.49 billion and net income of \$282 million for the fiscal year ending December 31, 2006.

Since NiSource is the ultimate parent of both CGV and NCSC, the two companies are considered affiliated interests under § 56-76 of the Code. As such, CGV must obtain prior approval from the Commission pursuant to the Affiliated Interests Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The Current Agreement is an amended version of a comprehensive corporate services agreement approved by the Commission in 2004.² The proposed amendment to the Current Agreement is a modification to Article 2, Item 18 (Operations Support and Planning Services) of Appendix A to the Current Agreement. The proposed modification is highlighted below in the service description paragraph:

Operations Support and Planning Services. The Company will advise and assist the Clients in connection with operations support and planning, including logistics and scheduling; workforce planning; corrosion and leakage programs; estimates of gas requirements and gas availability; gas transmission, measurement, storage and distribution; construction requirements; construction management; operating standards and practices; regulatory compliance; training; management of transportation and sales programs; negotiation of gas purchase and sales contracts; energy marketing and trading, including off-system sales and capacity release activities contemplated in Client's revenue sharing mechanism approved by the Virginia State Corporation Commission; security devices; measurement, regulation and conditioning equipment; meter testing, calibration and repair; hydraulic gas network modeling, facility mapping and GIS technologies; and other operating matters.

CGV and NCSC have adopted the standard North American Energy Standards Board³ Base Contract ("Base Contract") as modified by a negotiated special provisions attachment ("Special Provisions") to serve as the contractual basis for its system supply purchases and off-system sales transactions, excluding capacity release. The Base Contract is a standardized master agreement that creates a contractual framework within which parties can enter into one or more individual gas supply transactions, including sales, purchases, and exchanges, by means of a "Transaction Confirmation" that generally incorporates by reference the standardized terms and conditions of the Base Contract. A Transaction Confirmation specifies the details of a particular transaction with respect to such key contract terms as quantity, price, term, delivery and receipt points, and any other special provisions in the transaction. The purpose of the Base Contract structure is to allow the parties to quickly execute market orders and to avoid costly delays caused by extensive contract negotiations over specific sales and purchases. The Base Contract does not have a specific term but continues from month to month

¹ *Application of Columbia Gas of Virginia, Inc., For approval of an amendment to its Service Agreement with NiSource Corporate Services Company under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00053, (Order Granting Approval, September 21, 2005), 2005 S.C.C. Ann. Rep. 448; (Order Granting Reconsideration, October 12, 2005), 2005 S.C.C. Ann. Rep. 450; (Order Granting Supplement to Petition for Reconsideration, May 4, 2006), 2006 S.C.C. Ann. Rep. 332.

² *Application of Columbia Gas of Virginia, Inc., For approval of a service agreement with NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00072, (Order Granting Approval, September 30, 2004), 2004 S.C.C. Ann. Rep. 477; (Order on Reconsideration, December 1, 2004), 2004 S.C.C. Ann. Rep. 480.

³ The North American Energy Standards Board is an independent industry forum for the development and promotion of standards to facilitate the goal of creating a seamless marketplace for wholesale and retail natural gas and electricity transactions.

unless terminated by either party upon giving advance notice. The Commission has approved the use of the Base Contract for gas supply management ("GSM") activities between CGV and its affiliates for several years. The Commission's Order in Case No. PUE-2005-00044 ("Base Contract Order")⁴ allows CGV to conduct GSM activities with 10 existing affiliates and with "future local distribution company affiliates" subject to certain limitations.

The purpose of the proposed amendment to the Current Agreement is to allow NCSC to conduct for CGV several new off-system GSM activities that extend beyond CGV's traditional GSM function. The proposed GSM activities include: 1) flowing gas sales; 2) incremental gas sales; 3) physical gas put options ("Option(s)"); 4) location exchanges; 5) time exchanges; 6) asset management arrangements ("AMA(s)"); 7) operational transactions; 8) capacity release arrangements; 9) retail choice program releases; and 10) administrative releases.

The Energy Supply Services Department ("ESS") within NCSC will administer all of the proposed GSM activities on CGV's behalf. CGV expects that the proposed GSM activities, especially the flowing gas and incremental gas sales transactions, will cause commodity, retainage, transportation, and possibly sales tax costs to increase. In addition, the additional ESS employee time required to administer the proposed GSM activities may increase the NCSC contract billings allocated to CGV. However, CGV does not expect the proposed GSM activities to require additional capital investment by CGV or by NCSC.

The Commission Staff ("Staff") reviewed the proposed amendment to the Current Agreement and provided a copy of its recommendations to the Applicant for its review. CGV subsequently submitted a letter ("Letter") to Staff containing comments on Staff's recommendations. In the Letter, CGV took exception only with Staff's recommendation not to approve the GSM activity known as Options.

In the Letter, CGV represents that its proposed use of Options will increase its gas purchasing flexibility while not increasing the level of gas cost risk for customers. CGV has proposed to limit its Option volume in any of the storage injection months (April through August) to 5% of the Seasonal Storage Quantity ("SCQ") of CGV's contract on the Columbia Gas Transmission Rate Schedule Firm Storage Service ("FSS"). Since CGV's target for FSS injection levels is 99% going into each winter, the 5% monthly limit allows for a maximum of 25% of the 99% maximum storage fill level to be Option-related first of month priced gas. During the winter period (November through March), CGV would limit the total quantity of Option volumes to 5% of the SCQ for the five-month heating season.

NOW THE COMMISSION, upon consideration of the C4 Application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the proposed amendment to the Current Agreement is in the public interest and should be approved subject to the requirements set out herein and also subject to any further requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064. Several of the proposed GSM activities, including flowing gas sales, operational transactions, capacity release arrangements, retail choice program releases, and administrative releases, are natural extensions of CGV's normal GSM activities that should enhance the efficacy of CGV's utility operations. Likewise, some of the other proposed GSM activities, specifically incremental gas sales, location exchanges, time exchanges and asset management arrangements, offer the potential for significant incremental profits if properly conducted.

However, we find that the proposed amendment to the Current Agreement requires certain modifications and should be subject to certain precautions that we find are necessary to protect the public interest. First, we will not approve the proposed GSM activity of selling Options. By virtue of the PGA/ACA deferred gas accounting mechanism, CGV is protected from any negative financial consequences related to writing Options. However, the ratepayer could be exposed to higher gas costs or even supply disruptions under certain circumstances. Therefore, we do not find the use of Options to be in the public interest in this case.

Second, CGV currently limits its AMA transactions to: i) competitively bid transactions with unaffiliated third parties; ii) transactions involving a limited portion of CGV's transportation and storage assets and supply requirements; and iii) transactions with a limited term of 18 months or less. We find such AMAs appropriate. However, should CGV seek to enter into an AMA with different characteristics, additional Commission approval will be required.

Third, the duration of our approval in this case will extend through September 30, 2009, the termination date for the prior Case No. PUE-2004-00072 and PUE-2005-00053 service agreement Orders.

Fourth, we will require the amended Current Agreement to remain subject to and compliant with the Commission's related Orders in Case Nos. PUE-2004-00072, PUE-2005-00044, and PUE-2005-00053.

Fifth, we will require all costs related to approved GSM activities, including commodity, transportation, storage, retainage, sales tax, and administrative costs, to be netted against the related off-system and capacity release revenues and the net margin flowed through the Incentive Mechanism in CGV's PGA. This means, among other things, that any incremental NCSC ESS administrative charges related to the approved GSM activities should be separately identified and booked to CGV Incentive Mechanism PGA accounts rather than to base rate accounts.

Sixth, we will require CGV and NCSC to be prepared to demonstrate that corporate policies, procedures and internal controls are in place to guard against any self-dealing, preferential, or discriminatory actions related to the approved GSM activities, and we will direct CGV and NCSC to manage CGV's supply, transportation, and storage assets in a non-discriminatory manner such that CGV's affiliates do not receive preferential treatment.

Finally, we will require CGV and NCSC to continue to utilize the pricing guidelines for all GSM transactions conducted with CGV current or prospective affiliates that we initially directed in Ordering Paragraph (5) of our Base Contract Order entered on August 10, 2005.

Accordingly, IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Columbia Gas of Virginia, Inc., is hereby granted approval of the proposed amendment to the September 21, 2005, Service Agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company as described herein, subject to the requirements set out herein and also subject to any further Commission requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064. The Applicant shall file with the Commission an executed copy of the amendment to the Current Agreement

⁴ *Application of Columbia Gas of Virginia, Inc., For approval of gas supply and other related supply agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00044, (Order Granting Approval, August 10, 2005), 2005 S.C.C. Ann. Rep. 441.

revised in accordance with the Commission findings within 30 days after the date of this Order, subject to administrative extension by the Commission's Director of Public Utility Accounting ("PUA Director").

2) Subject to any further Commission requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064, the following proposed gas supply management activities are approved under the amendment to the Current Agreement: flowing gas sales, incremental gas sales, location exchanges, time exchanges, asset management arrangements, operational transactions, capacity release arrangements, retail choice program releases, and administrative releases. The GSM activity known as physical gas put options is not approved.

3) Subject to any further Commission requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064, the AMAs approved in Paragraph (2) above shall be limited to: i) competitively bid transactions with unaffiliated third parties; ii) transactions involving a limited portion of CGV's transportation and storage assets and supply requirements; and iii) transactions with a limited term of 18 months or less. Should CGV seek to enter into an AMA with different characteristics, then additional Commission approval shall be required.

4) Subject to any further Commission requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064, the approval granted herein shall extend through September 30, 2009. Should CGV wish to continue the amendment to the Current Agreement after that date, additional Commission approval shall be required.

5) The amendment to the Current Agreement approved herein shall remain subject to and in compliance with our related Orders in Case Nos. PUE-2004-00072, PUE-2005-00044, and PUE-2005-00053.

6) Subject to any further Commission requirements, findings and determinations made in CGV's companion application docketed as Case No. PUE-2007-00064, all costs related to the GSM activities approved in Paragraph (2) above, including commodity, transportation, retainage, sales tax, and administrative costs, shall be netted against the related off-system and capacity release revenues and the net margin flowed through the Incentive Mechanism in CGV's PGA. This means, among other things, that any incremental NCSC ESS administrative charges related to the approved GSM activities shall be separately identified and booked to CGV Incentive Mechanism PGA accounts rather than to base rate accounts.

7) CGV and NCSC shall be required to demonstrate upon the Commission's request that corporate policies, procedures and internal controls are in place to guard against any self-dealing, preferential or discriminatory actions relative to the approved GSM activities. Furthermore, CGV and NCSC are directed to manage CGV's supply, transportation and storage assets in a non-discriminatory manner such that CGV's affiliates do not receive preferential treatment.

8) CGV and NCSC shall utilize the pricing guidelines outlined in Ordering Paragraph (5) of the Base Contract Order for all GSM transactions conducted with current or prospective CGV affiliates under the amended Current Agreement.

9) Commission approval shall be required for any changes in the terms and conditions of the amended Current Agreement including, but not limited to, any changes in successors or assigns.

10) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted herein shall not guarantee the recovery of any costs directly or indirectly related to the amended Current Agreement and approved GSM activities.

11) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

12) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.

13) CGV shall include the transactions associated with the amended Current Agreement approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's PUA Director on or before May 1 of each year, which deadline may be extended administratively by the PUA Director.

14) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then CGV shall include the affiliate information contained in the ARAT in such filings.

15) This matter shall be continued, pending further order of the Commission in Case No. PUE-2007-00064.

**CASE NO. PUE-2007-00073
NOVEMBER 16, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
OHIO POWER COMPANY

For authority to enter into a Gypsum and Purge Stream Waste Disposal Agreement

ORDER GRANTING AUTHORITY

On August 1, 2007, Appalachian Power Company ("APCO") and Ohio Power Company ("OPCO") (collectively, the "Applicants") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") for authority to enter

into a Gypsum and Purge Stream Waste Disposal Agreement ("Agreement"). On September 19, 2007, the Applicants amended the application with a revised Agreement, which restarted the statutory review period.

APCO is a Virginia public service corporation headquartered in Roanoke, Virginia. APCO is subject to regulation by the Commission and is also authorized to do business in the State of West Virginia. All of APCO's stock is owned by American Electric Power Company, Inc. ("AEP"). OPCO is a wholly owned subsidiary of AEP and, therefore, an affiliate of APCO within the meaning of Title 56 of the Code. As such, Commission approval is required for all agreements between APCO and OPCO as being in the public interest.

APCO owns and operates the Mountaineer Plant located in Mason County, West Virginia. OPCO owns and operates the Mitchell Plant located in Marshall County, West Virginia. Both plants have been retrofitted with Flue Gas Desulfurization ("FGD") equipment. FGD equipment uses chemical and mechanical processes to remove Sulfur dioxide ("SO₂") from gas produced by burning coal. SO₂ dissolves easily in water and, when limestone is present, forms calcium sulfate or gypsum. Current FGD equipment can consistently remove 95% of SO₂ from flue gas. The resulting product from the removal of SO₂ is synthetic gypsum. APCO and OPCO market the synthetic gypsum to manufacturers to be used in building products such as drywall, cement additives, and plaster. Any synthetic gypsum that is produced by the FGD systems that is not marketed will be disposed of into landfills.

The Applicants do not anticipate that they will be able to market all of the synthetic gypsum and will, as stated above, need to landfill the material. OPCO does not have a landfill adjacent to the Mitchell Plant that can accommodate the synthetic gypsum produced there. APCO, however, operates a landfill adjacent to its Mountaineer Plant, which has the capacity to accommodate waste product from both facilities. To remedy this, the Applicants entered into the Agreement. Pursuant to the Agreement, APCO will provide certain services to OPCO in connection with the receipt, handling, and disposal of OPCO's synthetic gypsum. Services provided to OPCO by APCO will include (a) the unloading of Mitchell Plant waste from barges delivered to the Mountaineer Plant; (b) transferring such material to a limited conveyer system owned by OPCO and located at the Mountaineer Plant, which will be used to transport the material to APCO's conveyor system; (c) transport the Mitchell Plant waste over APCO's conveyor system to APCO's radial stacker at APCO's landfill adjacent to the Mountaineer Plant; and (d) dispose of the Mitchell waste in the landfill.

APCO will be compensated for its services on an allocated cost basis. Total actual Operation and Maintenance ("O&M") expenses incurred by APCO monthly for waste product disposal will be accumulated in separate billing work orders and benefiting locations. All of the costs to operate and maintain the dedicated unloading and transporting equipment owned by APCO, including depreciation and property taxes, will be charged to these work orders and benefiting locations. An automated billing process will allocate the monthly O&M costs between OPCO and APCO based on the ratio of estimated tons of waste product. Where appropriate, certain O&M expenses such as the cost of third party transportation will be directly charged to OPCO.

An Equipment Fee will be charged to OPCO for APCO's fixed costs of its investments in the unloader, conveyer, and radial stacker facilities which will be determined by multiplying a percentage rate times the allocated net book value. The initial rate used for determining the Equipment Fee will be 10.459%, which was APCO's overall cost of capital at December 31, 2006.¹ This rate will be subject to adjustment on the first day of January in each succeeding year based on changes in the average of the rate of return on common equity allowed by the Commission and Public Service Commission of West Virginia in the last base rate proceeding involving APCO.

OPCO will pay APCO a Landfill Fee equal to the tons of Mitchell Waste product times an average landfill cost, which will be determined by dividing APCO's annual expenses of operation and maintenance, depreciation and overhead expense, tax, plus a provision for capital fixed charges on APCO's investment in the landfill, by the capacity in tons capable of being disposed in the landfill. In addition, an Overhead Fee will be charged to OPCO, which will be determined by taking the labor dollars charged to the work orders identified for Mitchell waste product disposal O&M times a fixed overhead rate. This rate will be calculated by an internal overhead study completed yearly and includes fringe benefits and general and administrative costs.

The depreciation rates used to determine the depreciation associated with the unloading and transporting equipment and the Landfill Fee will be a composite rate based on the last depreciation rate approved by the Commission and Public Service Commission of West Virginia for APCO's Mountaineer Plant. The ratios used to allocate monthly O&M expenses, Equipment Fee, and Landfill Fee will be initially based on estimated volumes of waste being disposed. A year-end billing will be calculated to true-up the difference between the estimated and actual volumes of transported and disposed of waste product. The Agreement will remain in force until the parties mutually agree in writing to cancel.

The Applicants state that the unique facilities and equipment required for unloading, transportation, and disposal services to be provided under the Agreement would make it very difficult, if not impossible, to determine market prices, assuming that such facilities, equipment, and services are readily available and, therefore, these services will be provided at fully distributed costs. The Applicants represent that the proposed transaction is in the public interest as it will facilitate OPCO's, and, thus, AEP's compliance with federal and state environmental laws and regulations in an efficient and low cost manner. APCO will be compensated by OPCO on a fully distributed cost basis.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the Gypsum and Purge Stream Waste Disposal Agreement is in the public interest and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted authority to enter into the Gypsum and Purge Stream Waste Disposal Agreement as described herein.
- (2) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
- (3) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not the Commission regulates such affiliate.

¹ The computation for APCO's cost rate of common equity was an average of its rate of return on common equity in its last base rate case proceeding in Virginia (10.00% in Case No. PUE-2006-00065, dated May 15, 2007) and West Virginia (10.50% in Case No. 05-1278-E-PC-PW-42T, dated July 26, 2006).

(4) Commission authority shall be required for any changes in the terms and conditions of the Agreement including changes in allocation methodologies and successors and assigns.

(5) Appalachian Power Company shall include the transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Appalachian Power Company shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2007-00074
NOVEMBER 13, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a certificate of public convenience and necessity for facilities in Buchanan County: Shack Mills-Consol 138 kV Transmission Line

FINAL ORDER

On August 2, 2007, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its Application for approval of electrical facilities under § 56-46.1 of the Code of Virginia ("Code") and for certification of such facilities under the Utility Facilities Act ("Application").

Appalachian proposes to construct and operate a substation and transmission line to serve an industrial coal customer in Buchanan County, Virginia. The project is located near Route 628 on the site of an active coal mining operation. The proposed substation will be located adjacent to the Company's existing Grassy Creek - Hales Branch 138 kV transmission line. The substation fence dimensions will be approximately 82' x 141' in size. The substation structures will be approximately 50' tall. Approximately 2,942' of the existing Grassy Creek - Hales Branch 138 kV transmission line will be relocated up to 72' to the east of its existing centerline and connect to the new substation. A new 138 kV transmission line will begin at the new substation and run to the southeast approximately 200' and end on a three-pole wood structure. The transmission structure will be approximately 57' tall and will be located on a 100' wide right-of-way.

On August 24, 2007, the Commission entered an Order for Notice ("August 24, 2007 Order") in which it directed Appalachian to provide notice of the docketed Application and invited comments and requests for hearing and directed Staff to investigate the Application and to file a report, detailing its findings and recommendations. The August 24, 2007 Order also found that the Commission has completed its consultation with the State Water Control Board on the wetland impacts, pursuant to § 62.1-44.15:21 D 2 of the Code and further found that the proposed transmission facilities would not impact State waters, including wetlands.

On September 7, 2007, Appalachian filed proof of service and notice in compliance with the August 24, 2007 Order.

On September 20, 2007, the preliminary review of the Department of Environmental Quality ("DEQ") was filed pursuant to the DEQ-SCC Memorandum of Agreement (August 14, 2002) regarding coordination of environmental reviews of power projects.

On October 24, 2007, a Staff Report analyzing the Application was filed. The Staff concluded that the Company has demonstrated a public need for the proposed project, which Staff found to be superior to other alternatives and should result in negligible environmental impact. Staff recommended that the Commission approve the project and issue the requested certificate of public convenience and necessity ("CPCN").

On November 2, 2007, the DEQ filed its final coordinated review and recommendations for Commission consideration in granting the requested CPCN. The Commission finds that the DEQ coordinated review, together with the earlier wetlands impact consultation, provides a sufficient record for the Commission to make its determination pursuant to § 56-46.1 A of the Code to give consideration to the environmental impact of the project.

The DEQ reported that the following permits and approvals are likely to be necessary as prerequisites to the project construction:

1. Erosion & Sediment Control, and Stormwater Management
 - (a) Erosion and Sediment Control Plans or annual specifications pursuant to the Erosion and Sediment Control Regulations, 4 VAC 50-30-30, 50-30-100, for activities involving land disturbance of 10,000 square feet or more. Plans are subject to approval by the appropriate Watershed Office of the Department of Conservation and Recreation; annual specifications are subject to approval by that Department's Division of Soil and Water Conservation.
 - (b) Stormwater Management Plans pursuant to the Stormwater Management Regulations, 4 VAC 3-20-10 *et seq.*, for activities involving land disturbance of 1 acre or more. Stormwater Management Plans are subject to approval by the appropriate Watershed Office of the Department of Conservation and Recreation or the appropriate local Soil and Water Conservation District.
 - (c) Virginia Stormwater Management Program (VSMP) General Permit for Discharges of Stormwater From Construction Activities (9 VAC 25-180-10 *et seq.*) involving land disturbance of 1 acre or

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

more. Coverage under this general permit is approved by the Department of Conservation and Recreation's Division of Soil and Water Conservation.

2. Air Quality Permits or Approvals
 - (a) Open Burning Permits. For open burning of land-clearing debris or other debris, pursuant to the Regulations for the Control and Abatement of Air Pollution (9 VAC 5-40-5600 *et seq.*)
 - (b) Permits to construct and operate fuel-burning equipment used in construction, pursuant to the Regulations cited above (9 VAC 5-80-10 *et seq.* for stationary sources, 9 VAC 5-80-2000 *et seq.* for new and modified sources in non-attainment areas).
3. Solid and Hazardous Waste Management
 - (a) Applicable state laws and regulations include:
 - Virginia Waste Management Act (Code of Virginia Section 10.1-1400 *et seq.*);
 - Virginia Hazardous Waste Management Regulations (VHWMR) (9 VAC 20-60);
 - Virginia Solid Waste Management Regulations (VSWMR) (9 VAC 20-80); and
 - Virginia Regulations for the Transportation of Hazardous Materials (9 VAC 20-110).
 - (b) Applicable Federal Laws and regulations include:
 - U.S. Department of Transportation Rules for Transportation of Hazardous materials (49 CFR Part 107).

The DEQ summarized its recommendations to condition the Commission's approval of the requested CPCN as follows (page references to the consultation are included):

Based on the information and analysis submitted by reviewing agencies, we have a number of recommendations for consideration by the SCC in its deliberations on the Certificate of Public Convenience and Necessity under consideration for this project. These recommendations are in addition to the requirements of federal, state or local law or regulations listed above.

- Include an environmental investigation in the proposed site assessment in order to identify any solid or hazardous waste sites or issues on and around the property before work begins ("Environmental Impacts and Mitigation," item 4, page 9).
- Reduce solid waste at the source, re-use it, and recycle it to the maximum extent practicable ("Environmental Impacts and Mitigation," item 4, page 9).
- Coordinate with the Department of Conservation and Recreation for updated information regarding Natural Heritage Resources, if a significant amount of time passes before the project is implemented ("Environmental Impacts and Mitigation," item 5, page 10).
- Protect trees that are not identified for removal from the adverse effects of construction activities to the extent practicable ("Environmental Impacts and Mitigation," item 7, page 11).
- Coordinate road and transportation impacts with the affected Counties and the appropriate VDOT District and Residency Offices ("Environmental Impacts and Mitigation," item 10, page 12).
- Follow the requirements of the Federal Aviation Regulations by notifying the Federal Aviation Administration about the construction of the proposed transmission line ("Environmental Impacts and Mitigation," item 13, page 13).
- Follow the principles and practices of pollution prevention to the maximum extent practicable ("Environmental Impacts and Mitigation," item 11, page 12).
- Limit the use of pesticides and herbicides to the extent practicable ("Environmental Impacts and Mitigation," item 12, pages 12 and 13).

On November 8, 2007, Appalachian filed comments supporting the conclusions and recommendations in the Staff Report and indicating the Company's willingness to comply with DEQ's recommendations.

The Commission finds that, as required by § 56-46.1 B of the Code, proper notice has been given, and the Commission may consider the Application.

The Commission finds that Appalachian should be required as a condition for the issuance of the requested certificate to obtain all necessary permits and approvals as outlined above and to comply with DEQ's recommendations listed above.

The Commission finds that the construction of the proposed substation and transmission line will have no material adverse effect upon reliability of electric service provided by any regulated public utility.

We now determine that the proposed substation and transmission line serves a demonstrated public need.

NOW THE COMMISSION, having considered the record in this case and the applicable law, is of the opinion and finds that approval for the proposed substation and transmission line should be granted and that a certificate of public convenience and necessity to construct and operate these transmission facilities should be issued herein. The public convenience and necessity require construction of these transmission facilities as approved by this Order.

Finally, we determine that the certificate should expire if the transmission facilities are not constructed and in service by December 1, 2010. Appalachian may, however, request an extension of this date for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 56-46.1, § 56.265.2, and related provisions of Title 56 of the Code, Appalachian is hereby granted a certificate of public convenience and necessity authorizing construction and operation of the proposed transmission facilities as identified and described hereinabove. The certificate of public convenience and necessity shall be conditioned upon Appalachian obtaining all necessary permits and approvals and complying with all DEQ recommendations as found above.

(2) Appalachian is hereby authorized to construct and operate in Buchanan County the proposed substation adjacent to the existing Grassy Creek-Hales Branch 138 kV transmission line and to relocate portions of said transmission line and to construct a new 138 kV transmission line, approximately 200 feet long, as proposed in the Application.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, Appalachian is issued the following certificate of public convenience and necessity:

Certificate No. ET-29g which authorizes Appalachian Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Buchanan County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2007-00074.

Certificate No. ET-29g will cancel Certificate No. ET-29f issued to Appalachian Power Company on August 24, 1971.

(4) As a condition of the certificate granted in this case, the transmission facilities must be constructed and in service by December 1, 2010; however, Appalachian is granted leave to apply for an extension for good cause shown.

(5) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

**CASE NO. PUE-2007-00075
OCTOBER 19, 2007**

APPLICATION OF
A & N ELECTRIC COOPERATIVE

For authorization to incur debt

ORDER GRANTING AUTHORITY

On August 8, 2007, A&N Electric Cooperative ("A&N" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authorization to incur debt. Applicant has paid the requisite fee of \$250.

Applicant seeks authorization to enter into two separate unsecured lines of credit ("LOC") agreements totaling \$51,500,000, one with the National Rural Utilities Cooperative Finance Corporation ("CFC"), and another with CoBank, ACB; ("CoBank"). The principal amount of the CFC LOC will be \$45,500,000, and proceeds will be used to provide bridge financing of the acquisition of the Virginia distribution assets of Delmarva Power & Light Company, while A&N makes arrangements with the U. S. Department of Agriculture's Rural Development Utilities Service Program ("RUS") for long-term financing. The term of the CFC LOC is 36 months. The amount of the CoBank LOC will be \$6,000,000 and the proceeds will be used to provide financing of system improvements and operations during the first year after closing. The term of the CoBank LOC is 36 months.

The rate of interest paid by A&N may be fixed or floating over the three-year term of the loan for each LOC, depending on prevailing interest rates offered by CFC and CoBank and chosen by A&N at the time of closing or drawing of funds.

According to the application, A&N's total capitalization as of the end of calendar year 2006 was approximately \$51 million, with an equity-to-total capitalization ratio of 40.9%. Since the application seeks authorization to issue up to \$51,500,000 in the near term, approval would approximately double the total capitalization of A&N.

In the application, A&N provided various projections of the short-term and long-term financial impacts of the proposed financing on the financial and operating performance of A&N. According to the projections, once the initial debt is issued to finance the acquisition, A&N will be very highly

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

leveraged with an equity-to-total capitalization ratio of 22.8%. A&N's internal policy states that this ratio should be maintained at a minimum equity-to-total capitalization ratio of 35%. According to the projections, by the end of year five after the acquisition, A&N expects to have an equity-to-total capitalization ratio of 43.6%. A&N projections include interest rate assumptions of 7.2% for the initial financing through the LOCs and 5.48% for the RUS permanent financing. A&N projections also suggest performance on other important financial ratios such as times interest earned ratio ("TIER"), debt service coverage ("DSC") ratio, and operating TIER all appear to meet or exceed A&N internal policy guidelines for at least the next five years.

A&N anticipates receiving all required regulatory approvals to permit closing of the acquisition of the Virginia distribution assets by November 1, 2007. A&N expects to file a RUS loan application to provide long-term financing for the proposed acquisition within twelve months of such anticipated closing. The RUS loan proceeds will be used to redeem the debt authorized herein. A&N acknowledges it will need to file a new application with the Commission before it can issue an additional debt to RUS to retire the LOC loan balances approved herein.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) A&N is authorized to enter into an unsecured line of credit agreement with the National Rural Utilities Cooperative Finance Corporation for the maximum principal amount of \$45,500,000, under the terms and conditions and for the purposes stated in its application.
- (2) A&N is authorized to enter into an unsecured line of credit agreement with CoBank, ACB, for the maximum principal amount of \$6,000,000, under the terms and conditions and for the purposes stated in its application.
- (3) Should Applicant seek to modify any terms or conditions or seek to increase the limit amount of the lines of credit approved herein, Applicant shall submit an application with the Commission at least 25 days prior to the effective date of the proposed change.
- (4) A&N shall file a preliminary report of action within 30 days of drawing any funds authorized herein, such report shall include the date of drawdown, the initial rate period chosen, the initial interest rate, amount of principal remaining available to be drawn under each line of credit approved herein.
- (5) Should Applicant seek to replace debt issued pursuant to this authority, Applicant shall submit an application with the Commission at least 55 days prior to the projected date of the proposed replacement financing.
- (6) Approval of this application shall have no implications for ratemaking purposes.
- (7) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2007-00076
SEPTEMBER 26, 2007**

APPLICATION OF
DALE SERVICE CORPORATION

For an expedited increase in rates

**ORDER IMPLEMENTING RATES ON AN
INTERIM BASIS AND SUBJECT TO REFUND**

On August 13, 2007, Dale Service Corporation ("Dale Service" or "Company") filed a rate application seeking an expedited rate increase to be placed into effect on an interim basis for service rendered on and after October 1, 2007.

On September 21, 2007, the State Corporation Commission ("Commission") issued an Order for Notice and Hearing ("September 21, 2007 Order") which, among other things, suspended the proposed expedited rate increase pursuant to § 56-238 of the Code of Virginia ("Code") for a period not exceeding 150 days or until further order, consistent with the findings above (September 21, 2007 Order, ordering par. (1)).

Thereafter, on September 21, 2007, the Company filed a letter advising the Commission that it will file an application proposing a rate design for volumetric billing, including a cost of service study as recommended by the Commission Staff, on or before November 2, 2007.

The Commission finds that the Company's letter filed September 21, 2007, complies with the requirements set out in the September 21, 2007 Order for implementation of the proposed expedited rate increase. The Commission further finds that the proposed expedited rate increase requested in the Company's application should be placed into effect on an interim basis, subject to refund, for service rendered on and after October 1, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) Dale Service may implement its proposed rates on an interim basis, subject to refund, for service rendered on and after October 1, 2007.
- (2) This case is continued.

**CASE NO. PUE-2007-00079
SEPTEMBER 20, 2007**

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur long-term debt

ORDER GRANTING AUTHORITY

On August 27, 2007, Mecklenburg Electric Cooperative ("Applicant" or the "Cooperative"), filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Cooperative requests authority to incur long-term debt with the National Rural Utilities Cooperative Finance Corporation ("CFC"). Applicant paid the requisite fee of \$250.

In its application, the Cooperative requests authority to borrow \$20,000,000 in the form of a CFC "PowerVision" loan. The proceeds will be used to finance operating contingencies, line construction and equipment for commercial loads, and other eligible property additions. Applicant intends to select the interest rate term for each advance of funds. Such interest rate terms can range from one year to 35 years. Applicant represents that the interest rate on the loan is established daily by the CFC.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to borrow up to \$20,000,000 from the CFC, under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from the CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00082
SEPTEMBER 21, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On August 28, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("KU", "Applicant" or "Company"), filed an application for authority to incur short-term indebtedness and participate in a money pool agreement ("Money Pool"). The amount of short-term debt authority requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of \$250.

KU requests authority to: 1) issue short-term debt in excess of twelve percent (12%) of total capitalization in the form of unsecured promissory notes and/or commercial paper not to exceed the outstanding maximum aggregate balance of \$400,000,000 for all short-term debt, through the period ending December 31, 2009; and 2) to participate in the proposed Money Pool with affiliates for short-term borrowing and investment of excess funds.

KU states that the maturity of any short-term borrowings proposed will not exceed twelve (12) months from the date of origination. To facilitate the issuance of notes associated with the proposed short-term borrowings, the Company may enter into one or more credit agreements or contracts ("Credit Documents"). It is anticipated that the Company may agree to pay commitment, upfront, or other fees to the banks or other financial institutions from which borrowings are made. For commercial paper borrowings, KU may agree to pay commissions or other compensation to commercial paper dealers for their services. The Company states that the amount of such fees or discounts will be set by arm's length negotiation between KU and the bank, commercial paper dealer or other party, and that any such costs will be based on prevailing rates customarily charged for similar transactions.

Applicant states that the purpose of the Money Pool is reduce borrowing costs by using excess funds generated internally among affiliates and thereby avoid transaction costs incurred to borrow or invest externally. KU and its sister affiliate, Louisville Gas and Electric Company ("LG&E"), are both wholly owned subsidiaries of E.ON U.S. LLC ("E.ON US"). E.ON US is a wholly owned, indirect subsidiary of E.ON AG ("E.ON"), an international energy company. As described in the Amended Utility Money Pool Agreement attached to the Application, the members of the Money Pool include E.ON US, KU, LG&E, and E.ON U.S. Services ("Services"). Services is a non-utility subsidiary of E.ON US and a service company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). Services will act as administrator of the Money Pool from which only KU and LG&E may borrow. Sources of funds for the Money Pool will come from surplus funds of KU and LG&E, surplus funds of E.ON US, intercompany short-term loans, and external funds from bank borrowings and/or the sale of commercial paper. KU and LG&E shall not be required to borrow through the Money Pool if a lower cost source of funds is available from an alternative source.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to enter into the following financial transactions:
 - (a) to issue short-term debt in excess of 12% of total capitalization in the form of unsecured promissory notes and/or commercial paper not to exceed the maximum aggregate of \$400,000,000, and
 - (b) to participate in the proposed Money Pool to borrow or loan excess funds on a short-term basis, all through the period ending December 31, 2009, under the terms and conditions, and for the purposes set forth in the application.
- 2) The short-term borrowing authority through the period ending December 31, 2007, as granted by Commission Order Extending Authority Granted dated September 28, 2004, in Case No. PUE-2002-00644, is hereby superseded, except for the reporting requirements that shall remain in full force and effect.
- 3) Approval of the application shall have no implications for ratemaking purposes.
- 4) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.
- 6) Applicant shall file an interim report of action by March 2, 2009, for all short-term borrowings inclusive of Money Pool transactions through the period ending December 31, 2008, to include:
 - (a) a daily schedule of Money Pool transactions, segmented by participant to include: the Money Pool interest rate for the transaction, the comparable external borrowing or lending rate for each transaction, each type of allocated fee, and an explanation of how both the Money Pool borrowing rate and any allocated fees have been calculated;
 - (b) a daily schedule of the balance and rate of KU's short-term borrowings through any source other than the Money Pool; and
 - (c) the maximum amount of the Company's short-term debt outstanding during the reporting period.
- 7) Applicant shall submit a final report of action by March 1, 2010, to include the same manner of information detailed in Ordering Paragraph 6, for the period ending December 31, 2009.
- 8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00083
OCTOBER 29, 2007**

APPLICATION OF
MRDB HOLDINGS LP d/b/a LPB ENERGY CONSULTING

For a permanent license to conduct business as an electric and gas aggregator

ORDER GRANTING LICENSE

On September 13, 2007, MRDB Holdings LP d/b/a LPB Energy Consulting ("LPB Energy" or "the Company"), completed an application with the State Corporation Commission ("Commission") for a license to provide electric and natural gas aggregation service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On September 18, 2007, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be served upon appropriate persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of LPB Energy's application and to present its findings in a Staff Report. The Company filed proof of publication of its notice on September 26, 2007. No comments were received on LPB Energy's application.

The Staff filed its Report on October 11, 2007, concerning LPB Energy's fitness to conduct business as an electric and natural gas aggregator. In its Report, the Staff summarized LPB Energy's proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that LPB Energy be granted a license to conduct business as an electric and natural gas aggregator for commercial and industrial customers throughout the Commonwealth of Virginia.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that LPB Energy's application to provide electric and natural gas aggregation service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) MRDB Holdings LP d/b/a LPB Energy Consulting is hereby granted license No. A-29 to provide competitive electric and natural gas aggregation service to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2007-00085
DECEMBER 20, 2007**

APPLICATION OF
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582

FINAL ORDER

On September 11, 2007, The Potomac Edison Company d/b/a Allegheny Power ("Allegheny," "AP," or "Company") filed an application with the State Corporation Commission ("Commission") in which it seeks to increase its Virginia retail electric rates ("Application"). The Application requested that the Commission approve the Company's recovery in rates of "a portion of the \$102.6 million in projected purchased power costs for jurisdictional customers that arises from Allegheny serving its Virginia default load from July 1, 2007 through June 30, 2008."¹

The Company requested "an annual increase for jurisdictional customers of approximately \$44.9 million or an increase in rates of about 26%, when averaged across all jurisdictional rate classes."² Allegheny requested "that it be permitted to increase its rates by \$0.01450 per kWh for all sales in Virginia beginning October 19, 2007" via a new "Levelized Purchased Power Factor" tariff filed with the Application.³ Allegheny later revised this annualized revenue requirement to approximately \$42.3 million.⁴ The Company further stated that the "over-recovery or under-recovery of actual purchased power expense based on this incremental rate is subject to true-up, during the next annual fuel and purchased power recovery proceeding."⁵

The Company is seeking to recover an increment of its purchased power costs for its Virginia retail load that exceeds 367 MW. Specifically, Allegheny stated that it "has segmented its default service load for purposes of determining rates in this Application," and that "projected Load Above 367 MW will be served by the purchased power procured by the Company as of July 1, 2007."⁶ The Company has proposed a methodology in this Application "by which the cost of serving the segment of Load Above 367 MW translates into the . . . increase for jurisdictional customers sought in this application."⁷

The Company further asserted that the relief sought in its Application is "consistent with the provisions of §§ 56-582 B and 56-249.6" of the Code of Virginia ("Code") and that "[a]llowing Allegheny to recover its costs for purchased power to serve Load Above 367 MW is not barred by the [Memorandum of Understanding ("MOU")]⁸ as the Commission itself interpreted that document in Case No. PUE-2007-00026, and is necessary to allow Allegheny to receive just and reasonable rate recovery and to avoid a California-like revenue shortfall."⁹ The Company stated that "[t]his Application seeks modifications to the rate required by the MOU to effect an increase that reflects the increase in purchased power costs in Virginia to service the Load Above 367 MW."¹⁰

Finally, "for the reasons set forth [in the Application] and as allowed and supported by Virginia Code §§ 56-582.B and 249.6 and, if necessary, a modification of the MOU, or by any other legal theories or bases available to the Commission in its consideration of this Application, the Company requests

¹ Application at 1 (emphasis in original).

² *Id.* at 6.

³ *Id.* at 10; Valdes, Exh. 10 at REV_(6).

⁴ Mader, Exh. 9.

⁵ Application at 10-11.

⁶ *Id.* at 6.

⁷ *Id.*

⁸ The MOU is part of the Commission's Order in 2000 approving Allegheny's requested divestiture of all of its generating units. *See Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Phase I Transfers, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 530 (July 11, 2000). For reference purposes, a copy of the MOU is attached to Lamm, Exh. 13.

⁹ Application at 7.

¹⁰ *Id.*

that it be permitted to increase its rates . . . to reflect purchased power costs for the Load Above 367 MW, based on the blended costs of the continuing and unchanged 'unbundled frozen generation rate' for the Virginia load up to 367 MW and the projected purchased power costs to serve the Virginia Load Above 367 MW."¹¹

On October 10, 2007, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, scheduled a public hearing for December 4, 2007, to receive testimony from members of the public and evidence on the Application, and required the Company to provide notice of its Application.

Notices of participation and comments were filed by the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel") and jointly by eighteen (18) local businesses working in coordination with the Frederick County Industrial Development Authority ("Consumers").¹²

Consumer Counsel does not oppose the Company's legal ability to request a rate increase herein. Consumer Counsel states that it "has not taken the position that [AP] is foreclosed from a rate adjustment consistent with the MOU and Virginia law."¹³ Consumer Counsel further asserts that Allegheny's "Application appears to seek the opportunity for a rate adjustment based on one interpretation of the MOU and Virginia law" and that "Consumer Counsel generally accepts this interpretation of the MOU and Virginia law for purposes of this Application permitting a rate adjustment at this time."¹⁴ Consumer Counsel, however, "has identified two significant issues with the Company's methodology and assumptions for calculating the level the energy that would be supplied by its existing plants compared to how much would have to be purchased from the market" and "urges the Commission to require [AP] to provide further information in order to address [these] concerns. . . ."¹⁵

Consumers oppose the Application and state as follows:

Because [AP] has no fuel factor mechanism, there is no mechanism under which it may seek any recovery for fuel or purchased power costs until the end of the capped rate period. The only relief available to [AP] is to file a base rate case. This is not what [AP] has filed.¹⁶

The Commission's Staff ("Staff") also filed comments. Staff "does not support approval of a rate change in this proceeding."¹⁷ Staff's "position is that the relief sought by the Company herein is not 'allowed and supported by [Va. Code] §§ 56-582 B and 56-249.6,' as Allegheny's application claims."¹⁸ In addition, Staff states that

even if the Commission were to accept the questionable legal premise that [AP] is entitled to request recovery of its increased purchased power cost for the Load Above 367 MW, the Company has incorporated at least two major methodological errors, or inappropriate assumptions, in its five-step cost calculation, drastically increasing the rate relief requested in its application.¹⁹

Over 3,500 comments were submitted in opposition to the Application. The following members of the Senate of Virginia filed comments in opposition to the Application: the Honorable Emmett W. Hanger, Jr.; the Honorable Mark D. Obenshain; and the Honorable H. Russell Potts, Jr. The following members of the Virginia House of Delegates filed comments in opposition to the Application: the Honorable Clifford L. Athey, Jr.; the Honorable C. Todd Gilbert; the Honorable Matthew J. Lohr; the Honorable Joe T. May; the Honorable Edward T. Scott; and the Honorable Beverly J. Sherwood.

The public evidentiary hearing was held on December 4, 2007. The following public witnesses testified in opposition to the Application: Fred Thigpen, of Strasburg; Dennis McNutt, of Winchester; Wes Williams, of Winchester; Kevin Kaczmarzewski, of Winchester; Zachary Lauer, of Bristow; Patrick Barker, of Winchester; and Chris Caldwell, of Richmond.

Richard D. Gary, Esquire, Jeffrey P. Trout, Esquire, and Noelle J. Coates, Esquire, appeared on behalf of the Company. Jeannie A. Adams, Esquire, and Scott Johnson, Esquire, appeared on behalf of Consumers. C. Meade Browder, Jr., Esquire, and Kiva Bland Pierce, Esquire, appeared on behalf of Consumer Counsel. William H. Chambliss, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of Staff. Robert B. Reeping, Mark A. Mader, and Raymond E. Valdes testified for Allegheny. Thomas E. Lamm testified for Staff.

¹¹ *Id.* at 10.

¹² Consumers identified the eighteen (18) businesses as follows: Baugh-NE (SYSCO); Berryville Graphics, Inc.; Crown Cork & Seal, Co.; Dupont; Green Bay Packaging, Inc.; H.P. Hood, Inc.; Monoflo International, Inc.; New World Pasta; O'Sullivan Films, Inc.; Pactiv; Quebecor World; R.R. Donnelley; Rubbermaid Commercial Products; Southeastern Container Corporation; The Shockey Companies, Inc.; Toray Plastics (America), Inc.; Trex Company; and Valley Health Systems.

¹³ Consumer Counsel's November 16, 2007 Comments at 3 n.7.

¹⁴ *Id.* at 4.

¹⁵ *Id.* at 4, 7.

¹⁶ Consumers' November 16, 2007 Comments at 3.

¹⁷ Staff's November 16, 2007 Comments at 5.

¹⁸ *Id.* at 2.

¹⁹ *Id.* at 3.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

Memorandum of Understanding

Paragraph (2) of the MOU states as follows:

Allegheny Power will not file an application to increase its base rates prior to January 1, 2001. Except for the fuel cost adjustments provided for in the July 18, 2000 Stipulation No. 2 filed in this proceeding, Allegheny Power agrees to forego any other fuel cost adjustments during the capped rate period. Exceptions to capped rates and the legislatively mandated rate freeze will continue as specified in the [Virginia Electric Utility Restructuring Act, Va. Code §§ 56-576 *et seq.*, ('Act' or 'Restructuring Act')] or as in the Act may be changed or modified. Revisions to rates due to permitted exceptions under the legislation will be based only on the incremental costs of those exceptions. Additional services currently not included in the rate cap level could be established under a separate proceeding.²⁰

Paragraph (4) of the MOU states as follows:

Allegheny Power will contract for generation sufficient to meet its default service obligations at rates set in accordance with the current Act or as the Act may be changed or modified until the Company's obligation to provide default service terminates. For ratemaking purposes, including any request to increase frozen rates due to financial distress, Virginia default service load will first be deemed to be served from a finite portion of the GENCO's generation facilities, in an amount up to 367 MW, which equals the Virginia load now reflected in the allocation of AP's generation costs to Virginia retail customers. During the rate cap period, pricing of the 367 MW will be based on the Virginia unbundled frozen generation rate. After the rate cap period, pricing of the 367 MW will be based on the then current generation costs of the portion of the existing system dedicated to serve retail Virginia load.²¹

In approving Allegheny's requested divestiture under the terms of the MOU, the Commission explained that AP's rates would be established as follows:

The Commission is further of the opinion and finds that the representations and undertakings set forth in the MOU, as supplemented, provide satisfactory assurance that the public interest will be protected and that the 'incumbent electric utility's generation assets or their equivalent' will remain available for electric service during the default service period. The Company has agreed during the capped rate period to price generation at its frozen unbundled generation rate. For the period in which it is obligated to provide default service following the expiration of the capped rate period, generation service rates will be based on the Company's then-current generation cost of the portion of that generating system that it makes use of to meet its default service load. Should GENCO²² divest itself of any of the units, the Company agrees that on-going generation rates will reflect costs from those units at the time of their divestiture, escalated if necessary to reflect current costs.²³

In addition, when the MOU was proposed by AP and approved by the Commission in 2000, capped rates were statutorily scheduled to expire, pursuant to § 56-582 of the Act, on or before June 30, 2007.²⁴ As a result, in eliminating AP's fuel factor pursuant to the MOU, the Commission explained that the resulting capped rates could extend to 2007:

By asking that we eliminate its fuel factor mechanism, AP abandons the protection otherwise available to it under the Code and instead assumes the risk that it can recover its fuel expenses under the capped rate alone during this period of transition to a competitive market. Rates established to include the costs otherwise recovered through the fuel factor will be *capped until perhaps 2007*.²⁵

2004 Amendments to the Restructuring Act

In 2004, the General Assembly amended § 56-582 of the Act and extended the capped rate period to December 31, 2010.²⁶ In addition, when the General Assembly extended capped rates in 2004, it further modified § 56-582 in part as follows:

²⁰ MOU at 1.

²¹ *Id.*

²² GENCO is the affiliate of AP to which the Company proposed to transfer its generation assets.

²³ *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Phase I Transfers, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 530, 532 (July 11, 2000) (footnote added).

²⁴ *See, e.g.*, Application at 3.

²⁵ *Application of The Potomac Edison Co. d/b/a Allegheny Power*, Order Approving Elimination of Fuel Factor and Establishing Capped Rates, Case No. PUE-2000-00280, 2000 SCC Ann. Rept. 532, 533 (July 26, 2000) (emphasis added).

²⁶ *See, e.g.*, Application at 3.

The Commission may adjust such capped rates in connection with the following: (i) utilities' recovery of fuel and purchased power costs pursuant to § 56-249.6, and, if applicable, in accordance with the terms of any Commission order approving the divestiture of generation assets pursuant to § 56-590. . . .

. . .

Any adjustments pursuant to § 56-249.6 and clause (i) of this subsection by an incumbent electric utility that transferred all of its generation assets to an affiliate with the approval of the Commission pursuant to § 56-590 prior to January 1, 2002, shall be effective only on and after July 1, 2007.²⁷

Purchased Power Cost Recovery

The 2004 amendments to the Restructuring Act expressly permit certain adjustments to Allegheny's capped rates for recovery of purchased power costs:

- In 2004, when the General Assembly extended the capped rate period from 2007 to 2010, it modified the Act to allow adjustments to AP's "capped rates" for recovery of "purchased power costs."²⁸
- The 2004 amendments speak directly to the timing of *Allegheny's* recovery of purchased power costs thereunder; specifically, any rate adjustments for *Allegheny* "shall be effective only on and after July 1, 2007."²⁹
- The 2004 amendments also require that any such rate adjustment be "in accordance with" the MOU.³⁰

Thus, under the Act, Allegheny may seek recovery, in accordance with the MOU, of purchased power cost adjustments effective on and after July 1, 2007.

The MOU, in turn, expressly allows for certain rate adjustments pursuant to subsequent modifications of the Act:

- Paragraph (2) of the MOU provides that AP will benefit from exceptions to capped rates "as specified in the [Act] or as in the Act may be changed or modified."³¹
- Paragraph (4) of the MOU provides that AP will continue to meet its default service obligations "at rates set in accordance with the current Act or as the Act may be changed or modified."³²
- Paragraph (4) of the MOU also has specific ratemaking provisions tied to "367 MW, which equals the Virginia load now reflected in the allocation of AP's generation costs to Virginia retail customers."³³

The 2004 amendments represent a change or modification to the Act recognized by, and "in accordance with," the MOU. Accordingly, we must next determine the *amount* of purchased power costs that AP may recover "in accordance with" the ratemaking provisions in Paragraph (4) of the MOU.

Allegheny calculates this amount as an annual \$42.3 million, which represents a rate increase of approximately 25%.³⁴ Staff calculates this amount as annual \$9.48 million, which is supported by Consumer Counsel and represents an average rate increase of approximately 5.6% when averaged across all jurisdictional rate classes.³⁵ We find that Staff's calculation correctly implements the ratemaking requirements in Paragraph (4) of the MOU.³⁶ Specifically, the Company inappropriately applies a weighted-average capacity factor (of 65.7%) to the 367 MW set forth in the MOU; this effectively reduces the load covered by the MOU from 367 MW to 241 MW.³⁷ As explained by Staff, "[t]here are no provisions in the MOU suggesting that the 367 MW should be adjusted for actual generating unit dispatch, or for any other Company operating issues for that matter."³⁸ Furthermore, Staff notes that

²⁷ Va. Code § 56-582 B.

²⁸ Va. Code § 56-582 B.

²⁹ *Id.* As quoted above, this explicit restriction applies to "an incumbent electric utility that transferred all of its generation assets to an affiliate with the approval of the Commission pursuant to § 56-590 prior to January 1, 2002. . . ." *Id.* Allegheny is the *only* electric utility in the Commonwealth that satisfies this criterion.

³⁰ *Id.*

³¹ MOU at 1 (emphasis added).

³² *Id.* (emphasis added).

³³ *Id.*

³⁴ *See, e.g.*, Allegheny's December 6, 2007 Response at 1-2; Mader, Exh. 15; Consumer Counsel's December 7, 2007 Response at 1.

³⁵ *See* Lamm, Exh. 14; Staff's December 6, 2007 Letter at 1; Consumer Counsel's December 7, 2007 Response at 1. The average rate increase for all classes is derived as follows: \$9,484,708 (Lamm, Exh. 14), divided by \$168,070,400 (Valdes, Exh. 10 at REV_(4) (current jurisdictional revenue)), equals approximately 5.6%.

³⁶ Staff, however, reiterated that it does not endorse any revenue increase in this proceeding. Staff's December 6, 2007 Letter at 2.

³⁷ Staff's November 16, 2007 Comments at 4; Lamm, Exh. 13 at 2.

³⁸ *Id.*

when the MOU was signed: (1) the 367 MW was developed largely for ratemaking purposes based on the twelve-month average jurisdictional monthly coincident peak loads consistent with AP's demand allocation to Virginia; (2) AP's jurisdictional non-coincident peak load was about 473 MW; (3) if a 15% reserve margin were assumed, the capacity required to serve that 473 MW would have been roughly 544 MW; and, as result (4) "the 367 MW already reflects a significant allowance for reasonable generation unit dispatch levels relative to the physical capacity that is actually required to serve Virginia jurisdictional load."³⁹ In any event, Paragraph (4) of the MOU establishes a pricing mechanism for load above 367 MW, not for load above a *capacity factor-adjusted 367 MW*. In addition, we find that such calculation should utilize the actual weighted-average price of AP's current purchased power contracts as recommended by Staff Witness Lamm.⁴⁰

As a result, we approve the Company's proposed Levelized Purchased Power Factor at an annual amount of \$9,484,708, which equates to a charge of 0.306 cents per kWh effective for service rendered on and after the date of this Order.⁴¹ The Levelized Purchased Power Factor tariff provision is designed to recover purchased power costs determined by the Commission to be appropriate for a period beginning the date of this Order. Any under- or over-recovery incurred under this Levelized Purchased Power Factor tariff for service rendered on and after the date of this Order shall be addressed in a subsequent rate proceeding, and the Company shall implement deferred accounting for this purpose, also effective on and after the date of this Order. Furthermore, on or before July 1, 2008, Allegheny shall file an application with the Commission for proposed recovery of purchased power costs for service rendered during the twelve-month period on and after July 1, 2008, and for treatment of any under- or over-recovery incurred under the Levelized Purchased Power Factor for service rendered on and after the date of this Order.

Consumers' Objections

Consumers assert that "[b]ecause [AP] has no fuel factor mechanism, there is no mechanism under which it may seek any recovery for fuel or purchased power costs until the end of the capped rate period. The only relief available to [AP] is to file a base rate case."⁴² Staff further emphasizes that the MOU "eliminated the Company's fuel factor for the duration of the capped rate period. . . ."⁴³ However, denying a rate increase herein under the auspice that AP "agree[d] to forego any other fuel cost adjustment during the capped rate period"⁴⁴ ignores the 2004 amendments to the Act and the express terms of the MOU. That is, as noted above, the 2004 amendments directly speak to increasing AP's capped rates for purchased power costs on and after July 1, 2007, and the MOU expressly allows capped rate changes pursuant to subsequent modifications of the Act.

Indeed, Consumers' position renders the 2004 amendments circular and pointless. Specifically, and as discussed above, the 2004 amendments grant AP purchased power cost adjustments (1) "only on and after July 1, 2007," (2) "pursuant to § 56-249.6" of the Code (*i.e.*, the statute instructing the Commission "to direct each company to place in effect tariff provisions designed to recover the fuel costs determined by the Commission to be appropriate for that period. . ."), and (3) "in accordance with" the MOU.⁴⁵ Consumers assert that since AP agreed to eliminate its fuel recovery mechanism under the MOU, it cannot recover purchased power costs "in accordance with" the MOU. Under this logic, however, those 2004 amendments speaking to Allegheny would have no purpose or effect. To the contrary, today's Order is "in accordance with" the MOU; this Order implements the provisions of the MOU (i) permitting rate changes pursuant to subsequent modifications of the Act, and (ii) establishing ratemaking provisions for load above 367 MW in accordance with Paragraph (4) of the MOU.

Consumers also assert that the Commission should deny a rate increase in this case for the reasons set forth by the Commission in rejecting AP's prior rate request.⁴⁶ The analysis and precedent established by that prior case, however, are limited to the specific context of that case – *i.e.*, in which AP sought to re-institute a fuel factor in order to recover *all* of its purchased power costs, arguing that *all* of the pricing provisions in the MOU must end on July 1, 2007.⁴⁷ In that instance, the Commission explained "that amendments to the Act do not modify the pricing mechanisms in the MOU such that the Commission is legally required to re-institute a fuel factor recovery mechanism and to allow AP to recover all of its purchased power costs beginning July 1, 2007," and held that "neither Virginia nor federal law mandates that the MOU's rate provisions must end on July 1, 2007."⁴⁸ That case stands in contrast to the instant proceeding, whereby the Company requests, and the Commission grants, *limited* purchased power cost recovery pursuant to the 2004 amendments to the Act and the specific pricing provisions in the MOU applicable to load above 367 MW. Indeed, Consumer Counsel, which supports the rate increase approved herein, noted such distinction in both the prior⁴⁹ and the instant⁵⁰ proceeding.

³⁹ Staff's November 16, 2007 Comments at 4-5; Lamm, Exh. 13 at 3.

⁴⁰ See Lamm, Exh. 13 at 3; Exh. 14.

⁴¹ \$9,484,708 (Lamm, Exh. 14), divided by 3,095,260,624 kWh (Valdes, Exh. 10 at REV_(4) (projected annual jurisdictional kWh)), equals \$.00306 per kWh.

⁴² Consumers' November 16, 2007 Comments at 3.

⁴³ Staff's November 16, 2007 Comments at 1.

⁴⁴ MOU at 1, Para. (2).

⁴⁵ Va. Code § 56-582 B.

⁴⁶ *Application of The Potomac Edison Co. d/b/a Allegheny Power*, For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582, Case No. PUE-2007-00026, Order Denying Application (June 28, 2007) ("June 28, 2007 Order").

⁴⁷ See *id.* at 3, 20.

⁴⁸ *Id.* at 11, 23.

⁴⁹ See, *e.g.*, *id.* at 5-6.

⁵⁰ See, *e.g.*, Consumer Counsel's November 16, 2007 Comments at 2-3, n.7; Consumer Counsel's December 7, 2007 Response at 1.

2007 Amendments to the Restructuring Act

In 2007, the General Assembly further amended the Act, shortened the capped rate period to December 31, 2008,⁵¹ and provided that the "[a]vailability of default service shall expire upon the expiration or termination of capped rates."⁵² In addition, Enactment Clause 5 to such legislation states as follows:

That nothing in this act shall be deemed to modify or impair the terms, unless otherwise modified by an order of the State Corporation Commission, of any order of the State Corporation Commission approving the divestiture of generation assets that was entered pursuant to § 56-590 of the Code of Virginia.⁵³

This enactment clause does not alter or prohibit our findings herein. As the Commission explained in AP's prior case, this enactment clause continues explicitly to preserve the MOU.⁵⁴ Likewise, the instant Order also preserves the MOU by implementing a rate change pursuant to the subsequent 2004 modifications to the Act and by implementing the ratemaking provisions of Paragraph (4) thereof. Moreover, this enactment clause in no manner modifies the 2004 amendments to the Act, which we must apply herein.

We note, however, that the 2007 amendments to the Restructuring Act also provide for the expiration of "default service." Specifically, Va. Code § 56-585 A states as follows: "Availability of default service shall expire upon the expiration or termination of capped rates." As noted above, and also as a result of the 2007 amendments, Va. Code § 56-582 F now provides that capped rates "shall expire on December 31, 2008. . . ." As a result, if capped rates expire at the end of 2008, then the "[a]vailability of default service" shall likewise expire at that time pursuant to Va. Code § 56-585 A. This, in turn, obviously becomes relevant to the MOU, which provides that Allegheny "will contract for generation sufficient to meet its *default service* obligations at rates set in accordance with the current Act or as the Act may be changed or modified until the Company's obligation to provide *default service* terminates."⁵⁵

We do not address herein the impact on the MOU – after 2008 – of the 2007 legislation discussed above. This question has not been litigated in this proceeding. For example, the parties have not addressed whether AP's obligations under the MOU terminate at the end of 2008 and, if so, under what statutory provisions the Commission must set AP's generation rates beginning in 2009. Conversely, the parties also have not addressed whether Enactment Clause 5 to such legislation purports to extend the MOU in perpetuity.

Therefore, we further direct that, as part of the Company's application required above on or before July 1, 2008, Allegheny shall set forth whether, and how, its proposed recovery of purchased power costs for service rendered on and after January 1, 2009, is in accordance with the MOU, the 2007 Amendments to the Act, and, if additional legislation is passed in the upcoming Session of the General Assembly, any 2008 amendments to the Act.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Allegheny's Application is granted in part and denied in part, as set forth herein.
- (2) The Company shall implement a Levelized Purchased Power Factor of 0.306 cents per kWh, effective for service rendered on and after the date of this Order.
- (3) Consistent with the findings made herein, the Company shall forthwith file with the Commission's Division of Energy Regulation a revised Levelized Purchased Power Factor tariff, effective for service rendered on and after the date of this Order.
- (4) On or before 45 calendar days following the close of business each month, the Company shall submit a report, with supporting workpapers, to the Commission's Divisions of Energy Regulation and Public Utility Accounting detailing the actual Levelized Purchase Power Factor monthly and cumulative over- or under-recovery positions with respect to the increased purchased power costs approved herein.
- (5) The Company shall implement deferred accounting effective on and after the date of this Order with respect to the over- or under-recovery of the increased purchased power costs approved herein.
- (6) On or before July 1, 2008, Allegheny shall file an application with the Commission for proposed recovery of purchased power costs for service rendered during the twelve-month period on and after July 1, 2008, for treatment of any under- or over-recovery incurred under the Levelized Purchased Power Factor for service rendered on and after the date of this Order.
- (7) This matter is dismissed.

CHRISTIE, Commissioner, Dissents:

If Allegheny is due a rate increase for purchased power costs above a floor of 367 MW, the majority's findings represent a well-reasoned approach that is preferable to that which Allegheny requested in its Application. I respectfully disagree, however, that Allegheny is due a rate increase at this time.

⁵¹ Va. Code § 56-582 F.

⁵² Va. Code § 56-585.1 A.

⁵³ 2007 Va. Acts Ch. 888 and 933, 5th Enactment Clause.

⁵⁴ June 28, 2007 Order at 22-23.

⁵⁵ MOU at 1, Para. (4).

The 2007 Session of the General Assembly added the following enactment clause to Senate Bill 1416 and House Bill 3068:

That nothing in this Act shall be deemed to modify or impair the terms, *unless otherwise modified by an order of the State Corporation Commission*, of any order of the State Corporation Commission approving the divestiture of generation assets that was entered pursuant to § 56-590 of the Code of Virginia. (Emphasis added.)

Following the 2007 Session of the General Assembly, or later, following the issuance of our order in Allegheny's prior rate case last June,⁵⁶ Allegheny could have filed a petition with the Commission seeking specific modifications to the MOU, as referenced in the legislation above. To date, however, Allegheny has not done so.

In this proceeding, Allegheny does not propose specific modifications to the MOU, but instead seeks a rate increase for what it claims are purchased power costs above 367 MW. Allegheny says that it believes the existing MOU should be interpreted to allow such a rate increase, but also states that if the Commission needs to modify the MOU in order to grant its requested rate increase, the Commission should simply do so in whatever manner the Commission deems appropriate to justify granting Allegheny's rate increase.⁵⁷

Allegheny can certainly request a rate increase for purchased power and/or fuel factor costs that it claims exceed a floor of 367 MW of power. Indeed, Allegheny can ask for all its purchased power/fuel factor costs. Such rate requests, however, must be made in the context of a broader petition by Allegheny proposing specific amendments to the MOU to allow for such rate increase requests, a petition in which Allegheny could proffer in return consumer protection proposals designed to replace or substitute for the capped rates (into which fuel factor costs were rolled) to which Allegheny agreed in 2000. Allegheny has not done so in this proceeding.

Thus I believe that the MOU – as it stands – precludes any recovery by Allegheny of its purchased power and/or fuel factor costs at this time.

⁵⁶ *Application of The Potomac Edison Co. d/b/a Allegheny Power*, For an increase in its electric rates pursuant to Va. Code §§ 56-249.6 and 56-582, Case No. PUE-2007-00026, Order Denying Application (June 28, 2007).

⁵⁷ See, e.g., Application at 10.

**CASE NO. PUE-2007-00086
OCTOBER 10, 2007**

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited increase in rates

ORDER FOR NOTICE AND HEARING

On September 17, 2007, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$695,226, an increase of approximately 0.77%. The Company requests that it be permitted to place its proposed rates for service and all terms and conditions proposed in its supporting testimony into effect for service rendered on and after November 1, 2007.¹

The Company reports that its operations have not materially changed since its last rate case; however, operating cost increases are reportedly rising faster than customer revenue growth, given declining use per customer attributed to more efficient natural gas appliances and customer conservation efforts, all of which lead to the Company's application for rate relief filed herein.

Section B of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules"), 20 VAC 5-200-30, permits the rates of a public utility to take effect within 30 days after the application is filed, subject to refund, pending investigation, so long as the rate application complies with the Rules and the utility has not experienced a substantial change in circumstances since its last rate case. In its application, the Company is not proposing any new accounting adjustments and is utilizing the same rate of return on equity as approved in the Company's last general rate Order, issued April 9, 2007, in Case No. PUE-2006-00099. On October 3, 2007, the Commission's Staff filed an interim Report, in which it concluded that there is a reasonable probability that the proposed increase will be justified following a full investigation and hearing.

NOW UPON CONSIDERATION of the Company's application, the Commission is of the opinion and finds that this matter should be docketed, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Accordingly, IT IS ORDERED THAT:

- (1) Roanoke's application for approval of an expedited increase in rates is docketed and assigned Case No. PUE-2007-00086.
- (2) Roanoke may put its rates into effect on an interim basis subject to refund on November 1, 2007.

¹ Staff filed a Memorandum of Completeness on September 26, 2007, noting that the application's completion was on September 25, 2007.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) A public hearing shall be convened on April 29, 2008, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence on the captioned application. Any person not participating as a respondent as provided in Ordering Paragraph (10) below, may give oral testimony concerning the application as a public witness at the April 29, 2008 public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

(4) As provided by § 12.1-31 of the Code of Virginia and Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to issue a final report herein.

(5) Upon written request received by its counsel, the Company shall provide a copy of the application to the requesting party at no cost. If acceptable to the requesting individual, the Company may provide the application, with or without attachments, by electronic means. Written requests shall be made to Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Monday through Friday, between the hours of 8:15 a.m. and 5:00 p.m.

(6) On or before November 9, 2007, Roanoke shall complete publication of the following notice as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territories within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION
BY ROANOKE GAS COMPANY, FOR
APPROVAL OF AN EXPEDITED INCREASE IN RATES
CASE NO. PUE-2007-00086

On September 17, 2007, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$695,226, an increase of approximately 0.77%.

The rates are proposed to go into effect for service rendered on and after November 1, 2007. Roanoke may put its rates into effect on an interim basis, subject to refund, on November 1, 2007.

On or before December 19, 2007, any interested person may file written comments on the Company's request with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons may also submit comments electronically on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Persons commenting electronically need not file written comments.

Copies of the application are available through written request to counsel for the Company, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Commission's Order may also be obtained on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

A public hearing on the application will be held on April 29, 2008, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any interested person may participate as a respondent in the proceeding by filing, on or before December 19, 2007, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

Interested persons not participating as a respondent may give oral testimony concerning the application as a public witness at the April 29, 2008 public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2007-00086 and shall simultaneously be served on counsel to the Company at the address set forth above.

ROANOKE GAS COMPANY

(7) On or before November 9, 2007, the Company shall mail a copy of its application and this Order by personal delivery or by first-class mail, postage prepaid, to the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(8) On or before December 17, 2007, Roanoke shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the publication and service required in Ordering Paragraphs (6) and (7).

(9) On or before November 9, 2007, Roanoke shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any additional direct testimony, exhibits, and other materials supporting its application.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before December 19, 2007, an original and fifteen (15) copies of a notice of participation with the Clerk, at the address set forth in Ordering Paragraph (8) above, and shall simultaneously serve a copy of the notice of participation on counsel to the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2007-00086.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(12) On or before December 19, 2007, any interested person may file any comments on the captioned application with the Clerk, at the address in Ordering Paragraph (8) above, and shall mail a copy to counsel for the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above.

(13) On or before February 4, 2008, each respondent shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. The respondent shall comply with Rules 5 VAC 5-20-140, 5 VAC 5-20-150, and 5 VAC 5-20-240 of the Commission's Rules of Practice and Procedure.

(14) The Commission Staff shall investigate the Company's application for an expedited increase in rates. On or before March 28, 2008, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(15) On or before April 11, 2008, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that it expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(16) Roanoke and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2007-00088
DECEMBER 26, 2007**

JOINT PETITION OF
OLD DOMINION ELECTRIC COOPERATIVE
and
COLUMBIA GAS OF VIRGINIA, INC.

For approval for Columbia Gas of Virginia, Inc. to Dispose of and for Old Dominion Electric Cooperative to Acquire a partial Ownership Interest in a Natural Gas Pipeline

and

APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE

For a Certificate of Public Convenience and Necessity to Acquire an Ownership Interest in a Natural Gas Pipeline

ORDER GRANTING APPROVAL AND DISMISSING PROCEEDING

On September 18, 2007, Old Dominion Electric Cooperative ("ODEC" or the "Cooperative") and Columbia Gas of Virginia, Inc. ("CGV" or "Columbia") (hereafter collectively referred to as the "Petitioners") filed a joint petition in both a public and confidential version with the State Corporation Commission ("Commission"). In the petition, ODEC and Columbia requested the Commission to approve the disposition by Columbia and acquisition by ODEC of a 49.999 percent undivided interest in a natural gas pipeline and related facilities ("joint facilities" or "natural gas pipeline lateral") that deliver natural gas to ODEC's Louisa Generation Facility¹ located in CGV's certificated service territory in Louisa County, Virginia.

The joint facilities to be transferred are identified in Attachment SEH-2 to the prefiled direct testimony of Steven E. Heatwole. The natural gas pipeline lateral at issue in this proceeding consists of approximately 22,000 feet of 16-inch steel high pressure natural gas distribution main. This pipeline begins at the Transcontinental Gas Pipe Line Corporation ("Transco") point of delivery, located at Columbia Gas Transmission Corporation's Boswell Tavern compressor station just off Route 872 (Waldrop Road) in Louisa County and runs generally in a northwest direction for approximately 12,600 feet (traversing Red Hill Road), continuing to a point where the pipeline lateral turns in a northeast direction for approximately 7,500 feet to ODEC's property

¹ The Louisa Generation Facility is located at 3352 Klockner Road in Gordonsville, Virginia, and consists of four General Electric ("GE") Type 7EA combustion turbines and one GE Type 7FA combustion turbine. Although the Louisa Generation Facility uses natural gas as its primary fuel, it also has the capability to use fuel oil when natural gas is unavailable.

located at 3352 Klockner Road in Gordonsville, Virginia. A map of the pipeline was attached to the petition and application as sealed, confidential attachment SHE-3.

In order to consummate the proposed transactions, ODEC has also filed an application for a certificate of public convenience and necessity ("application") under § 56-265.2 of the Code of Virginia ("Code" or "Va. Code"), in both confidential and public versions as part of the documents that accompanied the petition. ODEC's application requests the Commission to issue a Certificate of Public Convenience and Necessity ("CPCN") authorizing the Cooperative to acquire and possess a 49.999 percent undivided ownership and interest in the joint facilities. The Cooperative advised in the application that Columbia consents to the granting of a CPCN to ODEC to possess a partial ownership interest in the natural gas pipeline lateral lying within CGV's certificated territory. It asserted that no other party would experience any effect from the issuance of the CPCN and that no new facilities would be constructed. ODEC represented that it would not use its interest in the joint facilities to provide natural gas service to customers other than the Louisa Generation Facility and that CGV will retain full authority to operate and maintain the natural gas pipeline lateral.

The Petitioners filed a confidential copy of a Transfer, Ownership and Maintenance Agreement ("TOM Agreement"), governing the operation and maintenance of the joint facilities, under seal, in support of the petition and application. According to the petition, application, and supporting documents, the joint facilities were constructed at a cost of \$4,816,968, and the Petitioners propose to transfer a 49.999% interest in those facilities to ODEC, valued at \$2,408,436. The Petitioners have identified tax benefits in the amount of \$603,072 related to a contribution in aid of construction ("CIAC") paid by ODEC if the transfer of the joint facilities is approved. This tax benefit will be refunded to ODEC by CGV.

Other benefits to ODEC cited in the petition and application include the provision for regular channels of communication with CGV, notification of changes to the pipeline lateral facilities, and some protection against the reduction in pressure or capacity if new customers are supplied from the joint facilities. According to the testimony accompanying the petition and application, the TOM Agreement affords ODEC predictability in the cost of firm transmission of natural gas from interstate pipelines to the Cooperative's Louisa Generation Facility.

On October 25, 2007, the Commission issued its Order for Notice and Comment herein. That Order docketed the petition and application, directed the Petitioners to publish notice and to serve the Commission's Order and a copy of the public version of the petition and application on local governmental officials in counties, cities, and towns in which the natural gas pipeline lateral is located, directed the Petitioners to serve a copy of the October 25, 2007 Order on each landowner of record owning real property traversed by the subject pipeline lateral, directed the Petitioners to serve a copy of the Order on each of ODEC's twelve member distribution Cooperatives, and invited interested parties to file comments or requests for hearing on or before December 5, 2007.

The same Order directed the Staff to investigate the proposals set out in the petition and the application and to present its findings and recommendations in a report or testimony as appropriate on or before December 12, 2007. The Order invited CGV and ODEC to file its response or testimony as appropriate to the report or testimony of Staff and the comments and requests for hearing of any interested parties on or before December 20, 2007.

On October 30, 2007, the Commission entered an Amending Order to correct the public notice prescribed by Ordering Paragraph (3) of the October 25, 2007 Order for Notice and Comment.

On December 7, 2007, the Petitioners filed their proof of publication and service of the notice prescribed by the Commission's October 25, 2007 Order for Notice and Comment, as amended.

Only one public comment on the petition and application was filed. This comment expressed concern as to whether there would be adverse changes in the operation of the pipeline if ODEC was granted a CPCN for a 49.999% interest in the joint facilities. No requests for hearing were received.

On December 12, 2007, the Staff filed its Report herein in both confidential and public versions. This Report discussed, among other things, the agreements supporting the requested transfer, the facilities currently owned by the Cooperative located on the Louisa Generation Facility site, as well as the joint facilities in which ODEC seeks to acquire a 49.999% interest. The Staff Report related that CGV and ODEC had engaged in earlier negotiations in an effort to permit ODEC to have a partial ownership interest in the gas facilities that would serve the Louisa Generation Facility. Time constraints related to the need to bring the Louisa Generation Facility on-line quickly prevented the finalization of those ownership terms and resulted in an interim arrangement whereby ODEC took ownership of the pipeline lateral facilities located within the boundaries of the Louisa Generation Facility and Columbia took ownership of the pipeline lateral and the associated facilities located outside of the boundaries of this generation plant.

CGV constructed the natural gas pipeline to the Louisa Generation Facility without a CPCN as an ordinary improvement in the usual course of business within its certificated service territory. ODEC, a utility aggregation cooperative providing wholesale power to twelve member distribution cooperatives, receives natural gas service at the Louisa Generation Facility as a Large Volume Transportation Service ("LVTS") customer of Columbia as of the date of the filing of the instant application and petition.

The Staff noted in its Report that the pipeline lateral is subject to the Commission's Pipeline Safety Regulations adopted in Case No. PUE-1989-00052. Staff related that the Commission had adopted Parts 191, 192, 193 and 199 of Title 49 of the Code of Federal Regulations to serve as the Commission's minimum gas pipeline safety standards ("pipeline safety standards") in Virginia. The Commission enforces these standards for natural gas facilities under Va. Code § 56-257.2 B, which allows the Commission to impose the fines and penalties authorized therein. The Staff Report explained that the Commission's pipeline safety standards apply to owners and operators of pipeline facilities and that if the Commission grants the petition and approves ODEC's application, both CGV and ODEC will be jointly responsible for complying with the Commission's pipeline safety standards and will be jointly subject to any penalties arising from any pipeline safety violations associated with the natural gas pipeline lateral.

Additionally, Staff commented that the natural gas CGV transports through the natural gas pipeline lateral to the Louisa Generation Facility is not odorized and is presently not required to be odorized by 49 C.F.R. § 192.625 (b) (1) of the Commission's pipeline safety standards. Staff observed that only the Louisa Generation Facility was served on this pipeline lateral under Columbia's LVTS Rate Schedule. Staff recommended that CGV and ODEC perform a class location study on the area along the pipeline lateral every three years or more frequently, if required by 49 C.F.R. § 192.609 of the Commission's pipeline safety standards.

Staff also analyzed the cost of service effect of the Petitioners' proposals on CGV and ODEC respectively. Staff reported that the proposed transfer will not affect the total revenues generated by CGV's provision of gas service to the Louisa Generation Facility. CGV estimated that approximately one-half of Demand Charge revenues and an unidentified portion of Variable Charge revenues would be reclassified from jurisdictional to non-jurisdictional business if the application and petition were approved. According to Staff, a proportional share of CGV's costs of generating and maintaining the joint facilities will also be reclassified. Staff reported that CGV has represented that the reclassification would not have a significant effect on its jurisdictional cost of service.

Staff noted in its Report that the proposed transfer will affect two tax items: Approximately \$480,000 in federal and state accumulated deferred income taxes ("ADIT") associated with the joint facilities will be removed from CGV's books, and the property tax costs for CGV related to these facilities should decline. According to Staff, the \$603,072 reduction in CIAC related federal tax liability will have no effect on CGV's net cost of service because all of the tax savings will be passed through to ODEC as a credit on the Cooperative's bill.

According to Staff, since Columbia is now operating under a Performance-Based Rate Regulation Plan ("PBR Plan"), there will be no changes in CGV's rates or its terms and conditions as a result of the transfer. The Staff commented that approval of the transfer could impact future earnings tests and could diminish future revenue sharing permitted under CGV's PBR Plan in the event CGV's return on equity exceeded 10.5% during the term of the PBR Plan.²

With regard to the impact on ODEC's cost of service, Staff reported that the transfer could reduce costs by an estimated \$21,000 per year, or \$568,000 over the natural gas pipeline lateral's remaining life. Staff noted that these cost savings would be passed through as a reduction to its ODEC members' purchased power bills and from there to the customers of ODEC's member cooperatives.

Staff discussed how the interest in the transfer of the natural gas pipeline lateral would be recorded on both CGV's and ODEC's books. Staff recommended that CGV remove the federal and state ADIT associated with the transferred property from its books, if the relief sought in the application and petition were granted. Staff concluded that, based on the information available at the time of the filing, the proposed transfer should not impair or jeopardize adequate service to the public at just and reasonable rates and should be approved subject to the recommendations set out at pages 15-16 of the public version of the Staff Report.

On December 18, 2007, ODEC advised that it did not intend to file comments in response to the December 12, 2007 Staff Report.

On December 18, 2007, Columbia filed its Comments in response to the Staff Report. In its Comments, CGV supported Staff's recommendation for approval of the proposed transfer and for the issuance of a CPCN to ODEC. Columbia clarified that it would be passing the \$603,072 reduction in CIAC-related federal tax liability through to ODEC via a check, rather than as a bill credit as reported by the Staff.

Columbia referred to Staff's assertion that the transfer could impact future earnings tests and could diminish future revenue sharing under CGV's PBR Plan in the event that CGV's return on equity exceeds 10.5% during the PBR Plan period. CGV asserted that Paragraph 9 of the approved stipulation and recommendation accepted in the PBR Docket excluded rate classes LVTS and LVEDTS from the earnings sharing mechanism of the PBR Plan. According to CGV, since ODEC is an LVTS customer of Columbia, and there is no change in CGV's class cost of service, rate base or revenues for any other rate class as a result of the proposed transfer, there should be no impact on CGV's future earnings test results for purposes of the PBR Plan sharing mechanism approved in the PBR Docket.

Finally, Columbia commented that it did not object to the Staff's recommendation that the Commission require CGV and ODEC to submit a class location study for the pipeline lateral every three years or more frequently, if required by 49 C.F.R. § 192.609 of the Commission's pipeline safety standards. CGV asked that the Commission clarify that such studies be filed with the Commission's Division of Utility and Railroad Safety and, further, clarify that the study be a verification of class study or class location change study as appropriate to the relevant conditions. CGV renewed its request that the Commission approve the transfer, grant a CPCN for ODEC, note CGV's clarification regarding the class location study as requested by CGV, and grant such further relief as may be necessary.

NOW THE COMMISSION, upon consideration of the petition and application, the comments on the petition and application, the Staff Report and CGV's comments thereon, is of the opinion and finds that the proposed transfer of the 49.999% undivided interest in the natural gas pipeline lateral, subject to the Staff's recommendations, as modified below, will not impair or jeopardize adequate service to the public at just and reasonable rates based on the record now before us. In general, we believe that Staff's recommendations should allow us to properly review the effects of the transfer on CGV and ODEC, will ensure that there are sufficient records of all transfer-related data, and serve to clarify the nature and scope of our approval.

With regard to Columbia's statement that the transfer should not affect its earnings since ODEC is an LVTS customer of Columbia and CGV's class cost of service, rate base or revenues for other rate classes are unchanged as a result of the proposed transfer, we note that the information provided to Staff by Columbia indicates that a proportional share of CGV's cost of operating and maintaining the joint facilities will be reclassified as non-jurisdictional. The appropriateness or significance of any impact of this reclassification on earnings under a multi-year PBR Plan where rates are frozen and sharing is anticipated cannot be assessed in this record. We do understand that the PBR Plan provides how earnings exceeding the 10.5% return on equity as determined by an earnings test calculated in accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, *et seq.* ("Rate Case Rules") will be shared.

The approval of the transfer and grant of the CPCN authorized herein will not have any ratemaking implications. In approving this transfer, we are not ruling on the ratemaking impact that may result from the transfer. Such a determination is more appropriately made in an Annual Informational

² See Application of Columbia Gas of Virginia, Inc., For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6, and Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service, Case Nos. PUE-2005-00098 and PUE-2005-00100, 2006 S.C.C. Ann. Rep. 366 (hereafter "PBR Docket"). The Order approving Columbia's PBR Plan froze the Company's rates as amended by the Stipulation accepted therein, for a term commencing on January 1, 2007, and ending on December 31, 2010. The PBR Plan further provided for a \$2 million one-time non-gas rate credit for calendar year 2007 and calendar year 2008. In addition, the PBR Plan provided for a sharing of earnings between CGV and its customers, as further described in the Plan, of earnings in excess of 10.5% return on equity, among other plan provisions.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Filing ("AIF") or other rate related proceeding where the elements of CGV's cost of service may be considered and developed in more detail. It is not our intent to revise the Proposed Stipulation and Recommendations accepted in CGV's PBR Docket by the approvals granted herein.

With regard to the class location study recommendation, we agree with the Staff that a class location study of the area along the pipeline lateral should be conducted every three years or more frequently, if required by 49 C.F.R. § 192.609 of the Commission's pipeline safety standards. Such a study may serve to verify the results of CVG's existing class study or may indicate that a class location change is appropriate. Because of the safety ramifications of such studies, they must be performed at least every three years or more frequently, if required by 49 C.F.R. § 192.609 of our pipeline safety standards. The studies required herein should be submitted to our Division of Utility and Railroad Safety.

We recognize that there are financial, tax, and other benefits that ODEC may derive if the transfer is approved. We also acknowledge that it is an unusual and extraordinary circumstance for an electric cooperative to co-own with a natural gas public utility an interest in a natural gas pipeline lateral located in the distribution service area of that natural gas public utility. Therefore, a CPCN is necessary under the extraordinary and unique circumstances of this case. We find the public convenience and necessity require the issuance of a CPCN to ODEC in accordance with Va. Code § 56-265.2. However, the CPCN granted herein shall be limited to permit ODEC to secure natural gas service for its Louisa Generation Plant, and does not authorize ODEC to engage in the provision of natural gas service through the pipeline lateral to natural gas customers other than ODEC's Louisa Generation Facility.

We note that the CPCN issued herein should state on its face that CGV retains the remaining 50.001% interest in and ownership of the natural gas pipeline and associated facilities for which the Certificate is granted. CGV must remember that it has a duty as a public utility to provide safe, reasonably adequate service to the public through its controlling interest in this pipeline lateral.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88 *et seq.* of the Code of Virginia, CGV is hereby authorized to transfer the joint facilities and natural gas pipeline lateral identified in the application and petition to ODEC in accordance with the Staff's recommendations as modified above.

(2) The approvals granted herein shall not be deemed to include any approvals other than those necessary to consummate the proposed transfer and issue the CPCN.

(3) Within sixty (60) days of completing the proposed transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, ODEC and CGV shall file a Report of Action with the Commission. This Report shall include: (i) the date of the transfer (ii) a comprehensive accounting of the actual transfer, (iii) CGV's and ODEC's accounting entries, and (iv) all legal documentation, jurisdictional cost of service effects, and tax consequences related to the transfer.

(4) CGV and ODEC shall account for the transfer approved herein in accordance with the Uniform System of Accounts, including the removal of the federal and state ADIT associated with the transferred property from CGV's books.

(5) CGV shall supply any necessary records related to the transferred interest in the joint facilities at closing to ODEC, and ODEC shall maintain these records in accordance with the Uniform System of Accounts.

(6) The transfer of an undivided 49.999% interest in the pipeline lateral to ODEC approved herein shall have no ratemaking implications. In particular, the approval granted herein does not guarantee the recovery of any costs directly or indirectly related to the transfer for either Columbia or ODEC.

(7) Columbia and ODEC are directed to take all necessary steps to ensure that the quality of service to the Louisa Generating Facility as well as to any future customers served off of the natural gas pipeline lateral does not deteriorate due to a lack of maintenance or capital investment, and that the quality of service for such customers does not deteriorate due to a reduction in the number of employees providing natural gas service. Columbia and ODEC are further directed to continue to maintain a high degree of cooperation with the Commission Staff and take all actions necessary to ensure that timely responses are made to Staff inquiries concerning the continuing operation of this natural gas pipeline lateral.

(8) Commencing with the entry of this Order, CGV and ODEC shall submit to the Division of Utility and Railroad Safety a class location study of the area along the natural gas pipeline at issue in this case, which study may be a verification of the existing class location study or classification change study, as appropriate to the relevant conditions, every three years or more frequently, if required by 49 C.F.R. § 192.609 of our pipeline safety standards.

(9) Within sixty (60) days of completion of the proposed transfer, the Petitioners shall submit to the Division of Energy Regulation a topographical map that shows the location of the natural gas pipeline lateral highlighted in red.

(10) Upon completion of the transfer between ODEC and Columbia, and receipt of the appropriate map, CPCN No. G-168, transferring a 49.999% undivided interest in the natural gas pipeline lateral and the related facilities identified as joint facilities in Attachment SEH-2, shall be issued to ODEC. This Certificate of Public Convenience and Necessity shall note that the remaining 50.001% undivided interest in the natural gas pipeline and related facilities is held by Columbia Gas of Virginia, Inc., and shall be subject to the conditions established by this Order.

(11) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's filed for ended causes.

**CASE NO. PUE-2007-00091
NOVEMBER 14, 2007**

PETITION OF
SYDNOR HYDRODYNAMICS, INC.

For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia, or for a declaratory order

ORDER GRANTING APPROVAL

On September 25, 2007, Sydnor Hydrodynamics, Inc. ("Sydnor" or "Petitioner"), filed a petition ("Petition") with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code") of a March 27, 2007, Agreement ("Agreement") wherein Sydnor agrees to sell to the County of Henrico, Virginia ("County"), certain private water systems ("Sydnor Systems") located in the County for approximately \$1.5 million or, in the alternative, for a declaratory order ("Declaratory Order") stating that no Commission approval is required for the transfer.

Sydnor is a Virginia general business corporation located in Richmond, Virginia, which owns and operates private and public water systems, sells and installs water pumping equipment, filtration and treatment systems, constructs and rehabilitates water wells, and constructs, services and maintains complete water systems in central and eastern Virginia. Sydnor's subsidiaries include Alpha Water Corporation, Aqua SL, Inc., Caroline Utilities, Inc., Ellerson Wells, Inc., James River Service Corporation, Powhatan Water Works, Inc., and Sydnor Water Corporation. Sydnor itself is a subsidiary of Aqua Utilities, hic., which is a wholly owned subsidiary of Aqua America, Inc. ("Aqua America").

Aqua America, which is headquartered in Bryn Mawr, Pennsylvania, is the largest publicly traded water company in the United States. Aqua America provides water and wastewater services to approximately 2.8 million customers in the states of Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Florida, North Carolina, South Carolina, Maine, Missouri, New York and Virginia. Aqua America also provides related consulting, contract operations, and management services to clients. As of December 31, 2006, Aqua America reported operating revenues of \$533 million and net income of \$92 million. Its market capitalization exceeds \$3 billion. In Virginia, Aqua America owns 17 water and wastewater companies and one chilled air company that are regulated by the Commission, as well as a number of private water and wastewater companies. Through its various subsidiaries, Aqua America generates about \$10 million in revenues and serves approximately 27,000 customers in Virginia.

As represented in the Petition, the purpose of the proposed transfer is to eliminate environmental concerns over the proposed expansion of the BFI Waste Services of Virginia ("BFI") landfill ("BFI Landfill") on Charles City Road in the County. The Sydnor Systems consist of 16 private water systems that serve 1,376 lots with 1,327 active metered customers located in 24 subdivisions in the County. The names of the Sydnor Systems are Biltmore, Colonial Court, Courtney, Ginter Gardens, Kildare, Mayfield, Mechanicsville Gardens, Mimosa Park, Montezuma Farms, Pine Heights, Ridgecrest, Stratford Village, Wedgewood Farms, West Wistar, Westwood Manor, and Woodlawn Farms. The Sydnor Systems are served by 16 private wells, 5 of which are located within one mile of the BFI Landfill. Sydnor represents that the Virginia Department of Environmental Quality has indicated to the County that these wells are unacceptably close to the proposed BFI Landfill expansion, and it will not proceed in its landfill permit review until the environmental concerns related to the wells are addressed. The County has, therefore, proposed to purchase the Sydnor Systems for approximately \$1.5 million, and BFI has proposed to expend \$2.2 million in order to disconnect the Sydnor Systems customers from the individual wells and re-connect them to the County's public water system.

Under the Agreement, Sydnor proposes to sell the real property, easements, fixtures and personal property of the Sydnor Systems to the County for cash consideration of \$1,499,335. Sydnor and the County determined the purchase price through arm's length negotiation. The assets to be transferred include 16 active wells and 14 inactive wells with the associated well lots, 21 pump stations, three well enclosures, 18 hydropneumatic tanks with a capacity of 63,750 gallons, 9 booster tanks with bulk tankage of 85,400 gallons, and more than 100,000 linear feet of one to six-inch piping. Sydnor expects to book a gain from the sale, however it will not make a decision on the tax treatment of the sale until after closing.

NOW THE COMMISSION, upon consideration of the Petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and makes the following findings. In considering Sydnor's request for a Declaratory Order, we reviewed the statutory language of the Utility Transfers Act, which provides our authority over public utility transfers and changes in control. Section 56-89 states that: "It shall be unlawful for any public utility, directly or indirectly, to acquire or dispose of any utility assets situated within the Commonwealth or any utility securities of any other company unless such acquisition or disposition shall have been authorized by the Commission." The term "public utility" is defined in part in § 56-88 as: "any company which owns or operates facilities within the Commonwealth. . .for the furnishing of sewerage facilities or water." The statute clearly refers to any and all water/wastewater system owners, not just to Virginia public service corporations. Likewise, the definition for "utility assets" includes: "the facilities in place of any public utility [as defined in § 56-88] or municipality. . .for the furnishing of sewerage facilities or water." The Commission does not regulate municipal water and wastewater systems, yet they are clearly included under the Utility Transfers Act. Based on our constructive reading of the statute, we find that the proposed transfer falls within the purview of the Utility Transfers Act and, therefore, we deny the Petitioner's request for a Declaratory Order.

However, our Utility Transfers Act review indicates that the proposed transfer does have merit. The Sydnor Systems are a leftover from the days when the County was largely rural and customers were frequently served from individual wells. The switchover to the County should enhance the reliability and quality of service, and Sydnor Systems customers should also see significant savings on their bi-monthly bills. Hence, we find that the proposed transfer should not impair or jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

We will impose one requirement to protect the public interest. Since Sydnor and its Aqua affiliates have a sizable footprint in Virginia's water service industry, which includes several fairly large Virginia public service corporations, we will require Sydnor to provide comprehensive documentation on the transfer including legal documents, accounting entries, the amount of any financial gain on the sale, and a detailed discussion of any tax consequences stemming from the transfer, to be supplied within a reasonable period after closing in order to complete the record in this case.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-88 *et al.* of the Code of Virginia, the request by Sydnor Hydrodynamics, Inc., for a Declaratory Order in this case is hereby denied.
- 2) Pursuant to § 56-89 of the Code of Virginia, Sydnor is hereby granted approval to transfer the utility assets of the Sydnor Systems to the County of Henrico, Virginia, as described herein.
- 3) Within ninety (90) days of completing the proposed transfer, Sydnor shall file a Report of Action ("Report") with the Commission. The Report shall include the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and Sydnor's complete accounting entries recording the transfer. As part of the Report, Sydnor shall disclose the amount of any financial gain or loss booked from the sale and shall provide a detailed discussion of any tax consequences related to the transfer.
- 4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00093
DECEMBER 7, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to incur long-term debt

ORDER GRANTING AUTHORITY

On October 15, 2007, Appalachian Power Company ("APCO" or "Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to issue long-term debt to the public. In conjunction, Applicant requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the long-term debt securities to be issued. Furthermore, APCO requests authority to utilize interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMAs"). Applicant has paid the requisite fee of \$250.

APCO proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of \$700,000,000 from time to time through December 31, 2008. The Notes may be issued in the form of Senior Notes, Senior or Subordinated Debentures (including Junior Subordinated Debentures), Trust Preferred Securities or other unsecured promissory notes. Within certain limitations, APCO requests flexibility to select specific terms and conditions for the Notes based on market conditions at the time of issuance. The Notes will have maturities of not less than nine (9) months and not more than 60 years. The interest rate may be fixed or variable. The fixed rate of any note shall not exceed by more than 350 basis points the yield to maturity on United States Treasury obligations of comparable maturity at the time of pricing of the Notes. The initial interest rate on any variable rate Note will not exceed 10% per annum.

APCO intends to sell the Notes (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. Issuance costs for the Notes are estimated to be 1% of the principal amount issued. The proceeds from the issuance of the Notes will be used to redeem, directly or indirectly, long term debt; to refund, directly or indirectly, preferred stock; to repay short-term debt; to finance portions of environmental and pollution control facilities; to reimburse APCO's treasury for construction program expenditures; and for other proper corporate purposes.

Trust Preferred Securities would be issued by financing entities, which APCO would organize and own exclusively for the purpose of facilitating certain types of financings such as the issuance of tax advantaged preferred securities. The financing entities would issue Trust Preferred Securities to third parties. APCO requests approval of all necessary authorities to enable the issuance of Trust Preferred Securities.

APCO also requests authority to enter into agreements and assume obligations necessary for the payment of principal, interest, and other costs associated with the issuance and sale of up to \$19,500,000 of tax exempt pollution control revenue bonds ("Series K Bonds") by the Industrial Development Authority of Russell County, Virginia, (the "Authority") on behalf of Applicant. Costs associated with the Series K Bonds are estimated by Applicant to be approximately \$430,200, which may include, but not be limited to, trustee fees, legal fees, underwriting compensation, and bond insurance premium. Proceeds from the Series K Bonds will be applied to the refunding of up to \$19,500,000 of outstanding Series H Bonds issued pursuant to Commission Order dated April 3, 2002, in Case No. PUF-1997-00035. The rate of interest on any Series K Bonds will not exceed a fixed rate 8.0% or an initial variable rate 8.0%. In addition, the initial public offering price on Series K Bonds shall be less than 95% of the principal amount issued.

In conjunction with the issuance of the Notes and Series K Bonds, Applicant requests authority, through December 31, 2008, to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes and the Series K Bonds. Such hedging arrangements may include, but not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Treasury Hedges"). All Treasury Hedges will correspond to one or more of the Notes or Series K Bonds. Consequently, the cumulative notional amount of the Treasury Hedges cannot exceed \$700,000,000 for underlying Notes and \$19,500,000 for underlying Series K Bonds.

Finally, APCO requests a continuation of the authority granted in Case No. PUE-2006-00080 to utilize interest rate management techniques and enter into IRMAs through December 31, 2008.¹ The IRMAs will consist of interest rate swaps, caps, collars, floors, options, hedging forwards or futures, or any similar products designed and used to manage and minimize interest costs. IRMA transactions will be for a fixed period and based on a stated principal

¹ Pursuant to the Commission's Order Granting Authority, dated August 11, 2006, in Case No. PUE-2006-00080, APCO's existing authority to utilize IRMAs is set to expire after December 31, 2007.

amount that corresponds to an underlying fixed or variable rate obligation of APCO, whether existing or anticipated. APCO will only enter IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of the IRMAs outstanding will not exceed 25% of APCO's existing debt obligations.

THE COMMISSION, upon consideration of the application, and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest and should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized under Chapter 3 and, to the extent necessary for Trust Preferred Securities, Chapter 4 of Title 56 of the Code of Virginia to issue and sell up to \$700,000,000 of Notes, from time to time during the period January 1, 2008, through December 31, 2008, for the purposes and under the terms and conditions set forth in the application.

(2) Applicant is hereby authorized to enter into agreements and assume obligations necessary for the payment of principal, interest, and costs associated with the issuance and sale of up to \$19,500,000 of tax exempt pollution control revenue bonds ("Series K Bonds") from the date of this Order through December 31, 2008, for the purposes and under the terms and conditions set forth in the application.

(3) Applicant is authorized to enter into the hedging agreements for the purposes set forth in its application and to the extent that the aggregate notional amount outstanding does not exceed \$700,000,000 for underlying Notes and \$19,500,000 for underlying Series K Bonds through December 31, 2008.

(4) Applicant is authorized to enter into IRMAs for the purposes set forth in its application and to the extent that the aggregate notional amount outstanding does not exceed 25% of Applicant's total outstanding debt obligations during the period January 1, 2008, through December 31, 2008.

(5) Applicant shall not enter into any IRMA or hedging transaction involving counterparties having credit ratings of less than investment grade.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(7) Applicant shall submit to the Clerk of the Commission a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(8) Applicant shall submit to the Clerk of the Commission a preliminary Report of Action within ten (10) days after it enters into any hedging agreement or IRMA pursuant to Ordering Paragraphs (3) and (4) to include: the beginning and, if established, ending dates of the agreement, the notional amount, the underlying securities on which the agreement is based, an explanation of the general terms of the agreement that explain how the payment obligation is determined and when it is payable, and a calculation of the cumulative notional amount of all outstanding IRMAs as a percent of total debt outstanding.

(9) Within 60 days after the end of each calendar quarter in which any security is issued pursuant to this Order, Applicant shall file with the Clerk of the Commission a more detailed Report of Action to include: the type of security issued, the date and amount of each series, the interest rate or yield, the maturity date, net proceeds to Applicant, an itemized list of expenses to date associated with each issue, a description of how the proceeds were used, a list of all hedging agreements and IRMAs associated the debt issued, and a balance sheet reflecting the actions taken.

(10) Applicant's Final Report of Action shall be due on or before March 1, 2009, to include the information required in Ordering Paragraph (8) in a cumulative summary of actions taken during the period authorized.

(11) This matter shall remain open and under the continued review, audit, and appropriate action of this Commission.

**CASE NO. PUE-2007-00094
DECEMBER 7, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION PRODUCTS AND SERVICES, INC.

For exemption from the filing and prior approval requirements or approval of a promotional offering pursuant to Chapter 4 of Title 56 of the Code of Virginia

DISMISSAL ORDER

On October 15, 2007, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Company") filed with the State Corporation Commission ("Commission") its Petition for Exemption from Approval or, Alternatively, for Approval of a Promotional Offering Pursuant to Chapter 4, Title 56 of the Code of Virginia. The Company filed with the Commission on December 5, 2007, a request to withdraw its Petition without prejudice. The Commission will grant the request to withdraw.

Accordingly, IT IS ORDERED THAT:

(1) The Company's request to withdraw its petition is granted.

(2) Case No. PUE-2007-00094 be dismissed and struck from the Commission's docket; and that the Commission Clerk place the case in closed status in the Commission's records.

**CASE NO. PUE-2007-00095
DECEMBER 7, 2007**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authority to issue long-term debt securities

ORDER GRANTING AUTHORITY

On October 16, 2007, Virginia Natural Gas, Inc. ("VNG" or "Applicant"), filed an application ("Application") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue and sell long-term debt securities. Applicant paid the requisite fee of \$250.

VNG requests authority to issue and sell up to \$80,000,000 of long-term debt securities ("Debt Securities") through the period ending December 31, 2009. Applicant states that the Debt Securities will be used to finance construction of the Hampton Roads Crossing Pipeline ("HRX Pipeline").¹ Applicant seeks broad flexibility to issue the debt in one or more series over the period of authority requested with interest rates, maturities, and other related terms and conditions based on market conditions at the time of issuance.

Initially, Applicant proposed to issue the Debt Securities pursuant to and under terms and conditions of an Indenture. However, Applicant stated in response to a Staff data request that an Indenture will not be required for the subject financing because the Debt Securities will be private placement debt. According to the Application, expenses for underwriters or agents fees on the Debt Securities will not exceed 1% of the principal amount issued. Applicant estimates that total issuance costs on the Debt Securities will amount to \$955,000. In addition, the due and punctual payment of principal and interest on the Debt Securities will be guaranteed by AGL Resources Inc. ("AGLR"), the parent company of VNG.

Applicant additionally requests authority to enter into anticipatory hedging transactions such as Treasury lock agreements and similar pre-issuance hedging activities related to the Debt Securities. Applicant states that any hedging transaction will be limited to counterparties that have an investment grade credit rating.

Finally, Applicant states in its Application that it plans to book capitalized interest specifically associated with financing of its HRX Pipeline investment pursuant to the Commission's orders in Case No. PUE-1990-00028, and requests authority to do so.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. The Commission is also of the opinion that, while not requested, authority under Chapter 4 of Title 56 of the Code of Virginia is required for the Proposed Debt to be guaranteed by AGL Resources and shall be granted.

The issue of capitalized interest is a ratemaking issue, and it has been the longstanding policy of this Commission to address ratemaking issues only in the context of rate related proceedings and not financing proceedings.² The issue of capitalized interest on the HRX pipeline should be addressed in a rate related proceeding where the issue may be considered in concert with other cost of service issues. Thus, we find that the issue of capitalized interest is more appropriately considered in a proceeding where the elements of VNG's cost of service may be examined in detail and a more complete record developed on this issue.

Accordingly, IT IS ORDERED THAT:

(1) VNG is hereby granted authority under Chapters 3 and 4 of the Code of Virginia to issue up to \$80,000,000 of the Debt Securities through the period ending December 31, 2009, under the terms and conditions and for the purposes set forth in the Application, except with regard to capitalized interest, which shall be addressed in a separate rate related proceeding.

(2) Approval of this application shall have no implications for ratemaking purposes or implications for other regulatory approvals that may be necessary for the HRX Pipeline.

(3) Approval of this application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(4) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(5) Applicant shall, within ten (10) days after the issuance of any Debt Securities pursuant to the authority granted herein, submit a preliminary report. Such report shall include the date of issuance, type of security, amount issued, interest rate, date of maturity, net proceeds received, and a description of the type, notional amount, and substantive terms of related hedging transactions.

¹ Construction of the HRX Pipeline is an integral provision of VNG's Performance Based Rate Plan authorized by the Commission's Final Order dated July 24, 2006, in Case No. PUE-2005-00057.

² The issue of capitalized interest related to VNG's distribution investment was addressed in Case No. PUE-1990-00028, a general rate proceeding.

(6) Applicant shall, within sixty (60) days of the end of each calendar quarter in which Debt Securities are issued pursuant to the authority granted herein, submit a more detailed interim report. Such report shall summarize the cumulative the information noted in Ordering Paragraph (5) for the calendar quarter, indicate authorized but unissued amount of Debt Securities remaining, and provide a balance sheet reflecting the actions taken.

(7) Applicant shall file its final report of action on or before March 1, 2010, to include all of the information outlined in Ordering Paragraph (5), summarizing the Debt Securities related hedging transactions entered into pursuant to Ordering Paragraph (1) herein during the fourth calendar quarter of 2009.

(8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00096
NOVEMBER 6, 2007**

APPLICATIONS OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY HOLDINGS, INC.

For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate

ORDER GRANTING AUTHORITY

On October 17, 2007, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH") (collectively "Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 et seq. and 56-76 et seq.) requesting authority to incur short-term indebtedness up to a maximum of \$943,000,000 between January 1, 2008, and December 31, 2008. The amount of short-term debt requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code of Virginia. Atmos also requests authority to lend and borrow short-term funds to and from its affiliate in an amount not to exceed \$200,000,000 at any one time during 2008. Applicants paid the requisite fee of \$250.

Atmos proposes to incur short-term indebtedness by making drawdowns under existing credit facilities, new lines of credit, or through the use of its commercial paper program. Atmos has in place four separate credit facilities totaling \$943,000,000 of available credit. Under any of the credit facilities, the interest rate may be negotiated at the time of drawdown or based on the then prevailing London InterBank Offered Rate ("LIBOR"). Under the commercial paper program, the interest rate is set daily based on market conditions. Atmos states that the funds will be used to maintain its construction budget, to acquire additional assets, to redeem maturing long-term debt securities, to provide working capital, to provide for maximum peak day gas purchases, and for other general corporate purposes.

Atmos also proposes to continue to borrow and lend to AEH, its wholly owned subsidiary, through a \$200,000,000 short-term cash credit facility ("Affiliate Facility") for calendar year 2008. The requested loan to AEH will support the natural gas supply procurement efforts of Atmos Energy Marketing, LLC ("AEM"), another wholly owned subsidiary of Atmos, on behalf of, among others, Atmos. The Affiliate Facility will also supply cash working capital needs for Atmos Storage and Pipeline, LLC, Atmos Energy Services, LLC, and Atmos Power Systems, Inc. The interest rate on the proposed affiliate transactions will be based on one month LIBOR plus 200 basis points. This interest rate is 75 basis points higher than the LIBOR plus 125 basis points that AEM would pay to draw down funds from its uncommitted, secured revolving letter of credit facility ("Stand Alone Facility").

According to the application, the proposed \$200,000,000 Affiliate Facility will entail relatively modest risk to Atmos as to any impact on financial standing or as to any impact on Virginia regulated operations. Atmos states that AEH's subsidiaries are growing and providing more credit support for the Affiliate Facility. Applicants provide additional information showing that borrowings under the Affiliate Facility decreased last year compared to prior years. In addition, the Stand Alone Facility was increased during 2006 from \$250,000,000 to \$580,000,000, which further demonstrates AEH's ability to provide for its own financial needs and a limited reliance on Atmos. The interest rate was also reduced from LIBOR plus 250 basis points to LIBOR plus 125 basis points. Applicants also state that AEH is the guarantor of all amounts outstanding under the Stand Alone Facility. The financial institutions that provide the Stand Alone Facility have no recourse to Atmos' regulated utility assets.

The application also represents that when the Commission authorized an Affiliate Facility limit of \$100,000,000 in 2003, the limit represented 7.1% of Atmos' total capitalization. The current requested Affiliate Facility limit of \$200,000,000 represents 4.64% of Atmos' capitalization as of June 30, 2007. Atmos estimates that its total investment in AEH, represented by its equity investment and maximum of \$200,000,000 of short-term loans, represents less than 11% of total capitalization.

NOW THE COMMISSION, upon consideration of the applications and having been advised by its Staff, is of the opinion and finds that, subject to the conditions provided herein, approval of the applications will not be detrimental to the public interest.

With regard to the pricing of the loans from Atmos to AEH through the Affiliate Facility, in order to maintain for the Affiliate Facility a more accurate proxy for the market based interest cost rate when the Stand Alone Facility is renewed, we will require Atmos to adjust the interest rate it charges to AEH to 75 basis points above the interest rate effective for the Stand Alone Facility upon renewal. We will require that Atmos file a report of action containing the new credit limit, date of maturity, and revised rate index no later than May 30, 2008.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Applicants are hereby authorized to incur short-term indebtedness up to \$943,000,000 at any one time between the January 1, 2008 and December 31, 2008, under the terms and conditions and for the purposes set forth in the applications.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) Atmos is hereby authorized to borrow and lend short-term funds from and to AEH up to an aggregate amount of \$200,000,000 between January 1, 2008, and December 31, 2008, under the terms and conditions and for the purposes set forth in the applications.
- (3) Applicants shall file no later than May 30, 2008, a report of action stating the major components of the renewed Stand Alone Facility agreement, including the new credit limit, date of maturity, and the interest rate index.
- (4) Applicants shall file with the Commission quarterly reports of action no later than May 15, 2008, August 15, 2008, and November 14, 2008, reporting on its short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.
- (5) Applicants shall submit to the Commission a final report of action on or before February 28, 2009, providing the information required in Ordering Paragraph (4) above for the fourth calendar quarter of 2008. The final report of action shall also include a summary schedule of fees paid by Atmos in 2008 for each line of credit, credit facility, bank facility or loan, with dates of origination and maturity for each provider of credit in effect during 2008.
- (6) Applicant shall provide to the Division of Economics and Finance the quarterly financial reports for AEH that are provided to its lenders at the same time such reports are provided to the lenders.
- (7) Commission approval shall be required for any subsequent changes in the terms and conditions of the Affiliate Facility.
- (8) The authority granted herein shall not preclude the Commission from applying to Applicants the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (9) The Commission reserves the right to examine the books and records of any affiliate of Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (10) Should Applicants wish to obtain authority beyond calendar year 2008, Atmos shall file an application requesting such authority no later than November 14, 2008. Such application shall also include a summary of the actions taken to separate non-regulated financing from dependence on Atmos' utility operations and a detailed description of the progress made during 2008 to obtain fully independent financing for AEH and its subsidiaries.
- (11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00098
NOVEMBER 5, 2007**

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On October 19, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code") and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code. Applicant paid the requisite fee of \$250.

Applicant requests authority to issue up to \$100,000,000 of long-term debt ("Proposed Debt") through the first quarter of 2008 to Fidelity Corporation ("Fidelity"). The proposed transaction constitutes an affiliate transaction under Chapter 4 of Title 56 of the Code since Fidelity is an indirect, wholly-owned, finance company subsidiary of E.ON AG ("E.ON"), the parent holding company of Applicant. The rate of interest on the Proposed Debt will depend on market conditions at the time of issuance and the term of maturity. The interest rate may be fixed or variable; however the term of maturity will not exceed thirty years. Applicant further states that the interest rate on all borrowings will be at the lowest of: i) the effective cost of capital for E.ON; ii) the effective cost of capital for Fidelity Corporation ("Fidelity"); or iii) the Company's effective cost of capital as determined by reference to the Company's cost of a direct borrowing from an independent third party for a comparable term loan (the "Best Rate Method").

The Proposed Debt will be in the form of unsecured notes to Fidelity, subject to the terms of the loan agreement as set forth in Exhibit 1 attached to the Application. Applicant further requests authority to enter into one or more interest rate hedging agreements that may be in the form of a T-bill lock, swap, or similar agreement ("Hedging Facility") designed to lock in the underlying interest rate on Proposed Debt in advance of closing on the loan.

The Company states that proceeds from the Proposed Debt will be used ongoing upgrades and expansions related, but not limited to, pollution control facilities. Applicant further states that the authority requested is similar to prior authority requested and authorized in Case Nos. PUE-2007-00021, PUE-2006-00066, and PUE-2006-00107.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to issue and deliver the Proposed Debt in the form of unsecured notes in an aggregate principal amount not to exceed \$100,000,000 in the manner and for the purposes as set forth in its application, through the period ending March 31, 2008.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under *inter alia*, the loan agreement with Fidelia, the Proposed Debt authorized in Ordering Paragraph (1), and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 4) Applicant shall file a final Report of Action on or before May 30, 2008, with respect to all Proposed Debt issued during the period of authority to include:
 - (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant, and an updated cost/benefit analysis that reflects the impact of any Hedging Facility for any Proposed Debt issued to refund other outstanding debt prior to maturity, if an update is applicable;
 - (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions to lock in the interest rate on an associated issuance of Proposed Debt;
 - (c) The cumulative principal amount of Proposed Debt issued under the authority granted herein and the amount remaining to be issued;
 - (d) A balance sheet that reflects the capital structure following the issuance of the Proposed Debt; and
 - (e) A detailed account of all the actual expenses and fees paid to date for the Proposed Debt with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 5) Approval of the application shall have no implications for ratemaking purposes.
- 6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-00100
OCTOBER 29, 2007**

JOINT APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE
and
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For revision of certificates under the Utility Facilities Act

ORDER FOR REVISION OF CERTIFICATES

On October 1, 2007, Rappahannock Electric Cooperative ("REC") and Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") submitted to the Division of Energy Regulation of the State Corporation Commission a letter, along with copies of a detailed map, requesting a revision to Certificate E-P55 for each company to change the boundary lines between their service territories.

REC and Dominion Virginia Power have reached an agreement for the adjustment of the electric utility service territory boundary line between them as it relates to one property in King William County owned by Mr. A.L. Chaffin, Jr. The majority of Mr. Chaffin's 67 acres is located within Dominion Virginia Power's territory. REC states that in order to serve the remaining remnant of Mr. Chaffin's property it would have to extend facilities 4500 feet and it would be a significant cost to the customer.

REC and Dominion Virginia Power have determined that it is in the best interest of the affected property owner to be served by Dominion Virginia Power, whose facilities are in close proximity to this area. The applicants therefore request the Commission to approve the changes and to revise the service territory boundary lines.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to amend Certificate E-P55 for REC and Dominion Virginia Power. We are advised that the property owner affected by the proposed revisions has notice thereof, and is in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-P55 for REC is hereby amended as delineated on Map P55.
- (2) Certificate E-P55 for Dominion Virginia Power is hereby amended as delineated on Map P55.
- (3) The amended certificates and maps shall be sent to REC and Dominion Virginia Power by the Division of Energy Regulation forthwith.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2007-00101
NOVEMBER 14, 2007**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On October 23, 2007, Rappahannock Electric Cooperative ("REC" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue long-term debt to the U.S. Government. Applicant has paid the requisite fee of \$25.

REC requests authority to borrow up to \$4,149,000 from the Rural Utilities Service. The proceeds will be used to fund Applicant's ongoing construction program. Loans will have a thirty-five year maturity and funds may be drawn down from time to time. Applicant expects the interest rate to be fixed at 5.0% for the entire term of the loan.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized to borrow up to \$4,149,000 from the Rural Utilities Service, under the terms and conditions and for the purposes set forth in the application.

(2) Within thirty (30) days of the date of any advance of funds from RUS, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the date of the drawdown, the amount of the advance, the interest rate selected, the interest rate maturity, and the amount of remaining authority available to be borrowed.

(3) Approval of this application shall have no implications for ratemaking purposes.

(4) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2007-00103
NOVEMBER 21, 2007**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AMERICAN ELECTRIC POWER COMPANY

For authority to receive cash capital contribution from an affiliate

ORDER GRANTING AUTHORITY

On October 31, 2007, Appalachian Power Company ("APCO" or "Applicant") and American Electric Power Company, Inc. ("AEP") filed of a joint application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia requesting authority for AEP to make cash capital contributions to APCO from time to time prior to January 1, 2010, up to an aggregate amount of \$200,000,000.

APCO states that the proceeds of such capital contributions will be applied to Applicant's construction program, to repay short-term debt, and for other proper corporate purposes. APCO states that there will be no costs allocated or charged for such capital contributions and that cash capital contributions will help provide an adequate equity component in order to maintain Applicant's financial integrity.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

(1) APCO is hereby authorized to receive cash capital contributions from AEP, at AEP's discretion, from time to time prior to January 1, 2010, up to an aggregate amount of \$200,000,000.

(2) Within ten (10) days after any of the cash capital contributions are received pursuant to Ordering Paragraph (1), Applicant shall file with the Commission's Division of Economics and Finance a Report of Action to include the amount of cash capital contributions paid from AEP to APCO, the date of the cash capital contribution, and the amount of cash capital contribution authority remaining under the authority granted herein.

(3) Applicant shall file a final Report of Action with the Clerk of the Commission on or before March 1, 2010, which shall include the information required in Ordering Paragraph (2) in a cumulative summary of actions taken during the period authorized.

(4) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(5) The Commission reserves the right, pursuant to § 56-79 of the Code of Virginia, to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2007-00108
DECEMBER 7, 2007**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
AGL RESOURCES INC.,
and
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

ORDER GRANTING AUTHORITY

On November 15, 2007, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc., ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority for VNG to participate in an AGLR Utility Money Pool, to issue and sell common stock to an affiliate, and to issue long-term debt to an affiliate. The amount of short-term debt, including money pool transactions proposed in the application exceed twelve percent of the total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicants paid the requisite fee of \$250.

VNG, AGLR, and AGL Services request authorization for VNG to :i) issue short-term debt up to an aggregate balance of \$100,000,000 through participation in the AGLR Utility Money Pool administered by AGL Services, ii) issue long-term debt to AGLR in an amount not to exceed \$250,000,000, and iii) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, all through December 31, 2008.

Applicants note that the requested level of authority to issue short-term debt, long-term debt, and common stock in this case is identical to the limits previously authorized in Case Nos. PUE-2006-00119, PUE-2005-00104, PUE-2004-00132, PUE-2003-00548, and PUE-2002-00515, among other cases. Terms of significance will vary with respect to the particular type of security as noted in the Application.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement that remains unchanged as approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132. With respect to the Utility Money Pool, loans to participants will be made in the form of open account advances for periods of less than 12 months. Borrowings will be payable on demand together with all interest accrued thereon. Interest on borrowings will accrue daily at a rate that will be determined based on the source of funds available in the Utility Money Pool.

If Utility Money Pool borrowings in a given month solely consist of surplus funds from participants ("Internal Funds"), the daily interest rate will be equal to the high-grade unsecured 30 day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal. If Utility Money Pool borrowings in a given month solely consist of proceeds from bank borrowings or the issuance commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal and External Funds.

The cost of compensating balances and fees paid to banks to maintain credit lines that support the availability of External Funds to the Utility Money Pool will be allocated to borrowing parties in proportion to their respective daily outstanding borrowing of External Funds. Borrowing parties will borrow pro rata from each fund source in the same proportion that the respective funds from each source bear to the total amount of funds available to the Utility Money Pool.

With respect to long-term debt issued by VNG to AGLR, any terms and conditions thereon will mirror the terms and conditions of debt issued by AGLR. If AGLR does not issue long-term debt within one year from the date of the proposed financings, the rate of interest will be determined utilizing Lehman Brothers Long Treasury Bond rate as quoted in The Wall Street Journal dated nearest to the time of the loan drawn, plus the appropriate credit spread for AGLR's existing long term debt rating. However, such rate will be adjusted to match AGLR's cost of borrowing if AGLR subsequently issues long-term debt within one year after the loan is drawn.

For common stock, VNG requests authority to issue up to 6,282 shares of common stock without par value to AGLR. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term debt, to fund major distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility purposes.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) VNG is authorized to participate in the AGLR Utility Money Pool and to incur short-term indebtedness in excess of twelve percent of capitalization not to exceed \$100,000,000, for the period January 1, 2008, through December 31, 2008, under the terms and conditions and for the purposes set forth in the captioned application.

(2) VNG is hereby authorized to issue long-term debt to AGLR in an amount not to exceed \$250,000,000 and to issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, through December 31, 2008, under the terms and conditions and for the purposes set forth in the captioned application.

(3) Applicants shall seek additional Commission authority to alter or amend the terms and conditions set forth in the application for participation in the Utility Money Pool.

(4) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2008, Applicants shall file an application requesting such authority no later than November 15, 2008.

(5) Approval of this application shall have no implications for ratemaking purposes.

(6) Approval of this application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(7) Applicants shall provide the Commission's Division of Economics and Finance with at least thirty (30) days advance notice of the prospective amount and date of any dividend payment by VNG to AGLR.

(8) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(9) Applicants shall file quarterly reports of action within 60 days of the end of each calendar quarter following the date of this order, to include:

- a) a monthly schedule of Utility Money Pool borrowings, segmented by borrower (whether VNG or affiliate); and
- b) monthly schedules that separately reflect interest expenses, each type of allocated fee, and an explanation of how both the interest rate and allocated fee have been calculated.

(10) Applicants shall within ten (10) days after the issuance of any common stock or long-term debt pursuant to the authority granted herein file a preliminary report with the Clerk of the Commission. Such report shall include the date of issuance, type of security, amount issued, and the respective interest rate, date of maturity, and other terms and conditions of any issuance.

(11) Applicants shall within sixty (60) days of the end of each calendar quarter in which common stock or long-term debt securities are issued pursuant to the authority granted herein submit a more detailed report to the Commission. Such report shall include the information noted in Ordering Paragraph (10) above, the cumulative amount of securities issued to date for each type of security and the amount authorized but unissued securities that remain, a general statement concerning the purposes for which the securities were issued, and a balance sheet reflecting the actions taken.

(12) Applicants shall file their final report of action with the Commission on or before March 1, 2009, to include all of the information outlined in Ordering Paragraphs (9) and (11) herein, summarizing the financings entered into pursuant to Ordering Paragraphs (1) and (2) during the fourth calendar quarter of 2008.

(13) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2007-000112
DECEMBER 20, 2007**

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur long-term debt

ORDER GRANTING AUTHORITY

On November 29, 2007, Southside Electric Cooperative ("Applicant" or the "Cooperative"), filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Cooperative requests authority to incur long-term debt with the National Rural Utilities Cooperative Finance Corporation ("CFC"). Applicant paid the requisite fee of \$250.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In its application, the Cooperative requests authority to borrow \$22,000,000 in the form of a CFC "PowerVision" loan. The proceeds will be used to finance the Cooperative's 2008 and 2009 construction work plan. Applicant intends to select the interest rate term for each advance of funds. Such interest rate terms can range from one year to 35 years. Applicant represents that the interest rate on the loan is established daily by the CFC.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to borrow up to \$22,000,000 from the CFC, under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from the CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2007-00114
DECEMBER 21, 2007**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION NUCLEAR NORTH ANNA, LLC

For approval of extension of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On December 11, 2007, Virginia Electric and Power Company ("DVP" or "Company") and Dominion Nuclear North Anna, LLC ("DNNA") (collectively, "Petitioners"), filed a Petition pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") seeking approval from the State Corporation Commission ("Commission") of an extension of an Access to Information and Property Agreement ("Agreement") previously approved by the Commission in Case No. PUE-2006-00035 by Order issued June 9, 2006.

The Company is a public service corporation that provides electric service to customers within its service territory in Virginia and North Carolina. It is a wholly owned subsidiary of Dominion Resources, Inc. ("DRI"). DRI is a "holding company" as defined in the Public Utility Holding Company Act of 2005 ("PUHCA 2005") and as of February 8, 2006, is subject to regulation as such under PUHCA 2005 by the Federal Energy Regulatory Commission. DNNA is an entity created and wholly owned by DRI.

The Agreement approved by the Commission continues in force and effect until December 31, 2007, unless the termination date is further extended by Commission Order. Ordering paragraph 2 (d) of the June 9, 2006 Order Granting Approval requires that the Petitioners seek Commission approval for any changes in the terms and conditions of the Agreement.

In Case No. PUE-2006-00035, the Commission granted approval for DVP and DNNA to enter into the Agreement to grant rights to DVP to obtain and use all information collected or generated by DNNA and any other rights in the Early Site Permit ("ESP") as may be granted by the Nuclear Regulatory Commission ("NRC") and to perform work that might lead to a Combined Construction Permit and Operating License ("COL"). Such rights would not be modified without the approval of the Commission and would survive the termination of the Agreement. The Agreement is in connection with a preliminary review of the possibility of constructing and operating a new nuclear generation facility at North Anna, in the vicinity of the cancelled North Anna units (the "Site"). The Site is owned by DVP and Old Dominion Electric Cooperative ("ODEC") and operated by DVP.

The Petitioners represent that DNNA has completed all major activities relating to the ESP, and the NRC issued the ESP on November 27, 2007. DNNA anticipates filing with the NRC in the near future to seek a transfer of the ESP from DNNA to DVP. The Commission approved in Case No. PUE-2006-00035 by Order dated September 18, 2007, for DVP to proceed as the applicant for the COL.

The Petitioners state that no final decision has been made as to whether to construct a nuclear generating facility. However, the Petitioners are continuing to assess the feasibility of another nuclear unit at the Site. To that end and to facilitate work that must be performed in furtherance of obtaining a COL, preliminary activities within the scope of the Agreement are ongoing and need to be continued. These preliminary activities include on-site and off-site engineering activities, activities related to environmental permits, surveying, cultural resources activities, activities related to the NRC's request for additional information concerning an emergency plan for a possible third unit at the Site, content and information management and publishing consultation, and work with PJM Interconnection, LLC, and the Department of Energy. To ensure that such work continues in an expeditious and optimal manner, this work is being performed by the same vendors and under the same contracts that DNNA entered into and utilized for work related to the ESP.

As stated in the Petition, it is anticipated that, during the first quarter of 2008, a petition will be filed with the Commission requesting approval to merge DNNA with and into DVP. Upon completion of the merger, if approved by the Commission, DVP will become responsible for activities at the Site related to a third nuclear unit and all work thereafter will be performed by DVP. In the interim, work needs to proceed under the existing contracts to ensure continuation of the COL application evaluation. Therefore, the Petitioners request an extension of the Agreement until such time as the merger may be approved by the Commission and completed.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the Petition and applicable law, and having been advised by its Staff, is of the opinion and finds that an extension of the Agreement to allow for the continuation of services under the Agreement until such time as the merger of DNNA into DVP may be completed is in the public interest. However, should such merger not take place as anticipated, to further protect the public interest, we find that our approval should be limited to no longer than through December 31, 2008.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Pursuant to Chapter 4 of Title 56 of the Code, the extension of the Agreement is hereby approved, however, such extension shall be for no longer than through December 31, 2008.
- (2) It is further ordered as follows:
 - (a) DNNA shall take any action as may be required by the Commission to ensure that DVP obtains the full benefits of the ESP.
 - (b) DNNA shall maintain invoices and journal entries supporting all costs incurred by DNNA in connection with the Agreement until further order of the Commission.
 - (c) Should there be any changes in the terms and conditions of the Agreement from those contained therein, Commission approval shall be required for such changes.
 - (d) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
 - (e) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
 - (f) DVP shall include the transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.
 - (g) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then DVP shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- (3) The remedies for violation of any of the Commission's orders herein include the penalties set forth in § 12.1-13 of the Code.
- (4) This matter is dismissed.

DIVISION OF SECURITIES AND RETAIL FRANCHISING**CASE NOS. SEC-2003-00046 and SEC-2003-00047
OCTOBER 16, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

KENNETH E. BROWN
and
A WING AND A PRAYER, LLC,
Defendants

SETTLEMENT ORDER

Based upon an investigation and subsequent allegations made by the Division of Securities and Retail Franchising ("Division"), the State Corporation Commission ("Commission") entered into a Settlement Order ("2003 Order") with Kenneth E. Brown ("Brown") and A Wing and A Prayer, LLC ("AWAP") (collectively "Defendants"), on November 14, 2003.

In September, 2006, the Division was made aware of facts that might constitute a failure by the Defendants to comply with certain terms of the 2003 Order. Subsequently, on November 21, 2006, a Rule to Show Cause was issued against the Defendants for their alleged failure to comply with the terms of the 2003 Order.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant Brown's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 A of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

For purposes of this Order, the Defendants neither admit nor deny that they failed to comply with the terms of the 2003 Order, but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) By March 15th of each year, the Defendants shall provide a year-end summary cash flow report for A Wing and A Prayer, LLC, as of the close of business for the previous calendar year, which shall include specific reference to any compensation or distribution to Brown.
- (2) All terms and conditions of the 2003 Order shall remain in full force and effect.
- (3) The yearly report agreed to in paragraph (iv) of the terms section of the 2003 Order shall be submitted no later than fifteen business days after November 14th of each year and shall cover the period through November 14 of each year.

The Division has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NOS. SEC-2005-00060 and SEC-2005-00061
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
BILLY RAY SMITH
and
XCELPLUS INTERNATIONAL, INC.,
Defendants

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the Virginia State Corporation Commission ("Commission") conducted an investigation of Xcelplus International, Inc. ("Xcelplus") and Billy Ray Smith ("Smith") (collectively "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based on that investigation, the Division alleged that the Defendants violated § 13.1-502 (2) of the Act by making material misrepresentations and omissions in the offer and sale of securities, in that the Defendants provided investors with a Private Placement Memorandum that falsely stated the name of Xcelplus' Chief Financial Officer, falsely stated that Xcelplus was making a "506 of Regulation D offering," omitted information pertaining to the bankruptcy of Xcelplus' Vice President, and failed to provide investors with the required information on the risk of their investment and the bankruptcy. It was further alleged that the Defendants violated § 13.1-507 of the Act by offering and selling unregistered securities in Xcelplus thirty-six (36) times.

In addition, it was alleged that Smith violated § 13.1-504 A (i) of the Act thirty-six (36) times by transacting business as an agent of the issuer without being registered with the Division, and that Xcelplus violated § 13.1-504 B of the Act thirty-six (36) times by employing an unregistered agent, Smith, to offer and sell stock issued by Xcelplus.

On February 23, 2006, the Defendants agreed to the entry of a Commission Settlement Order. That Settlement Order was entered on March 2, 2006, and is attached hereto as Exhibit 1. Due to the Defendants' failure to comply with that Settlement Order, the Commission issued a Rule to Show Cause ("Rule") on June 30, 2006. A copy of the Rule is attached hereto as Exhibit 2.

On July 28, 2006, the Defendants filed a responsive pleading to the Rule wherein they admitted to the allegations in the Settlement Order. Subsequently, several motions to continue the hearing were filed by the Division in order for settlement negotiations to proceed. The hearing was continued until June 1, 2007.

On April 30, 2007, the Defendants contacted counsel to the Division and agreed to settle this case. On May 4, 2007, the Division contacted the Defendants with terms that would resolve the case against them.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants admit the allegations in the Rule, and admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from the allegations in the Rule, the Defendants have made an offer of settlement to the Commission, wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) By October 1, 2007, the Defendants will repay all of the remaining investors pursuant to the original rescission offer. The Commission will order that the Hearing Examiner convene a hearing on October 5, 2007 at 10:00 am in the courtrooms of on the second floor of the Tyler Building, to determine whether the investors have been repaid in accordance with the rescission offer. If it is determined that investors have not been repaid accordingly, the Hearing Examiner will recommend that the Commission enter a judgment against Smith in the amount of three hundred ten thousand dollars (\$310,000) and against Xcelplus in the amount of four hundred thirty-two thousand five hundred dollars (\$432,500), the amounts from the original Settlement Order in this case. The amount of one hundred eighty-two dollars and nineteen cents (\$182.19) was withheld from Smith's tax return, so any judgment against Smith would be decreased by that amount.

(2) The Defendants will submit monthly reports to the Division, in care of Bill Ward, detailing the progress the Defendants are making with respect to repaying the investors. These reports will be due the 1st of each month.

(3) Xcelplus will agree not to sell securities unless they are properly registered or exempt from registration. Any general solicitation (including but not limited to email, web postings, press releases, phone calls, or US mail) will immediately negate the exemption that it appears the Defendants were trying to use. Xcelplus will hire a licensed broker dealer or get another individual licensed as an agent of the issuer in order to sell securities of Xcelplus or any other businesses the Defendants may start or become involved with.

(4) Smith agrees to a permanent injunction from participating in the securities industry in any capacity.

(5) The Defendants will stipulate that they have not made the rescission payments pursuant to the original settlement agreement, and agree that attendance by witnesses will be unnecessary to establish that they received, accepted, or failed to receive the appropriate rescission amount from Smith or Xcelplus.

The Division has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants will fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Hearing Examiner shall convene a hearing on October 5, 2007 at 10:00 am in the courtrooms of on the second floor of the Tyler Building, to determine whether the investors have been repaid in accordance with the rescission offer; and
- (4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NOS. SEC-2005-00060 and SEC-2005-00061
NOVEMBER 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
BILLY RAY SMITH
and
XCELPLUS INTERNATIONAL, INC.,
Defendants

JUDGMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the Virginia State Corporation Commission ("Commission") conducted an investigation of the Defendants pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. Based on that investigation, the Division alleged that the Defendants had violated §§ 13.1-502 (2), 13.1-504 A (i), 13.1-504 B, and 13.1-507 of the Act.

On February 23, 2006, the Defendants agreed to the entry of a Settlement Order ("March Order"), which was entered on March 2, 2006. The March Order, among other things, required the Defendant Billy Ray Smith ("Smith") to pay a penalty of three hundred ten thousand dollars (\$310,000) and the Defendant Xcelplus International, Inc. ("Xcelplus") to pay a penalty of four hundred thirty-two thousand five hundred dollars (\$432,500), both to the Treasurer of the Commonwealth of Virginia, pursuant to § 13.1-521 of the Act. In lieu of paying the penalty, the Defendants were given the opportunity to make a rescission offer to all Xcelplus investors and repay the investment amounts of all investors who accepted the rescission offer no later than May 16, 2006. The Defendants were directed to provide an affidavit to the Division no later than June 2, 2006, containing information relating to the rescission offer, including the date the rescission offer was made, the investors' response to the offer, and the date, if applicable, that the investors were paid.

Subsequent to the May 16, 2006, deadline, the Division was made aware by the investors that the Defendants were not properly complying with the terms of the rescission offer as stated in the March Order. Additionally, the Division advised that the required affidavit had not been provided. Therefore, the Division alleged that the Defendants failed to comply with the terms of the March Order. Based on those allegations, on June 30, 2006, the Commission issued Rules to Show Cause ("Rules") against each Defendant. The cases were referred to a Hearing Examiner for further proceedings.

A hearing was convened on June 1, 2007. At the hearing, the Defendants admitted to the allegations in the Rules and specifically admitted that rescission payments had not been made pursuant to the terms of the March Order. The Defendants reiterated their desire to repay the investors and admitted to the Commission's jurisdiction and authority to enter a second proposed Settlement Order. That Settlement Order was entered on July 13, 2007 ("July Order"). The July Order gave the Defendants until October 1, 2007, to make the rescission payments and provided that the Hearing Examiner should convene a hearing on October 5, 2007, to determine if the Defendants had fulfilled the terms of the rescission offer. Additionally, the July Order provided that: (i) if it was determined that the investors has not been repaid, the Hearing Examiner would recommend to the Commission that a Judgment Order be entered against the Defendants for full payment of the penalty amounts listed in both Settlement Orders; (ii) Xcelplus would agree not to sell securities unless the securities were properly registered or exempt from registration; (iii) Xcelplus would agree to hire a licensed broker-dealer or an individual licensed to sell securities; and (iv) Smith would agree to be permanently enjoined, pursuant to § 13.1-519 of the Act, from participating in the securities industry in any capacity.

A hearing was held on October 5, 2007. The Division's counsel offered a Stipulation signed by Smith stating that the investors had not been repaid in accordance with the rescission offer. The Division therefore recommended that a Judgment Order be entered against the Defendants.

On October 5, 2007, the Chief Hearing Examiner issued her Report and made the following findings and recommendations:

- (1) Smith should be directed to pay the amount of three hundred ten thousand dollars (\$310,000) and Xcelplus should be directed to pay the amount of four hundred thirty-two thousand five hundred dollars (\$432,500) in monetary penalties to the Treasurer of the Commonwealth of Virginia. An amount of one hundred eighty-two dollars and nineteen cents (\$182.19) had already been withheld from Smith's tax return, so the judgment against Smith should be decreased by that amount for a total of \$309,817.81;
- (2) Xcelplus should be prohibited from selling securities unless they are properly registered or exempt from registration;
- (3) The Defendants should be directed to hire a licensed broker-dealer or another individual properly licensed as an agent to sell any securities of Xcelplus or any other businesses with which the Defendants become involved or start; and

(4) Smith should be permanently enjoined from participating in the securities industry in any capacity.

Now the Commission, upon consideration of the record herein and the Report of the Chief Hearing Examiner, is of the opinion and so finds that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ADJUDGED AND ORDERED THAT:

- (1) The Commission adopts the findings and recommendations contained in the Chief Hearing Examiner's Report issued on October 5, 2007; and
- (2) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2006-00040
FEBRUARY 1, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UBS FINANCIAL SERVICES, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission"), it is alleged that, during 2000 and 2001, UBS Financial Services, Inc. ("UBS"): (1) violated Commission Rule 21 VAC 5-20-240 by failing to maintain the required books and records with respect to certain client accounts; (2) violated Commission Rule 21 VAC 5-20-260 B, C, D, D1, D2, and D3 by failing to establish and maintain adequate policies, systems and procedures for supervision and control of a retail agent to assure compliance with applicable securities laws and regulations; and (3) violated Commission Rule 21 VAC 5-20-280 A3, A4, A5, and A6 when one of its agents, Raymond Natili, who was terminated by UBS before the Division's investigation of this matter, exercised unauthorized discretionary authority to make unsuitable trades in his clients' accounts and executed margin transactions without a margin agreement or the clients' approval of those transactions.

The Commission is authorized by § 13.1-506 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

The Division acknowledges that UBS cooperated during the investigation and has undertaken significant improvements to its supervisory processes and computer systems to eliminate the risk of similar violations in the future. Those improvements have been considered by the Division in reaching this settlement.

The Defendant has made an offer of settlement to the Commission to settle all matters arising from the Division's allegations, wherein the Defendant has agreed to abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of seventeen thousand dollars (\$17,000) to defray the cost of investigation.
- (2) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, eighty-three thousand dollars (\$83,000) in monetary penalties.
- (3) The Defendant has made the following updates to its computer systems and processes as well as its supervisory procedures:
 - i) UBS redesigned its order entry process for mutual fund B shares to prevent inappropriate transactions in such securities, and improved automated surveillance routines to identify potentially inappropriate transactions in such securities;
 - ii) UBS implemented automated surveillance of sales of B shares that are subject to contingent deferred sales charges;
 - iii) UBS implemented a program to monitor, on a sample basis, transfers from fee-based accounts to commission-based accounts with a view to identifying potential compliance issues;
 - iv) UBS is in the process of updating its supervisory systems and procedures concerning contact with clients regarding account activity.
- (4) The Defendant will continue to update its supervisory systems and processes concerning contact with clients regarding account activity, and in that revision provide for account activity letters to include the account number and provide information sufficient to apprise the client, with specificity, of each issue that is potentially taking place in the account, including information as to why this activity is concerning.

The Division has recommended that the Commission accept the offer of settlement of the Defendant. The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The Defendant's offer in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant will pay to the Commission the amount of seventeen thousand dollars (\$17,000) to defray the cost of investigation, such amount to be tendered contemporaneously with this Order;
- (3) The Defendant will pay to the Treasurer of the Commonwealth of Virginia eighty-three thousand dollars (\$83,000) in monetary penalties, such amount to be tendered contemporaneously with this Order;
- (4) The Defendant shall continue to implement and update, as necessary, supervisory procedures and computer system changes to address the issues in Undertaking Paragraph 3 above; and
- (5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2006-00046
MAY 21, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

THE EXPERIENCED ADVISOR, LLC f/k/a STONEWALL ASSET MANAGEMENT, LLC,
and
LARON D. SHANNON, III,
Defendants

SETTLEMENT ORDER

On July 28, 2006, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against The Experienced Advisor, LLC f/k/a Stonewall Asset Management, LLC and Laron D. Shannon, III ("Defendants") based upon an investigation conducted by the Division of Securities and Retail Franchising ("Division"). In the Rule, the Division alleged that the Defendants violated § 13.1-504 A (ii) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by holding themselves out as registered investment advisors and conducting business as investment advisors with residents of Virginia when the Defendants were not registered as investment advisors. The Division further alleged that Laron D. Shannon, III: (1) violated § 13.1-503 B of the Act by failing to disclose to his clients that he was not registered to act as an investment advisor representative when he solicited the clients' business; (2) used deceptive and misleading advertising by listing himself in the yellow pages of the telephone directory as an investment advisor and offered investment advice on a website, which is prohibited business conduct pursuant to Securities Rule 21 VAC 5-20-280 A 18, in violation of Securities Rule 21 VAC 5-20-280 B 6; and (3) effected securities transactions not recorded on the regular books or records of the broker-dealer with which he was registered in violation of Securities Rule 21 VAC 5-20-280 B 2.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 A of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants admit to the allegation that they violated § 13.1-504 A (ii) of the Act, but the Defendants neither admit nor deny the remaining allegations and admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants agree to be permanently enjoined from acting as a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, or issuer of securities in the Commonwealth of Virginia.
- (2) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NOS. SEC-2006-00049 and SEC-2006-00050
DECEMBER 5, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CASEY AUTO GROUP, INC.,
CONSUMER CASH REWARDS, LLC,
Defendants

FINAL ORDER

On December 8, 2006, the Division of Securities and Retail Franchising ("Division") filed a Motion for Rule to Show Cause. In the Motion for Rule to Show Cause, the Division requested that the State Corporation Commission ("Commission") issue a Rule to Show Cause against Casey Auto Group, Inc. ("Casey") and Consumer Cash Rewards, LLC ("CCR") (collectively, the "Defendants"). Specifically, the Division requested that the Commission make a threshold determination that certain instruments¹ alleged to be offered and sold by the Defendants constitute securities as defined by the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia ("Act").

On December 13, 2006, the Commission entered a Scheduling Order, wherein it found that the Defendants should be provided an opportunity to respond to the Motion for Rule to Show Cause, and the Division should be provided an opportunity to file a reply thereto. The Commission directed the Defendants to file a response to the Motion for Rule to Show Cause on or before January 8, 2007.

On January 5, 2007, Casey² filed a Response to the Motion for Rule to Show Cause ("Response"). Therein, Casey contended that the certificates involved in this case do not constitute securities under Virginia law, and that, therefore, the Motion for Rule to Show Cause should be dismissed.

On January 24, 2007, the Division filed a Reply to Defendants' Response to Motion for Rule to Show Cause. Therein, the Division continued to assert that the certificates are investment contracts and therefore subject to the jurisdiction of the Commission and the Act. The Division requested that the Commission enter a Rule to Show Cause as stated in its Motion for Rule to Show Cause.

On February 9, 2007, the Commission issued an Order wherein it concluded that there were facts in dispute precluding its determination of whether the pertinent instruments constitute securities as defined by the Act. Under the circumstances, the Commission issued a Rule to Show Cause ("Rule") against the Defendants and referred the matter to a Hearing Examiner for consideration of issues relative to the Rule. The Rule scheduled a hearing before a Hearing Examiner on September 11, 2007, at which time the Defendants were authorized to appear and show cause why they should not be penalized pursuant to § 13.1-521 of the Act, enjoined pursuant to § 13.1-519 of the Act, and assessed the costs of investigation pursuant to § 13.1-518 of the Act. Each Defendant was also directed to file a written response to the Rule on or before April 2, 2007, and was advised that the failure to file such a response may result in the entry of a default judgment.

On April 2, 2007, Casey filed a response to the Rule. In its response, Casey denied that the pertinent instruments constituted securities under the Act. Casey also asserted that the relief sought in the Rule was barred by the doctrines of waiver, estoppel, laches and by the statute of limitations. Thereafter, and in accordance with the Hearing Examiner's ruling dated May 16, 2007, CCR filed its response to the Rule on May 25, 2007.³ In its response, CCR denied that the pertinent instruments constituted securities under the Act.

By oral ruling dated June 14, 2007, and following a hearing on the same date, the Hearing Examiner granted Casey's Motion to Bifurcate the issue of whether the pertinent instruments constituted securities under the Act from the other issues raised in the Rule—namely, whether Casey and/or its employees were guilty of misrepresentations or other conduct constituting violations of the Act. The Division and Casey subsequently filed Motions for Summary Judgment, both of which were denied by the Hearing Examiner at the commencement of the hearing on September 11, 2007.

At the conclusion of the hearing on September 11, 2007, the Hearing Examiner issued his Report with a recommendation to the Commission that the Rule be dismissed. The Hearing Examiner applied the *Howey*⁴ test and found that the certificates in this case do not meet the four-pronged test. Transcript at 78-80.

¹ The instruments at issue in this proceeding were certain certificates that were distributed by Casey in conjunction with the sale of motor vehicles.

² Casey represented that Mr. W. Alan Truesdale requested that Casey inform the Commission that CCR joined in the Response.

³ On April 2, 2007, W. Alan Truesdale, Esquire, attempted to file a response on behalf of Consumer Cash. However, Mr. Truesdale is not licensed to practice law in the Commonwealth of Virginia and the Hearing Examiner found Mr. Truesdale's filing to be improper. By ruling dated May 16, 2007, the Hearing Examiner directed Consumer Cash to file a response to the Rule by no later than May 25, 2007.

⁴ *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946).

NOW THE COMMISSION, having considered the entire record in this case, including the Report and the comments thereto⁵ finds that the Hearing Examiner's recommendations should be adopted. We believe that a couple of issues raised in the Division's comments warrant a response.

We conduct our analysis under the test set forth in the *Howey* case: an investment contract means a contract, transaction, or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party. See *Tanner v. State Corp. Comm'n*, 265 Va. 148, 154-155 (2003) (citing *Howey*, 328 U.S. 293, 298-299 (1946)). We establish no precedent herein that requires that an investment vehicle, whether it be an investment contract or some other security, be purchased separately from the other items acquired during the transaction. Such a precedent could lead to structuring of the transactions so that persons could avoid the reach of the securities laws. Such a precedent is foreclosed by the United States Supreme Court's *Edwards* decision in which the Court stated that "[w]e will not read into the securities laws a limitation not compelled by the language that would so undermine the laws' purposes." *SEC v. Edwards*, 540 U.S. 389, 395 (2004).

Nor do we conclude that an investment contract can never be found when it is coupled with the purchase of another item, such as a vehicle. As the Supreme Court has noted, "Congress' purpose in enacting the securities laws was to regulate investments, in whatever form they are made and by whatever name they are called." *Edwards*, 540 U.S. at 393 (quoting *Reves v. Ernst & Young*, 494 U.S. 56, 61 (1990)). We note that, in this case, three purchasers indicated that they paid separately for the certificate or paid more for the vehicle in order to obtain the certificate. Tr. at 35, 38, 41, 42, 46, 51, 55-56, 59-60.

We do, however, conclude that the Division has not satisfied its burden with regard to the "efforts of others" prong in this case. The Fourth Circuit has stated with regard to this prong of the *Howey* test that "[d]espite the restrictive language of the third prong of the test, later courts have explained that a program requiring some effort from the investor may still constitute an 'investment contract,' but the most essential functions or duties must be performed by others and not the investor." *Bailey v. J.W.K. Properties, Inc.*, 904 F.2d 918, 920 (4th Cir. 1990). The Supreme Court of Virginia found it significant in *Tanner* that the purchasers received title to the accounts receivable and retained control over their collection. Hence, the purchasers were not required to rely upon the efforts of others to obtain a return on their investments. *Tanner*, 265 Va. at 155.

In this case, CCR selected Aero Fulfillment Services and U.S. Bank to assist in administering the cash rewards program. While it is true that each certificate holder had no control over the investment decisions of either Aero Fulfillment Services or U.S. Bank, it is beyond dispute that each certificate holder had to make certain efforts in order to receive any reward.⁶ Accordingly, the certificate holder, at least to some extent, controlled his or her own destiny with regard to the redemption of the certificate.⁷ Thus, this situation is distinguishable from the situation where truly passive investors simply turn over their money and wait for the dividends or returns to be paid. While we establish no precedent herein for what the proper quantum of effort by an investor must be before the investment fails the "efforts of others" prong, we find that the Division has not met its burden of demonstrating that "the most essential functions or duties" were performed by Casey or CCR, rather than the customers.⁸

We also agree that, from Casey's perspective, the primary purpose of this transaction was the sale of a vehicle, and that the sale of the certificate was incidental and was primarily a marketing tool. We do not find any evidence that Casey structured this program in any way to avoid the reach of the securities laws. It is readily apparent that Casey is an automobile dealership attempting to sell vehicles, not a person who has devised a scheme to use the money of others on the promise of profits. The certificate program was run through Casey, but, as all parties agreed, it was administered by a third-party and the funds were held by a bank. There is no evidence that Casey exercised any control over the outcome of the certificate program, nor that Casey had access to the funds or received a benefit if purchasers received less than the face value of the certificates that they received. We find these facts to be important in evaluating the program as a whole.⁹

ACCORDINGLY, IT IS ORDERED THAT:

- (1) Casey's Motion for Summary Judgment is GRANTED.

⁵ On October 16, 2007, Casey filed its Response to Comments of Staff to the Report of the Hearing Examiner. Our Rules of Practice and Procedure, 5 VAC 5-20-120 C provide that "[a] reply to a response to the hearing examiner's report may only be filed with leave of the commission." Accordingly, we do not consider Casey's Response to Comments of Staff to the Report of the Hearing Examiner.

⁶ See Comments of the Staff of the State Corporation Commission in Response to the Report of the Hearing Examiner at 18-19.

⁷ Customers seeking to collect money in the certificate program are required to register the certificate by mailing a copy of the signed certificate and a copy of a signed customer acknowledgment form "in the manner described in the Certificate" to the designated claims administrator within a relatively brief period of time following its issuance (such time period reflected on the specific certificate). See *Summary of the General Nature of the Terms & Conditions of the Certificate*, Exhibit 6 (submitted at the hearing on September 11, 2007). Thereafter, to actually redeem the certificate, a customer must mail various items "in the manner described in the Certificate" to the claims administrator. *Id.* Such items include, but are not necessarily limited to, the original certificate and customer acknowledgment form, proof of identity, proof of purchase, and proof of payment. *Id.* Furthermore, the customer is precluded from actually redeeming the certificate until "a period beginning after the 39th full month following the Issue Date" and the "redemption package" must be post-marked "within the number of days . . . specified in the Certificate." *Id.*

⁸ We are not convinced by the Division's bond analogy argument. See Division Comments at p. 15. ("If you follow that logic, a bond with attached coupons that require the bondholder to send in the coupon in order to receive the interest would no longer be a security, because any single bondholder fails to send a single coupon in to the company in order to receive the interest earned on the bond.") A bond is a security by definition. § 13.1-501 A. The bond analogy thus fails. The redemption requirements of the certificate program in this case do not establish that "essential functions and duties" of the program were left "in the hands of the defendants." *Bailey*, 904 F.2d at 921.

⁹ We are troubled by CCR's conduct in this proceeding. It appears to be uncontested that CCR failed to comply with rulings of the Hearing Examiner, as well as the Commission's Rules of Practice and Procedure ("Rules"). Our lack of a finding that the certificates constituted securities in this case in no way condones CCR's litigation tactics in this proceeding. The Commission fully expects parties to comply with our Rules regarding discovery and motion response deadlines, as well as rulings of our Hearing Examiners.

- (2) The Rule to Show Cause issued against Casey and CCR is DISMISSED.
- (3) This matter is dismissed and the papers herein be passed to the file for ended causes.

**CASE NO. SEC-2006-00053
AUGUST 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
MICHAEL LINN HOFE d/b/a MICHAEL L. HOFE & ASSOCIATES,
Defendant

ORDER

On January 26, 2007, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against the Defendant for failure to comply fully with a Subpoena to Produce Documents ("Subpoena") entered by the Commission against the Defendant on August 15, 2006. Among other things, the Rule scheduled a hearing for March 1, 2007, and assigned the matter to a Hearing Examiner to conduct further proceedings for the Commission.

At the request of counsel for the Defendant, the Hearing Examiner continued the hearing to March 15, 2007. During the course of the hearing, the Defendant provided additional documents to counsel for the Division in response to the Subpoena. Counsel for the Division was directed to file an appropriate pleading advising whether the Defendant had complied with the Subpoena.

On March 21, 2007, counsel for the Division filed a Motion to Compel the Defendant to comply with the Subpoena.

By Hearing Examiner's Ruling entered on April 27, 2007 ("April Ruling"), the Motion to Compel was granted in part, and denied in part. The April Ruling directed the Defendant to file within fifteen (15) days from the date of the April Ruling a response stating with particularity either that the Defendant had supplied all of the documents in his possession responsive to the Subpoena or that he had no such documents in his possession.

The Defendant was advised that failure to comply fully with the April Ruling would result in the recommendation to the Commission that the Defendant be fined pursuant to § 12.1-33 of the Code of Virginia for failing to obey an order of the Commission; that pursuant to § 13.1-519 of the Code of Virginia, the Defendant would be permanently enjoined from transacting the business of a broker dealer, agent of a broker dealer, investment advisor, or investment advisor representative in the Commonwealth of Virginia; and that pursuant to § 13.1-521 of the Code of Virginia, the Defendant would be penalized for knowingly making a misrepresentation of a material fact for the purpose of inducing the Commission to refrain from taking any action against the Defendant.

On May 31, 2007, the Division filed a Motion for Implementation of Ruling. In support, the Division stated it had received no documents from the Defendant in response to the April Ruling, nor had the Defendant or his counsel contacted the Division to request an extension of time to comply with the April Ruling.

By Hearing Examiner's Ruling entered on June 4, 2007, the Defendant was directed to file on or before June 8, 2007, a response to the Division's Motion for Implementation of Ruling.

On June 11, 2007, counsel for the Defendant filed a Motion to Withdraw in which he cited a conflict that prevented his further representation of the Defendant. By Hearing Examiner's Ruling entered on June 12, 2007, the Motion to Withdraw was granted.

In order to comply with the April Ruling, the Defendant's response was due to be filed on May 14, 2007. To date, no response has been filed.

On June 15, 2007, the Hearing Examiner issued his report and made the following findings and recommendations:

(1) Pursuant to § 12.1-33 of the Code, the Defendant be fined the sum of eighty thousand dollars (\$80,000) for failing or refusing to obey an order of the Commission.

(2) Pursuant to § 13.1-519 of the Code, the Defendant be permanently enjoined from transacting the business of a broker dealer, agent of a broker dealer, investment advisor, or investment advisor representative in the Commonwealth of Virginia.

(3) Comments to the report must be filed within twenty-one (21) days from the date of the report.

No comments were filed by the Defendant.

Upon consideration of the record herein and the Report of the Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted as modified.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The Defendant is fined the sum of ten thousand dollars (\$10,000) for failing or refusing to obey an order of the Commission.

(2) The Defendant is permanently enjoined from transacting the business of a broker dealer, agent of a broker dealer, investment advisor, or investment advisor representative in the Commonwealth of Virginia.

- (3) This case is dismissed.
- (4) Entry of this Order shall not affect any duty or obligation to disclose the existence or nature of this matter or of any order entered herein.
- (5) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2006-00060
AUGUST 8, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

MICHAEL R. TAYLOR,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Michael R. Taylor ("Defendant"): (1) violated § 13.1-502 (2) and § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by enticing a Virginia investor to invest two hundred thousand dollars (\$200,000) in unregistered promissory notes through the use of misleading statements and omissions of material facts; (2) violated Securities Rule 21 VAC 5-20-280 A 1 by failing to deliver information regarding securities purchased by a Virginia investor; (3) violated Securities Rule 21 VAC 5-20-280 A 3 by selling unsuitable investments to a Virginia investor, given the investment objectives and financial situation and needs of the Virginia investor; (4) violated Securities Rule 21 VAC 5-20-280 B 1 by becoming the custodian of a Virginia investor's funds by having unrestricted authority to the bank account of an issuing company of a promissory note purchased; and (5) violated Securities Rule 21 VAC 5-20-280 B 2 by offering and selling the aforementioned promissory notes which were not recorded on the regular books or records of the broker dealer that the Defendant was affiliated with at the time of the transactions.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant admits to these allegations and admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant has agreed to abstain from filing for registration with the Division as a broker dealer, agent, investment advisor, investment advisor representative, or agent of the issuer for a period of not less than three (3) years from the date of entry of this Order.

(2) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from his reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00062
FEBRUARY 6, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CORNERSTONE MINISTRIES INVESTMENTS, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Cornerstone Ministries Investments, Inc. ("Defendant"): (1) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by publishing misleading statements in its registration filings with the Division. The Defendant disclosed in various registration filings with the United States Securities and Exchange Commission ("SEC") and the Division between July 2002 and November 2004 that its common stock shares were approved for listing on the Chicago Stock Exchange ("Exchange") when the Defendant's common stock shares were not approved for listing on the Exchange; and (2) violated § 13.1-507 of the Act by failing to properly register its securities that it offered to Virginia investors beginning in 2003. The Defendant registered bonds per § 13.1-509 of the Act to offer and sell in Virginia not to aggregate more than \$400,000. The Defendant's bond sales of the referenced offering totaled \$2,078,318.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Commission the amount of five thousand dollars (\$5,000) to defray the cost of investigation.
- (2) The Defendant will make a rescission offer to Virginia investors that purchased its Series D, E, and F offerings from July 2002 to November 2004. The Defendant must allow investors to elect to receive their principal payments for their investment(s), plus interest on said principal of not less than 6%, if the investors desire to withdraw from their investment(s). The Defendant must provide adequate proof to the Division and its counsel that interest has been paid in accordance with this paragraph and the terms of the applicable instrument.
 - (a) Within ninety (90) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to the investors, which will include an offer to repay all monies invested by or through the Defendant, and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of his decision to accept or reject the offer.
 - (b) The Defendant's rescission offer will refer to the terms of this Settlement Order.
 - (c) The Defendant will provide a written explanation, in the form of a letter, of the alleged misrepresentations in its registration filings with the SEC and the Division, and also provide a written explanation to the investors of the Defendant's failure to pay the applicable registration fees to the Division for its Series E offering, which became effective in March 2004.
 - (d) If the rescission offer is accepted, the Defendant will forward the payment to the investors within two hundred fifty (250) days of entry of the Settlement Order.
 - (e) After two hundred fifty (250) days from the date of entry of the Settlement Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date on which each investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that the payment was sent to the investor.
- (3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00069
MAY 4, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

RODNEY LEE HINKLE d/b/a CREATIVE SOLUTIONS,
Defendant

SETTLEMENT ORDER

On December 8, 2006, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Rodney Lee Hinkle d/b/a Creative Solutions ("Defendant") based upon an investigation conducted by the Division of Securities and Retail Franchising ("Division"). In the Rule, the Division alleged that Creative Solutions was not registered with the Division as a broker-dealer as defined by the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and violated § 13.1-504 A of the Act by selling securities through Rodney Lee Hinkle when it was not registered. The Division further alleged that Rodney Lee Hinkle: (1) violated § 13.1-504 A of the Act by selling securities when he was not registered with the Division as an agent of a broker-dealer; (2) violated § 13.1-507 of the Act by offering and selling securities that were not registered under the Act or exempt from registration; and (3) violated § 13.1-516 of the Act by making a false statement to the Division staff in a letter dated February 21, 2006.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 A of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant admits to these allegations and admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant agrees to be permanently enjoined from participating in any securities business in Virginia pursuant to § 13.1-519 of the Act. This bar will include, but not be limited to, transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, and investment advisor representative.

(2) The Defendant will provide the Division with a signed, notarized affidavit, at the same time the Defendant provides the signed consent, stating that:

"I, Rodney Lee Hinkle certify that, since June 17, 2003, I have offered only one security in the form of a three year subordinated convertible debenture issued by Investors Preferred Opportunities, Inc. to only one Virginia resident. I have made no other offers or sales of securities to Virginia residents."

The Division has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NOS. SEC-2006-00081, SEC-2006-00082, and SEC-2006-00083
FEBRUARY 16, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COMTEL, INC.,
COMMONWEALTH TELECOMMUNICATIONS CORPORATION,
and
BENJAMIN R. HUMPHREYS, JR.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Benjamin R. Humphreys, Jr., violated § 13.1-504 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by transacting business in the Commonwealth of Virginia without being properly registered as an agent. The Defendants, Comtel, Inc. and Commonwealth Telecommunications Corporation, violated § 13.1-504 B of the Act by employing unregistered agents, Benjamin R. Humphreys, Jr., and Robert Braun. In addition, the Division alleges that the Defendants, Comtel, Inc., Commonwealth Telecommunications Corporation, and Benjamin R. Humphreys, Jr., violated § 13.1-507 of the Act by offering and selling securities that were not registered and were not exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants admit to the allegation that they violated § 13.1-507 of the Act, neither admit nor deny the remaining allegations, but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay, jointly and severally to the Treasurer of the Commonwealth of Virginia, the amount of ten thousand dollars (\$10,000) in monetary penalties within forty-five (45) days from the date of the Settlement Order.
- (2) The Defendants will mail a copy of the Settlement Order to its stockholders within thirty (30) days from the date of the Settlement Order.
- (3) The Defendants agree not to violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00085
APRIL 3, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CHRISTOPHER ANTHONY CORSO, SR.
and
CAC CAPITAL CORPORATION,
Defendants

FINAL ORDER

On December 4, 2006, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Christopher Anthony Corso ("Corso") and CAC Capital Corporation ("CAC") (collectively "Defendants"). The Rule alleged that: (i) Corso and CAC willfully provided the Commission with false and misleading information by failing to disclose criminal convictions, including felonies, when filing Corso's Form U-4 for continued registration as an agent of a broker-dealer in Virginia in violation of § 13.1-516 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia; (ii) CAC filed a Form BD on February 9, 2005, for registration within the Commonwealth of Virginia, which showed Corso as having no

criminal record when Corso had nine (9) criminal convictions predating the registration date in violation of the Commission's Securities Rule ("Rule") 21 VAC 5-20-10 CAC; (iii) CAC failed to update its registration to accurately reflect Corso's criminal history, contrary to the Central Registration Depository system ("CRD") requirements and in violation of Rule 21 VAC 5-20-40; (iv) Corso filed a Form U-4 on May 26, 2005, for registration as a broker-dealer agent within the Commonwealth of Virginia, which reported Corso to have no criminal record when Corso had nine (9) criminal convictions predating the application for registration in violation of Rule VAC 5-20-90; and (v) Corso failed to update his registration to accurately reflect his criminal history, contrary to the CRD requirements and in violation of Rule VAC 5-20-120. This Rule directed the Defendants to file a pleading responsive to the Rule on or before January 8, 2007.

The Rule assigned the matter to a Hearing Examiner, scheduled an evidentiary hearing for February 8, 2007, and ordered the Defendants to appear at the hearing to show cause why they should not be penalized pursuant to § 13.1-521 of the Act for the alleged violations of the Act as set forth in the Rule.

On February 7, 2007, counsel for the Division of Securities and Retail Franchising filed a Motion for Default Judgment alleging that the Defendants had failed to file an answer or other responsive pleading by the date set forth in the Rule. An affidavit from Investigator Matthew Long, with attached exhibits supporting the allegations, accompanied the Motion for Default Judgment.

On February 8, 2007, the matter was heard by Alexander F. Skirpan, Hearing Examiner. Counsel appearing at the hearing was Mary Beth Williams, Esquire, for Commission Staff. Although the Defendants received notice of the hearing and were properly served, the Defendants failed to appear at the hearing. The testimony of Matthew Long, in the form of an affidavit and attached exhibits supporting the allegations, was marked as an exhibit and admitted into the record. Counsel for the Staff moved for a default judgment based on the Defendants' failure to file a responsive pleading and appear at the hearing.

On February 21, 2007, the Hearing Examiner issued his Report. In his Report, he found that based on the evidence presented: (1) the Defendants were in default; (2) Defendant Corso should be fined \$15,000; and (3) Defendant CAC should be fined \$15,000. The Hearing Examiner recommended that the Commission enter a Judgment Order that adopts the findings in his Report and dismisses the case from the Commission's docket of active cases. There were no comments filed on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's ruling, and the applicable statutes, is of the opinion and finds that: (1) the Division established by clear and convincing evidence that the Defendants violated the statutes and regulations as set forth in the Rule; and (2) the Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 21, 2007, Hearing Examiner's Report are hereby adopted;
- (2) In accordance with the Commission's regulatory duties and powers and pursuant to § 13.1-421 of the Act, judgment is entered for the Commonwealth and against the Defendants, and a civil penalty of \$15,000 shall be imposed on each of the Defendants for the violations of the Act as described herein;
- (3) Pursuant to § 13.1-519 of the Act, the Defendants are hereby enjoined from any further violations of the Act; and
- (4) The papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. SEC-2007-00001
JANUARY 23, 2007**

APPLICATION OF
COUNT ME IN FOR WOMEN'S ECONOMIC INDEPENDENCE, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Count Me In For Women's Economic Independence, Inc. ("Count Me In"), which the Commission received on December 15, 2006, together with attached exhibits. Such application, as subsequently amended, requested that certain senior unsecured notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that certain officers of Count Me In be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Count Me In is a non-stock New York corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) Count Me In intends to offer and sell senior unsecured notes as a continuous offering with a total offering amount of five million dollars (\$5,000,000), the proceeds of which will be lent directly to women entrepreneurs who will use the capital to start and/or expand their enterprises, on terms and conditions more fully described in the brochure and attachments which were filed as a part of the application; and (iii) these securities are to be offered and sold by Nell Merlino, the President and Chief Executive Officer of Count Me In, who will not be compensated for her sales efforts.

Based on the facts asserted by Count Me In in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that Nell Merlino is exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2007-00002
AUGUST 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CHAMPION CHILD, INC. d/b/a STRETCH-N-GROW INTERNATIONAL
and
ROBERT E. MANLY,
Defendants

SETTLEMENT ORDER

Based upon an investigation and subsequent allegations made by the Division of Securities and Retail Franchising ("Division"), the State Corporation Commission ("Commission") entered into a Settlement Order with Champion Child, Inc. d/b/a Stretch-N-Grow International and Robert E. Manly ("Defendants") on February 27, 2007. The Division alleged that the Defendants: (1) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia, by granting or offering to grant franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (2) violated § 13.1-563 (e) (ii) of the Act by failing to, directly or indirectly, provide disclosure documents to franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

In July, 2007, the Division was made aware that the Defendants could not comply with the terms of the rescission offer in the Settlement Order due to financial hardship. The Defendants provided the Division with an affidavit and accompanying documents as proof thereof.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants admit to the allegations and admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants agree to be barred from granting or offering to grant franchises in the Commonwealth of Virginia, in any capacity, for a period of three (3) years from the date of entry of this Order.
- (2) The Defendants will provide a copy of this Settlement Order to each franchisee.
- (3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2007-00008
FEBRUARY 8, 2007**

APPLICATION OF
SASKATCHEWAN WHEAT POOL, INC.,

For an official interpretation pursuant to § 13.1-525 of the Code of Virginia

OFFICIAL INTERPRETATION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by letter-application of Saskatchewan Wheat Pool, Inc. ("Applicant") received on December 21, 2006, and filed pursuant to § 13.1-525 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia by its counsel and upon payment of the requisite fee. Applicant has requested a determination that the proposed securities transactions described below be exempted from the securities registration requirements of the Act pursuant to § 13.1-514 B 15 of the Act. The pertinent information contained in the application is summarized as follows:

The Applicant has proposed an exchange offer as a preliminary step, followed by a merger that the Applicant is obligated to consummate. The first step is the offer by the Applicant to holders of securities in United Grain Growers Limited, doing business as Agricore United ("Agricore"), to exchange the Applicant's common shares for all common shares and certain debentures of Agricore. The second step of the transaction is a merger of the two corporations, which the Applicant is required by law to consummate provided the exchange offer is accepted by the requisite number of Agricore security holders. Agricore security holders who elect not to tender shares will have the opportunity to vote on the merger transaction at a special meeting of the shareholders to be called as a part of the second step of this transaction.

While the first step is not incident to a right of conversion or a statutory or judicially approved conversion, the merger is. The Applicant's entire transaction is incident to the merger and the security holders are protected by a special meeting and a vote of the security holders. The Applicant does not believe that there are any security holders in Virginia, but should there be Virginia residents holding these securities by nominee name, the exemption would allow such nominees to participate in the statutorily required merger.

Section 13.1-514 B 15 of the Act provides an exemption from the securities, broker-dealer and agent registration requirements of the Act for "[a]ny transaction incident to a right of conversion or statutory or judicially approved reclassification, recapitalization, reorganization, quasi-reorganization, stock split, reverse stock split, merger, consolidation, sale of assets, or exchange of securities[.]" This exemption recognizes that the benefits of registration under the Act are unnecessary in connection with a transaction that is controlled by a statutory or judicial proceeding, and which affords adequate investor protection.

THE COMMISSION, upon consideration of this matter and in reliance upon the facts and representations contained in the application, is of the opinion and finds that the securities transactions contained in the proposed reorganization and conversion are within the purview of § 3.1-514 B 15 of the Act.

IT IS THEREFORE ORDERED THAT: the proposed transactions described above are exempt from the securities, broker-dealer and agent registration requirements of the Act pursuant to § 13.1-514 B 15 of the Act.

**CASE NO. SEC-2007-00009
FEBRUARY 9, 2007**

APPLICATION OF
CATHOLIC UNITED INVESTMENT TRUST

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Catholic United Investment Trust ("CUIT"), which the Commission received on January 22, 2007, with attached exhibits. The application requested that the Trust Units be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) CUIT was established under a trust agreement dated February 18, 1983, exclusively for religious, charitable and educational purposes; (ii) CUIT serves on Roman Catholic-related religious organizations that are listed in the Kenedy Official Catholic Directory, are exempt from federal income tax pursuant to § 501 (c)(3) of the Federal Tax Code, and are not private foundations as defined in § 509 (a) of the Federal Tax Code; (iii) the Securities and Exchange Commission has issued a non-action letter advising that pursuant to § 3 (c)(10) of the Investment Company Act of 1940, CUIT is not an investment company, as more fully described in the Prospectus filed as a part of the application; and (iv) these Trust Units are to be offered and sold by broker-dealers registered with the Commission.

Based on the facts asserted by CUIT in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the Trust Units described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2007-00013
FEBRUARY 22, 2007**

APPLICATION OF
VIRGINIA TECH FOUNDATION, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Virginia Tech Foundation, Inc. ("Virginia Tech"), which the Commission received on February 2, 2007, as subsequently amended. The application requested that the Short Term Unsecured Taxable Loans ("Loans") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Virginia Tech is a Virginia non-stock corporation organized under the laws of the Commonwealth, exclusively for charitable and educational purposes; (ii) Virginia Tech

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

intends to issue a \$55,000,000 Variable Rate Taxable Promissory Note ("Master Note") registered in the name of Banc of America Securities, a Virginia registered broker-dealer; (iii) Banc of America Securities will offer and sell the Loans in a maximum aggregate amount of \$55,000,000 to a limited group of qualified investors as described more fully in the Confidential Offering Memorandum and the Offering Supplement; and (iv) the Master Note and Loans will operate as a revolving credit facility under the 1989 Loan Program, exempted by previous Order of the Commission.

Based on the facts asserted by Virginia Tech in the written application, as subsequently amended, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempt from the securities registration requirements of the Act.

**CASE NOS. SEC-2007-00015 and SEC-2007-00019
AUGUST 7, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

REG'S CAROLINA BARBEQUE, INC.

and

REGINALD LEWIS,

Defendants

ORDER

On March 22, 2007, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Reg's Carolina Barbeque, Inc. and Reginald Lewis ("Defendants"), based upon allegations made by the Division of Securities and Retail Franchising ("Division"). Among other things, the Rule assigned the matter to a Hearing Examiner; ordered the Defendants to file, on or before April 16, 2007, a responsive pleading; and scheduled a hearing for June 20, 2007.

On May 16, 2007, the Division filed a Motion to Amend Rule to Show Cause. The Division stated that service of the Rule was attempted on the Defendants at their last known address, but the local sheriff was unable to serve them at that address. The Division had obtained a more recent address on the Defendants, and the Division requested the Amended Rule to Show Cause to reflect the change in the mode of service and the change in date for the hearing and responsive pleading deadline.

By the Hearing Examiner's Ruling dated May 21, 2007, the hearing scheduled for June 20, 2007, was cancelled and the Division's Motion to Amend Rule to Show Cause was certified to the Commission with a recommendation that the Commission issue an amended rule.

An Amended Rule to Show Cause was issued by the Commission on May 30, 2007, in which, among other things, a hearing was scheduled for July 25, 2007.

On June 7, 2007, counsel to the Division filed a Motion to Dismiss ("Motion"). In support of its Motion, counsel stated that the Division was unable to obtain service on the Defendants and asked that the matter be dismissed without prejudice.

On July 19, 2007, the Hearing Examiner issued his report and made the following findings and recommendations:

- (1) The Division's Motion should be granted.
- (2) The hearing scheduled for July 25, 2007, should be cancelled.
- (3) The comment period to the Hearing Examiner's Report should be waived.
- (4) The case should be dismissed without prejudice.

Upon consideration of the record herein and the Report of the Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) This case is dismissed without prejudice.
- (2) All undertakings and provisions of a continuing nature set forth in the prior Order remain in full force and effect.
- (3) Entry of this Order shall not affect any duty or obligation to disclose the existence or nature of this matter or of any order entered herein.
- (4) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2007-00016
APRIL 6, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-572 of the Virginia Retail Franchising Act ("Franchising Act"), § 13.1-559 *et seq.* of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Franchising Act.

The rules and regulations issued by the Commission pursuant to the Franchising Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/division/srf>.

The Division of Securities and Retail Franchising ("Division") has submitted to the Commission a proposed revision to Chapter 110 of Title 21 of the Virginia Administrative Code entitled "Virginia Retail Franchising Act Rules," which adds new rules 21 VAC 5-110-65 and 21 VAC 5-110-75.

The proposed revisions add new sections to the franchising rules to address statutory changes made during the 2007 legislative session. The first section of revisions provides for alternative methods of complying with the financial requirements for applicants for registration and renewal of franchises. Proposed new Section 21 VAC 5-110-65 provides for escrow and deferral of franchise fees, including all of the requirements for complying with the new rules and any forms necessary to complete compliance. The second section of revisions provides for terms and conditions for a franchisor to request an exemption from the registration requirements of the Franchising Act or comply with a self-executing exemption. Proposed new Section 21 VAC 5-110-75 describes the terms and conditions for a franchisor to request an exemption from registration of the Franchising Act or comply with a self-executing exemption, including the required filing fee and any forms necessary to complete the application for exemption process.

The Division has recommended to the Commission that the proposed revisions be considered for adoption with an effective date of July 1, 2007. The Division also has recommended to the Commission that a hearing should be held, if requested by those interested parties who wish to comment with regard to the proposed rules, to consider the proposed revisions on May 29, 2007.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, by mail or e-mail request and also can be found at the Division's website: <http://www.scc.virginia.gov/division/srf>. Any comments to the proposed rules must be received by May 16, 2007.

IT IS THEREFORE ORDERED that all interested persons TAKE NOTICE that:

(1) The Commission shall conduct a hearing, if necessary, in the Commission's Courtroom, 2nd Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219 at 10 a.m. on May 29, 2007, to consider the adoption of the revisions proposed by the Division with an effective date of July 1, 2007.

(2) On or before May 16, 2007, any interested person desiring to comment in support of or in opposition to the proposed revisions shall file comments in writing with the Clerk of the Commission, Document Control Center, P. O. Box 2118, Richmond, Virginia 23218.

(3) On or before May 16, 2007, any interested person intending to appear and be heard at the hearing on the proposed revisions shall file written notice of his intention to do so, which notice shall include his comments in support of or in opposition to the proposed revisions, with the Clerk of the Commission at the address set forth in the preceding paragraph. If no person files a timely written notice of intention to appear at the hearing on May 29, 2007, the hearing may not be held.

(4) All filings made under paragraph (2) or (3) shall contain a reference to Case No. SEC-2007-00016.

(5) The Commission's Division of Information Resources shall cause a copy of this Order, together with proposed revisions, to be forwarded to the Virginia Registrar of Regulations for the appropriate publication in the Virginia Register of Regulations.

(6) On or before April 30, 2007, the Commission's Division of Information Resources shall make available this Order and the proposed revisions on the Commission's website: <http://www.scc.virginia.gov/caseinfo/orders.htm>.

NOTE: A copy of Attachment A entitled "Rules Governing the Virginia Retail Franchising Act" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2007-00016
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting a Revision to the Rules Governing The Virginia Retail Franchising Act

ORDER ADOPTING AMENDED RULES

By order entered April 6, 2007, all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapter 110 of Title 21 of the Virginia Administrative Code entitled "Virginia Retail Franchising Act Rules," which added new rules 21 VAC 5-110-65 and 21 VAC 5-110-75 (the "Rules"). On April 24, 2007, the Division of Securities and Retail Franchising ("Division") mailed the Order to Take Notice of the proposed Rules to all franchisor registrants and applicants as of April 16, 2007, and to all interested parties pursuant to the Virginia Retail Franchising Act, §§ 13.1-557 *et seq.* of the Code of Virginia. The Order to Take Notice described the proposed amendments and afforded interested parties an opportunity to file written comments or requests for hearing by May 16, 2007.

Nine comment letters were filed. Two of the comment letters were received after the May 16, 2007 deadline. Two of those commenting requested to be heard at the hearing, and one of the requests to be heard was made after the May 16, 2007 deadline. By motion, that commenter, James A. Wilson ("Wilson"), requested that his written comments be accepted out of time and to be heard at the hearing. The Division did not object to Wilson's request on the day of the hearing.

The Commission conducted a hearing on May 29, 2007. Staff entered into the record the Order to Take Notice, a copy of the originally proposed Rules, a copy of the certification of mailing, a copy of a summary of the comment letters with the Division's response, and a copy of the proposed Rules with the Division's accepted changes. The Commission took public testimony from three commenters.

The Commission, upon consideration of the proposed Rules, the recommendation of the Division for certain changes to be made in response to the comments, and the record in this case, finds that the proposed Rules should be adopted as modified.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed Rules, as modified, are attached hereto, made a part hereof, and are hereby ADOPTED effective July 1, 2007.
- (2) This matter is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

NOTE: A copy of Attachment A entitled "Rules Governing The Virginia Retail Franchising Act" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2007-00017
APRIL 6, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/division/srf>.

The Division of Securities and Retail Franchising ("Division") has submitted to the Commission proposed revisions to Chapter 10, Chapter 20, and Chapter 80 of Title 21 of the Virginia Administrative Code entitled "Rules and Forms Governing Virginia Securities Act," which add new rules 21 VAC 5-20-65, 21 VAC 5-20-95, and 21 VAC 5-80-65, and revise rules 21 VAC 5-10-40, 21 VAC 5-20-280, 21 VAC 5-20-330, 21 VAC 5-80-160, and 21 VAC 5-80-200.

Proposed new rule 21 VAC 5-20-65 adds a definition for the term "records" and requires that certain records be maintained in a certain manner and produced for inspection of broker-dealers, agents and agents of the issuer. Proposed new rule 21 VAC 5-80-65 again adds a definition for the term "records" and requires that certain records be maintained in a certain manner and produced for inspection for investment advisors and investment advisor representatives. As a result of the statutory changes made during the legislative session, proposed new rule 21 VAC 5-20-95 allows a registered agent to be employed by more than one broker-dealer under prescribed conditions.

Revised rule 21 VAC 5-10-40 adds a definition for the term "breakpoint." Revised rule 21 VAC 5-20-280 adds new prohibited business conduct for broker-dealers including networking arrangements, breakpoints, conflicts of interest disclosure, and other broker-dealer disclosures. Revised rule 21 VAC 5-20-330 clarifies the current rule and brings the requirements into line with related NASD regulations. Revised rule 21 VAC 5-80-160 adds a new

provision that requires the investment advisor to keep any records documenting dates, locations, and findings of the investment advisor's annual review of its policies and procedures. Revised rule 21 VAC 5-80-200 adds new provisions dealing with advertisements and testimonials used by investment advisors.

The Division has recommended to the Commission that the proposed revisions should be considered for adoption with an effective date of July 1, 2007. The Division also has recommended to the Commission that a hearing should be held, if requested by those interested parties who wish to comment with regard to the proposed rules, to consider the proposed revisions on May 30, 2007.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, by mail or e-mail request and also can be found at the Division's website: <http://www.scc.virginia.gov/division/srf>. Any comments to the proposed rules must be received by May 16, 2007.

IT IS THEREFORE ORDERED that all interested persons TAKE NOTICE that:

(1) The Commission shall conduct a hearing, if necessary, in the Commission's Courtroom, 2nd Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219 at 10 a.m. on May 30, 2007, to consider the adoption of the revisions proposed by the Division with an effective date of July 1, 2007.

(2) On or before May 16, 2007, any interested person desiring to comment in support of or in opposition to the proposed revisions shall file comments in writing with the Clerk of the Commission, Document Control Center, P. O. Box 2118, Richmond, Virginia 23218.

(3) On or before May 16, 2007, any interested person intending to appear and be heard at the hearing on the proposed revisions shall file written notice of his intention to do so, which notice shall include his comments in support of or in opposition to the proposed revisions, with the Clerk of the Commission at the address set forth in the preceding paragraph. If no person files a timely written notice of intention to appear at the hearing on May 29, 2007, the hearing may not be held.

(4) All filings made under paragraph (2) or (3) shall contain a reference to Case No. SEC-2007-00017.

(5) The Commission's Division of Information Resources shall cause a copy of this Order, together with proposed revisions, to be forwarded to the Virginia Registrar of Regulations for the appropriate publication in the Virginia Register of Regulations.

(6) On or before April 30, 2007, the Commission's Division of Information Resources shall make available this Order and the proposed revisions on the Commission's website: <http://www.scc.virginia.gov/caseinfo/orders.htm>.

NOTE: A copy of Attachment A entitled "Rules Governing the Virginia Securities Act" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2007-00017
JUNE 18, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting a Revision to the Rules Governing The Securities Act

ORDER ADOPTING AMENDED RULES

By order entered April 6, 2007, all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapters 10, 20 and 80 of Title 21 of the Virginia Administrative Code entitled "Rules and Forms Governing Virginia Securities Act," which added new rules 21 VAC 5-20-65, 21 VAC 5-20-95, and 21 VAC 5-80-65 and revised rules 21 VAC 5-10-40, 21 VAC 5-20--80, 21 VAC 5-20-330, 21 VAC 5-80-160, and 21 VAC 5-80-200 (the "Rules"). On April 24, 2007, the Division of Securities and Retail Franchising ("Division") mailed the Order to Take Notice of the proposed Rules to all securities registrants and applicants as of April 16, 2007, and to all interested parties pursuant to the Virginia Securities Act, §§ 13.1-501 *et seq.* of the Code of Virginia. The Order to Take Notice described the proposed amendments and afforded interested parties an opportunity to file written comments or requests for hearing by May 16, 2007. In addition, the Order to Take Notice scheduled a tentative hearing date on May 30, 2007.

Three comment letters were filed but no requests to be heard at the hearing were made. By order entered May 21, 2007, the hearing on May 30, 2007, was canceled and the Division was ordered to file on or before June 6, 2007, a written response to the comment letters.

On June 6, 2007, the Division filed its Response to Comments. In its Response, the Division indicated that it agreed with the request that the word "immediately" be changed to the word "promptly" in proposed Rule 21 VAC 5-20-65 (1) but recommended that the remaining suggested changes within the comments be rejected.

The Commission, upon consideration of the proposed Rules, the filed comments, and the recommendations of the Division in response to the comments, finds that the proposed Rules should be adopted with two modifications. Rule 21 VAC 5-20-65 (1), addressing document availability, should be modified to change the word "immediately" to the word "promptly." In addition, the time frame for document production in Rules 21 VAC 5-20-65 (2) and 21 VAC 5-80-65 (2) should be increased from 48 hours to five days.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed Rules, as modified, are attached hereto, made a part hereof, and are hereby ADOPTED effective July 1, 2007.
- (2) This matter is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

NOTE: A copy of Attachment A entitled "Rules Governing the Virginia Securities Act" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2007-00018
MARCH 20, 2007**

APPLICATION OF
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received March 1, 2007, with exhibits attached thereto, as subsequently amended, of National Covenant Properties, requesting that: 5-Year Fixed Rate Renewable Certificates (Series A), Variable Rate Certificates (Series G), Individual Retirement Account Certificates, and Health Savings Account Certificates (collectively "Certificates"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain officers of National Covenant Properties be exempted from the agent registration requirements of the Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: National Covenant Properties is an Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; National Covenant Properties intends to offer and sell the Certificates in an approximate aggregate amount of up to \$60,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; said securities are to be offered and sold by officers of National Covenant Properties who will not be compensated for their sales efforts; and that National Covenant Properties will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

THE COMMISSION, based on the facts asserted by National Covenant Properties in the written application and exhibits, is of the opinion and finds, and does hereby ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act and the officers of National Covenant Properties are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2007-00020
MAY 2, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COMMONWEALTH CHURCH FINANCE, INC. a/k/a CHARTER FINANCIAL SERVICES
and

JEFFREY S. SIEGEL,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Commonwealth Church Finance, Inc. a/k/a Charter Financial Services ("Commonwealth Church"): (1) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by executing at least fifty-six (56) transactions with Virginia residents wherein the prospectus used to offer the securities issued by Cornerstone Ministries Investments, Inc., contained misleading statements and misrepresentations; and (2) violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration. It is further alleged that the Defendant, Jeffrey S. Siegel, acting in the position of Chief Compliance Officer of Commonwealth Church, violated Securities Rule 21 VAC 5-20-260 C by failing to exercise reasonable supervision over the securities activities of all of the agents under his responsibility.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of seventy-three thousand dollars (\$73,000) in monetary penalties.

(2) The Defendants will pay to the Commission the amount of five thousand dollars (\$5,000) to defray the cost of investigation.

(3) The Defendant, Commonwealth Church, has agreed to and adopted a policy to discontinue its selling agent relationship with Cornerstone Ministries Investments, Inc. for offerings in Virginia. Commonwealth Church has also amended its policies and procedures with respect to the firm's supervisory review of the securities it sells to include independent verification of registration. More specifically, Commonwealth Church has stated that it will obtain written confirmation from each state to identify the registration status and amount of each security in which they intend to offer securities for sale.

(4) The Defendant, Commonwealth Church, has also agreed to eliminate the Chief Compliance Officer position occupied by the Defendant Jeffrey S. Siegel since this Defendant was also a producing agent. A new Compliance Officer position has been created that will be served by a non-producing employee of the firm.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendants pay to the Treasurer of the Commonwealth the amount of seventy-three thousand dollars (\$73,000) in monetary penalties;
- (4) The Defendants pay to the Commission the amount of five thousand dollars (\$5,000) to defray the cost of investigation; and
- (5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2007-00024
SEPTEMBER 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

FIRST GEORGETOWN SECURITIES, INC.

and

MARIO J. SEGRETI,

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that First Georgetown Securities, Inc. ("FGS"): (1) violated § 13.1-504 B of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by employing an unregistered agent, Mario J. Segreti ("Segreti"); (2) violated Securities Rule 21 VAC 5-20-230 A 1 by failing to notify the State Corporation Commission ("Commission") within 30 calendar days of receiving a complaint concerning Segreti, which related to his activity as an agent in which a breach of trust was alleged; (3) violated Securities Rule 21 VAC 5-20-240 by failing to maintain a record of customer complaints, as described in SEC Rule 17a-3 (a) (18) (i), and by failing to maintain complete and accurate records with respect to order entry instructions, as described in SEC Rule 17a-3 (a) (6) (i); (4) violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of Segreti, in that FGS allowed Segreti to conduct securities business without being properly registered as an agent, and allowed Segreti to engage in the practice of borrowing money from a customer's account; and (5) violated Securities Rule 21 VAC 5-20-260 D by failing to establish, maintain and enforce written procedures, which set forth the procedures adopted by the broker-dealer.

It is further alleged that Segreti: (1) violated § 13.1-504 A (i) of the Act by transacting business in the Commonwealth of Virginia without being properly registered as an agent; and (2) violated Securities Rule 21 VAC 5-20-280 B 1 by engaging in the practice of borrowing money from a customer's account.

The Commission is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

Defendant FGS admits to the alleged violation of § 13.1-504 B of the Act, neither admits nor denies the remaining allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Defendant Segreti admits to the alleged violation of § 13.1-504 A (i) of the Act, neither admits nor denies the remaining allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) FGS will pay to the Commission the amount of two thousand five hundred dollars (\$2,500) to defray the cost of investigation.
- (2) FGS will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of twenty thousand dollars (\$20,000) in monetary penalties.
- (3) Segreti will pay contemporaneously with the entry of this Order to the Treasurer of the Commonwealth of Virginia, the amount of two thousand five hundred dollars (\$2,500).
- (4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2007-00025
AUGUST 2, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
ALL AMERICAN ICE CREAM AND DONUT SHOPS, INC.,
Defendant

ORDER

On April 18, 2007, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against All American Ice Cream and Donut Shops, Inc. ("Defendant"), based upon allegations made by the Division of Securities and Retail Franchising ("Division"). Among other things, the Rule assigned the matter to a Hearing Examiner; ordered the Defendant to file, on or before May 14, 2007, a responsive pleading; and scheduled a hearing on July 9, 2007.

On May 16, 2007, counsel to the Division filed a Motion to Dismiss ("Motion"). In support of its Motion, counsel stated that the Division was unable to obtain service on the Defendant and asked that the matter be dismissed without prejudice. Counsel for the Division also stated that if, at some later date, an appropriate address was found for the Defendant whereby service could be obtained, the Division would file a new action against the Defendant.

On May 17, 2007, the Chief Hearing Examiner issued her report and made the following findings and recommendations:

- (1) The Division's Motion should be granted.
- (2) The hearing scheduled for July 9, 2007, should be cancelled.
- (3) The case should be dismissed without prejudice.

Upon consideration of the record herein and the Report of the Chief Hearing Examiner, the Commission is of the opinion, and so finds, that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) This case is dismissed without prejudice.
- (2) All undertakings and provisions of a continuing nature set forth in the prior Order remain in full force and effect.

- (3) Entry of this Order shall not affect any duty or obligation to disclose the existence or nature of this matter or of any order entered herein.
- (4) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2007-00026
JULY 12, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JUMPING PARTY, INC.
and
VERN E. SIX,
Defendants

SETTLEMENT ORDER

On April 18, 2007, a Rule to Show Cause was issued in the above-entitled case. The Defendants notified counsel to the Division of Securities and Retail Franchising ("Division") that the named company Defendant, Jumping Party, LLC, was not the appropriately named party. The correct company name is Jumping Party, Inc. The Defendants have agreed to allow the State Corporation Commission ("Commission") to correct the name of the Defendant from Jumping Party, LLC to Jumping Party, Inc, in order to allow the Commission to enter this Settlement Order with the appropriately named party.

Based on an investigation conducted by the Division, it is alleged that Jumping Party, Inc. and Vern E. Six ("Defendants"): (1) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"), by granting or offering to grant a franchise in the Commonwealth of Virginia prior to registering under the provisions of the Act; (2) violated § 13.1-563 (b) of the Act by directly or indirectly making untrue statements of a material fact in connection with the grant or offer to grant a franchise in the Commonwealth of Virginia; and (3) violated § 13.1-563 (e) of the Act by failing to, directly or indirectly, provide a franchisee with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the Commission.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants have made an offer of restitution to the Virginia franchisee, which has been accepted by the franchisee and reviewed by the Division.
- (2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of thirteen thousand dollars (\$13,000) in monetary penalties. In lieu of paying said penalty to the Commonwealth of Virginia, the Defendants agree to repay the Virginia franchisee according to the terms agreed upon by said Virginia franchisee. The Defendants agree that failure to make such payments in accordance with the agreed upon terms will result in the penalty becoming immediately due to the Commonwealth of Virginia.
- (3) Within ninety (90) days from the date of the Settlement Order, the Defendants will submit to the Division an affidavit, executed by Vern E. Six, which contains a statement verifying that the Defendants have not granted any other franchises in the Commonwealth of Virginia, with the exception of the aforementioned Virginia franchisee.
- (4) The Defendants will not violate the Act in the future.
- (5) The Defendants will mail a copy of this Settlement Order to the Virginia franchisee.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2007-00027
APRIL 18, 2007**

APPLICATION OF
PRESBYTERIAN CHURCH (U.S.A.) INVESTMENT AND LOAN PROGRAM, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. ("Presbyterian Church"), which the Commission received on March 30, 2007, with attached exhibits. The application requested that the Fixed Rate Term Notes, Adjustable Rate Term Notes, Adjustable Rate Ready Access Term Notes, and the Mission Market Fund (collectively, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers of the Presbyterian Church be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the Presbyterian Church is a Pennsylvania corporation operating not for private profit but exclusively for charitable and religious purposes; (ii) the Presbyterian Church intends to offer and sell \$150,000,000 of the Notes in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application, and as subsequently amended; and (iii) these securities are to be offered and sold by certain officers and employees who are authorized by the Presbyterian Church to assist in the offer and sale of the Notes, who will not be compensated for their sales efforts.

Based on the facts asserted by the Presbyterian Church in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempt from the securities registration requirements of the Act.

IT IS FURTHER ORDERED that officers and the employees who are authorized by the Presbyterian Church to assist in the offer and sale of the Notes are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2007-00028
APRIL 25, 2007**

APPLICATION OF
MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of the Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund"), which the Commission received on April 4, 2007, with attached exhibits. The application requested that the Mission TermSelect-adjustable rate unsecured debt obligations, Mission TermSelect-fixed rate unsecured debt obligations, Mission TermSelect/Grand-fixed rate unsecured debt obligations, MissionFuture4KIDZ unsecured debt obligations, MissionPlus unsecured debt obligations, MissionFirst unsecured debt obligations, MissionAdvantage-adjustable rate unsecured debt obligations, and MissionAdvantage-fixed rate unsecured debt obligations (collectively, "Unsecured Debt Obligations") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the Mission Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) the Mission Fund intends to offer and sell \$240,000,000 of the Unsecured Debt Obligations in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application, and (iii) the Unsecured Debt Obligations are to be offered and sold by certain registered agents of Mission Fund who are employed to assist in the offer and sale of the Unsecured Debt Obligations.

Based on the facts asserted by the Mission Fund in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NOS. SEC-2007-00037 and SEC-2007-00038
MAY 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

TAX CONSULTANTS, INC.

and

H. DAVID SOBLE

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Tax Consultants, Inc. and H. David Soble ("Defendants"): (1) violated § 13.1-503 B of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by making misstatements of fact in the solicitation of advisory clients; (2) violated § 13.1-504 A (ii) of the Act by transacting business in the Commonwealth of Virginia as an investment advisor and an investment advisor representative without being properly registered; and (3) Tax Consultants, Inc. violated § 13.1-504 C of the Act by employing an unregistered investment advisor representative.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, within sixty (60) days from the date of entry of this Order, the amount of fifteen thousand dollars (\$15,000) in monetary penalties.

(2) The Defendants will pay to the Commission, within sixty (60) days from the date of entry of this Order, the amount of five thousand dollars (\$5,000) to defray the cost of investigation.

(3) The Defendants will make a rescission offer to return all monies received from advisory clients as compensation for services as follows:

(a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission sent by certified mail to the advisory clients, which will include an offer to return all monies received by the Defendants as compensation for services. The rescission offer will include a provision that gives each advisory client thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of their decision to accept or reject the offer.

(b) The Defendants will include with the written offer of rescission a copy of this Order.

(c) If the rescission offer is accepted, the Defendants will forward the payment to the advisory client within seven (7) days of receipt of the acceptance.

(d) The Defendants will submit to the Division, within ninety (90) days from the date of entry of this Order, an affidavit, executed by the Defendants, which contains the date on which each advisory client received the offer of rescission, the advisory client's response, and, if applicable, the amount and the date that payment was sent to the advisory client.

(4) The Defendants will submit to the Division, within thirty (30) days of the date of this Order, an additional affidavit which will include the following information:

(a) The name and home street address of each and every investor for whom the Defendants made trades. For each investor listed, the Defendants will provide the dates and amounts of each transaction, to the best of their knowledge, conducted on their behalf.

(b) The affidavit will contain the following statement: "I, H. David Soble, certify that this list of investors includes every investor with and through Tax Consultants, Inc. or myself. I further certify that this list includes the date and amount of every investment that I am aware of and have knowledge of as well as all compensation I received as a result of the transactions made for each investor."

(c) The affidavit will be notarized, signed and dated by the Defendants on Tax Consultants, Inc. letterhead, and will identify H. David Soble's position with Tax Consultants, Inc.

(5) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2007-00039
JUNE 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CHILDREN OF AMERICA, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Children of America, Inc. ("Defendant"): (1) violated § 13.1-504 B of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by employing an unregistered agent; and (2) violated § 13.1-507 of the Act by offering and selling securities that were not registered and were not exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties.
- (2) The Defendant will pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation.
- (3) The Defendant will make a rescission offer to the investors.

(a) Within thirty (30) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to the investors, which will include an offer to repay all monies invested by or through the Defendant, and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of their decision to accept or reject the offer.

(b) The Defendant will include with the written offer of rescission a copy of this Settlement Order.

(c) If the rescission offer is accepted, the Defendant will forward the payment to the investors within seven (7) days of receipt of the acceptance.

(d) Within ninety (90) days from the date of the Settlement Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date on which each investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

- (4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2007-00039
JUNE 28, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CHILDREN OF AMERICA, INC.,
Defendant

AMENDING ORDER

In a Settlement Order entered herein on June 15, 2007, paragraph (3), set forth on page 2 of the Order, reads as follows: "The Defendant will make a rescission offer to the investors." The correct language, however, should read "The Defendant will make a rescission offer to the investors as set forth in the attached Schedule A." Additionally, paragraph (3)(a), set forth on page 2 of the Order, reads as follows: ". . . which will include an offer to repay all monies invested by or through the Defendant. . ." The correct language, however, should read "which will include an offer to repay all monies invested with the Defendant. . ."

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The language in paragraph (3)(a), set forth on page 2 of the Settlement Order entered on June 15, 2007, shall be deleted in its entirety, and the following language shall be inserted in its place and stead:

"(3) The Defendant will make a rescission offer to the investors as set forth in the attached Schedule A."

(a) Within thirty (30) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to the investors, which will include an offer to repay all monies invested with the Defendant, and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of their decision to accept or reject the offer."

(2) All other provisions of the Settlement Order entered on June 15, 2007, shall remain in full force and effect.

NOTE: A copy of Attachment A entitled "Schedule A" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2007-00040
MAY 17, 2007**

APPLICATION OF
THE CHURCH OF THE VALLEY

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Church of the Valley ("The Church"), which the Commission received on March 23, 2007, with attached exhibits. The application requested that the First Mortgage Bonds ("Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) The Church is a Virginia corporation operating not for private profit but exclusively for charitable and religious purposes; (ii) The Church intends to offer and sell \$3,500,000 of the Bonds in a continuous offering on terms and conditions as more fully described in the Prospectus filed as a part of the application, and as subsequently amended; and (iii) these securities are to be offered and sold by registered broker-dealers.

Based on the facts asserted by The Church in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2007-00041
MAY 21, 2007**

APPLICATION OF
SHARED INTEREST, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Shared Interest, Inc. ("Shared Interest"), which the Commission received on January 3, 2007, with attached exhibits. The application requested that the Shared Interest Notes ("Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the Executive Director be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Shared Interest is a Delaware corporation operating not for private profit but exclusively for charitable and educational purposes; (ii) Shared Interest intends to offer and sell \$500,000 of the Notes in a continuous offering on terms and conditions as more fully described in the Prospectus filed as a part of the application, and as subsequently amended; (iii) these securities are to be offered and sold by the Executive Director of Shared Interest who will not be compensated for the sales efforts; and (iv) these securities are to be offered and sold by registered broker-dealers.

Based on the facts asserted by The Church in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the Executive Director authorized by Shared Interest to assist in the offer and sale of the Notes is exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2007-00042
MAY 21, 2007**

APPLICATION OF
CHURCH EXTENSION SERVICES, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Church Extension Services, Inc. ("Church Extension"), which the Commission received on April 18, 2007, with the attached exhibits. The application requested that the Mission Investment Certificates ("Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the President/Treasurer be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Church Extension is a Kansas membership corporation operating not for private profit but exclusively for charitable, religious, and educational purposes; (ii) Church Extension intends to offer and sell \$6,000,000 of the Certificates in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application, and as subsequently amended; (iii) these securities are to be offered and sold by the President/Treasurer of Church Extension who will not be compensated for the sales efforts; and (iv) these securities are to be offered and sold by registered broker-dealers.

Based on the facts asserted by Church Extension in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the President/Treasurer authorized by Church Extension to assist in the offer and sale of the Certificates are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2007-00043
JUNE 27, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
REGAL NAILS, LLC
and
QUY T. TON,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Regal Nails, LLC and Quy T. Ton ("Defendants"): (1) violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"), by granting or offering to grant a franchise in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (2) violated § 13.1-563 (e)

of the Act by failing to, directly or indirectly, provide a copy of the franchise agreement and disclosure documents to a franchisee as may be required by rule or order of the State Corporation Commission ("Commission").

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of twenty thousand dollars (\$20,000) in monetary penalties.
- (2) The Defendants will pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation.
- (3) Within thirty (30) days of the date of this Settlement Order, the Defendants will submit to the Division an affidavit, executed by the Defendants, stating that every Virginia franchisee has received a copy of the Settlement Order.
- (4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendants pay to the Treasurer of the Commonwealth of Virginia the amount of twenty thousand dollars (\$20,000) in monetary penalties;
- (4) The Defendants pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation; and
- (5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2007-00046
AUGUST 1, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

DRY-B-LO INTERNATIONAL, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Dry-B-Lo International, Inc. ("Defendant"): (1) violated § 13.1-563 (b) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia, by directly or indirectly, making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the grant or offer to grant a franchise in the Commonwealth of Virginia; and (2) violated § 13.1-563 (e)(ii) of the Act by failing to, directly or indirectly, provide disclosure documents to Virginia franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegation it violated § 13.1-563 (b) of the Act, admits to the allegation that it violated § 13.1-563 (e)(ii) of the Act, and admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) in monetary penalties. This penalty will be waived if the Defendant produces an affidavit to the Commission,

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

contemporaneously with the entry of this Order, stating that the Defendant is incapable of paying a penalty of any amount because of its current financial condition. This affidavit will be accompanied by supporting documentation. Any documents provided by the Defendant as an exhibit to the affidavit shall be maintained as a confidential document pursuant to Commission Rule 5 VAC 5-20-170.

(2) The Defendant will provide a copy of this Order to every current and former franchisee located in the Commonwealth of Virginia within thirty (30) days from the date of entry of this Order.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of the Order, the amount of ten thousand dollars (\$10,000) in monetary penalties. This penalty will be waived if the Defendant produces an affidavit to the Commission, contemporaneously with the entry of the Order, stating an inability to pay; and

(4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2007-00057
AUGUST 14, 2007**

APPLICATION OF
BLUE RIDGE CHRISTIAN FELLOWSHIP

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Blue Ridge Christian Fellowship ("BRCF") which the Commission received on July 26, 2007, together with attached exhibits. Such application requested that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that certain members of a bond sales committee of BRCF be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) BRCF is a non-stock Virginia corporation operating not for profit but exclusively for religious, charitable, and educational purposes; (ii) BRCF intends to offer and sell First Deed of Trust Bonds – Series 2007-A, as a continuous offering with a total offering amount of one million three hundred thousand dollars (\$1,300,000), on terms and conditions more fully described in the prospectus which was filed as a part of the application; and (iii) these securities are to be offered and sold by members of a bond sales committee for BRCF, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

Based on the facts asserted by BRCF in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that members of the bond sales committee for BRCF are exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2007-00062
AUGUST 16, 2007**

APPLICATION OF
FIRST PENTECOSTAL CHURCH OF RICHMOND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of First Pentecostal Church of Richmond, Inc. ("First Pentecostal") which the Commission received on April 19, 2007, together with attached exhibits. Such application

requested that certain First Mortgage Bonds be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) First Pentecostal is a non-stock Virginia corporation operating not for profit but exclusively for religious, charitable, and educational purposes; (ii) First Pentecostal intends to offer and sell First Mortgage Bonds, as a continuous offering with a total offering amount of eight hundred fifty thousand dollars (\$850,000), on terms and conditions more fully described in the prospectus which was filed as a part of the application; and (iii) these securities are to be offered and sold by Great Nation Investment Corporation, a broker-dealer registered under the Act.

Based on the facts asserted by First Pentecostal in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act.

**CASE NO. SEC-2007-00066
SEPTEMBER 17, 2007**

APPLICATION OF
LUTHERAN CHURCH EXTENSION FUND MISSOURI SYNOD

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Church Extension Fund – Missouri Synod ("Missouri Synod"), which the Commission received on August 27, 2007. The application requested that the Dedicated Certificates, StewartAccount Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Family Emergency StewartAccount Certificates, Congregation Demand Certificates, Congregation StewartAccount Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, Congregation Cemetery Perpetual Care StewartAccount Certificates, Flex Plus Certificates, and K.I.D.S. Stamps ("Notes and Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers of Missouri Synod be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Missouri Synod is a Missouri corporation operating not for private profit but exclusively for charitable, religious, and educational purposes; (ii) Missouri Synod intends to offer and sell \$75,000,000 of the Notes and Certificates in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application, and (iii) these securities are to be offered and sold by the officers of Missouri Synod who will not be compensated for the sales efforts. Missouri Synod will discontinue issuer transactions for all other securities previously exempted by the Commission.

Based on the facts asserted by Missouri Synod in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of Missouri Synod that assist in the offer and sale of the Notes and Certificates are exempt from the agent registration requirements of § 13.1-504 of the Act.

DIVISION OF UTILITY AND RAILROAD SAFETY

**CASE NO. URS-2006-00118
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MASTEC NORTH AMERICA, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about November 8, 2005, Mastec North America, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 632 Westminister Reach, Isle of Wight County, Virginia, while excavating;
- (2) On the occasion set out in paragraph (1) above, the Company failed to take all reasonable steps necessary to properly protect, support and backfill this underground utility line, in violation of § 56-265.24 A of the Code of Virginia;
- (3) On or about February 2, 2006, the Company excavated at or near 66 Robinson Drive;
- (4) On or about February 2, 2006, the Company excavated at or near 3 Deep Water Cove, Newport News, Virginia; and
- (5) At the locations set out in paragraphs (3) and (4) above, the Company failed to hand dig existing utilities at reasonable distances along the lines of excavation, on nine occasions, each in violation of § 56-265.24 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$23,250;
- (2) That \$10,000 of said penalty will be suspended upon the condition that (i) the Company's supervisors working in Virginia who are involved with the Company's Miss Utility notification process and excavation activities attend the Division's "train-the-trainer" workshop, (ii) the Company translates the Division's "Hand Digging Best Practices" into Spanish and produces and distributes copies to the Company's Spanish speaking employees and the employees of the Company's subcontractors involved with excavation activities in Virginia, (iii) the Company contacts by registered letter the Richmond Area Municipal Contractors Association, the Heavy Construction Contractors Association, the Virginia Association of General Contractors, and the Hampton Roads Utility Contractors Association and upon request, conducts demonstrations and training on the proper use of "Air Knives", and (iv) the Company submits documentation to the Commission with a copy to the Division, within 30 days of the entry of this Order, evidencing the completion of these requirements; and
- (3) That the balance of said penalty, \$13,250, will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$23,250;
- (2) That \$10,000 of said penalty will be suspended if the Company tenders evidence of having complied with the requirements of this Order, set out on page 2, *supra*, to the Commission within thirty (30) days of the entry of this Order; and
- (3) That the balance of said penalty, \$13,250, will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement, hereby accepts this offer of settlement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The Company fully comply with the aforesaid terms and undertakings of the settlement.
- (3) The Company is hereby penalized in the amount of \$23,250.
- (4) The sum of \$13,250 tendered contemporaneously with the entry of this Order is accepted.
- (5) The balance of the penalty amount, \$10,000, will be suspended if the Company tenders evidence of having complied with the requirements of this Order, set out on page 2, *supra*, within thirty (30) days of the entry of this Order.
- (6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding or taking such other action it deems appropriate, on the account of the Company's failure to comply with the terms and undertakings of the settlement.

**CASE NOS. URS-2006-00304 and URS-2006-00322
JANUARY 4, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between July 18, 2005, and May 16, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.17 C and - 265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavations in violation of §§ 56-265.19 A, B, and D of the Code of Virginia.
 - (d) Failing on certain occasions to mark the underground utility lines in accordance with the requirements of 20 VAC 5-309-110 B and M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee ("Advisory Committee")¹ on July 11, 2006, and August 8, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will take the remedial actions and pay a civil penalty as outlined below:

- (1) The Company will pay an amount of \$367,400 to the Commonwealth of Virginia, \$87,100 of which will be paid contemporaneously with the entry of this Order. The remaining \$280,300 is due as outlined in paragraph (2) below and will be suspended in whole or in part, provided the Company has completed the specific remedial actions within the time periods noted below. The initial payment of \$87,100 and any subsequent payments will be made payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) The Company will take the following remedial actions:
 - (a) The Company will promote in Virginia the C.A.R.E. message within its hiring advertisements planned for newspapers and radio, and on the Company's vehicle decals for one (1) year, beginning the first day of the month following the entry of this Order. The cost of this promotion shall equal or exceed \$6,000;

¹ This is a thirteen (13) member Committee appointed by the Commission in accordance with § 56-265.31 of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (b) The Company will accept the training for its employees working in Virginia on the subject of underground utility damage prevention and underground utility marking standards as described below:
- (i) All of the Company's field technicians working in Virginia or who may work in Virginia shall complete the Division's locator training program within sixty (60) days of the entry of this Order.
 - (ii) Every month following the entry of this Order, for twelve (12) months, the Company shall provide to the Division a list of any new field technicians working in Virginia or who may work in Virginia hired subsequent to the completion of the training referenced to in item (i) above. All of the Company's new field technicians working in Virginia or who may work in Virginia and hired subsequent to the completion of the training noted in item (i) above shall complete the Division's locator training program within the first three (3) months of these technicians' employment with the Company.
 - (iii) All of the Company's supervisory personnel working in Virginia or who may work in Virginia will successfully complete the Division's *Train the Trainer* program within six (6) months of the entry of this Order.
 - (iv) Every month following the entry of this Order, for twelve (12) months, the Company will provide to the Division a list of any new supervisory personnel working in Virginia or who may work in Virginia and either hired or promoted to such positions subsequent to the completion of training referenced to in item (iii) above. All of the Company's new supervisory personnel working in Virginia or who may work in Virginia and either hired or promoted to such positions subsequent to the completion of the training noted in item (iii) above shall successfully complete the Division's *Train the Trainer* program at the first available date scheduled by the Division.
- (c) The Company will support the Southside Virginia Community College's ("SVCC") underground utility damage prevention training program by the actions described below, subject to the Division's oversight:
- (i) Within sixty (60) days of the entry of this Order, the Company will provide the items listed in Attachment B hereto, subject to the Division's approval of this Order, to SVCC to assist in the aforementioned training program.
 - (ii) Within sixty (60) days of the entry of this Order, the Company shall purchase and donate to SVCC at least one (1) MetroTech Model 810DX utility locator. The equipment donated shall include a transmitter, receiver, direct connection clips, grounding rod, and induction clamp. This equipment will be used by Division Staff to locate underground utility lines at SVCC's training field before each training class.
 - (iii) Within sixty (60) days of the entry of this Order, the Company will purchase and donate to SVCC at least two (2) utility marking paint sticks and at least three hundred (300) cans of utility marking paint (red, yellow, orange, blue, and green) approved by the American Public Works Association for the marking of underground utility lines.
 - (iv) The total cost of the foregoing action shall equal or exceed \$14,740.
 - (v) The Company will provide documentation evidencing the amounts expended in purchasing the foregoing materials identified herein within ninety (90) days of the entry of this Order. Such documentation at a minimum shall include, but may not be limited to, invoices for all of the items referenced in items (i) through (iii) above purchased by the Company.
- (d) That in accordance with the Advisory Committee's recommendation, \$30,000 of the \$87,100 provided herein will be used to support the Virginia Pilot Project.² Further, the Company shall support the Virginia Pilot Project through the actions described below:
- (i) Locating technicians assigned to the Virginia Pilot Project test areas³ will validate Global Positioning System coordinates collected by participating excavators for their excavation areas and noted on their Miss Utility tickets using methods subject to the Division's oversight beginning the first day of the Project implementation date.
 - (ii) The Company will implement a means of creating and submitting electronic locate manifests using an electronic application subject to the Division's oversight by the first day of the Project implementation date.
 - (iii) All locating data collected by the Company for excavations in the Virginia Pilot Project test areas will be submitted electronically to Virginia Utility Protection Service, Inc., for storage and analysis. This data shall include, but may not be limited to, digital pictures of field locate markings at excavation sites, Global Positioning System coordinates of excavation sites, electronic manifests, and any additional information regarding field locates performed in the Virginia Pilot Project test areas.
- (e) The Company's field technicians working in Virginia shall employ the use of digital cameras in the field to record their locating activities by no later than sixty (60) days from the entry of this Order. The make and model of the digital cameras used by the Company shall be subject to the Division's approval. The Company shall purchase at least two hundred and eighty-five (285) units, and the total amount spent for such cameras shall equal or exceed \$51,300. The Company will provide documentation evidencing the amount expended in purchasing the foregoing cameras identified herein within ninety (90) days of the entry of this Order. Such documentation at a minimum shall include, but may not be limited to, invoices for all of the cameras referenced above and purchased by the Company.

² The Virginia Pilot Project is a program designed to identify and test practices and technologies that would improve the exchange of accurate information among the statewide notification center, excavators and facility operators.

³ The test areas for the Virginia Pilot Project are identified in "Figure 9: Pilot Site Selections" located within the Business Case for the project posted at <http://www.cyclac.com/opsiswc/docs/s8/p0075/VAPilotProject-BuisnessCase-R2-August-2006.pdf>.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(f) The Company shall employ at least two hundred and seventy-seven air cards⁴ in conjunction with its laptops in its field operations in Virginia by no later than sixty (60) days from the entry of this Order to facilitate the real time uploading of locating information to the Company's computer server. The Company will provide documentation evidencing the amount expended in employing the foregoing air cards identified herein within ninety (90) days of the entry of this Order. Such documentation, at a minimum shall include, but may not be limited to, monthly service agreements for all of the air cards referenced above and utilized by the Company.

(3) The Company shall present a brief summary of its progress in complying with the terms set forth in paragraph (2) during every Advisory Committee meeting for twelve (12) months beginning the first month following the entry of this Order.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The Company fully comply with the aforesaid terms and undertakings of the settlement.

(3) The Company is hereby penalized in the amount of \$367,400.

(4) The sum of \$87,100 tendered contemporaneously with the entry of this Order is accepted.

(5) The balance of the penalty amount, \$280,300, will be suspended if the Company tenders timely evidence of having taken the remedial actions as outlined herein.

(6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding or taking such other action it deems appropriate, on the account of the Company's failure to comply with the terms and undertakings of the settlement.

⁴ An air card can be installed in a laptop computer to allow the user to access the Internet from anywhere there is cell phone reception.

**CASE NO. URS-2006-00404
AUGUST 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between October 31, 2005, and June 30, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (d) Failing on certain occasions to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.
 - (e) Failing on certain occasions to use all information necessary to mark facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on August 8, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$67,800 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$67,800 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00441
MARCH 7, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between July 3, 2005, and July 20, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of § 56-265.17 C and §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (d) Failing on one occasion to provide markings at intervals that clearly define the route of the underground line in violation of 20 VAC 5-309-110 H of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.
 - (e) Failing on certain occasions to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on September 6, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$44,100 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$44,100 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00486
MARCH 7, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between November 9, 2005, and September 21, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (d) Failing on one occasion to indicate at every other mark the number of the utility lines in violation of 20 VAC 5-309-110 L of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.
 - (e) Failing on certain occasions to use all information necessary to mark the operators' facilities in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on October 3, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$57,700 to be paid contemporaneously with the entry of this Order. This payment will be made by check, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$57,700 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NOS. URS-2006-00523 and URS-2006-00572
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
ROANOKE GAS COMPANY,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about August 16, 2006, Western Virginia Water Authority damaged a one-half inch plastic gas service line operated by Roanoke Gas Company ("Company"), located at or near 3824 Thompsons Lane, SW, Roanoke County, Virginia, while excavating;
- (2) On or about August 18, 2006, W. Stuart McGuire, Inc., damaged a one-half inch plastic gas service line operated by the Company located at or near 1812 Mountain View Road, Roanoke County, Virginia, while excavating;
- (3) On or about August 22, 2006, Western Virginia Water Authority damaged a three-quarter inch steel gas service line operated by the Company located at or near 101 Cherry Hill Road, N.W., Roanoke, Virginia, while excavating;
- (4) On or about August 24, 2006, the Town of Bluefield damaged a one-half inch plastic gas service line operated by the Company located at or near 128 Wesley Street, Tazewell County, Virginia, while excavating;
- (5) On the occasions set out in paragraphs (1) through (4) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code of Virginia;
- (6) On or about August 28, 2006, the Town of Bluefield damaged a one-inch plastic gas main line operated by the Company located at or near 125 Wesley Street, Tazewell County, Virginia, while excavating;
- (7) On or about October 24, 2006, CNM Excavating, Inc., damaged a two-inch plastic gas main line operated by the Company located at or near 420 Diamond Road, Roanoke County, Virginia, while excavating; and
- (8) On the occasion set out in paragraphs (6) and (7) above, the Company failed to mark the approximate horizontal location of the underground utility line on the ground to within two feet of either side of the underground utility line, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) The Company will pay an amount of \$5,900 to the Commonwealth of Virginia, \$3,900 of which will be paid contemporaneously with the entry of this Order. The remaining \$2,000 is due as outlined in paragraph (2), below, and will be suspended in whole or in part, provided the Company has completed the specific remedial actions. The initial payment of \$3,900 and any subsequent payments will be made payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) The Company will take the following remedial actions by August 1, 2007:
 - (a) The Company will upgrade the current part time position of Damage Prevention Specialist to a full time position. The responsibilities of this position will include, among other things, performing damage investigations, monitoring of the Company's contract locators, training of Company and contractor crews in damage prevention and liaison with municipal systems operators in the Company's service area.
 - (b) The Company will initiate a mapping project verifying and mapping older gas service stubs.
 - (c) The Company will help promote the C.A.R.E. message by having a dedicated C.A.R.E. company vehicle that is used regularly around its service area.
- (3) On or before August 15, 2007, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Roanoke Gas Company, certifying that the Company has completed the remedial measures required by paragraph (2) above of this Order.
- (4) The Company will hold quarterly damage prevention meetings with contractors excavating in the Company's service area.
- (5) That the balance of said penalty, \$3,900, will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) Any fines paid in accordance with this order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement, hereby accepts this offer of settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The Company fully comply with the aforesaid terms and undertakings of the settlement.

(3) The Company is hereby penalized in the amount of \$5,900.

(4) The sum of \$3,900 tendered contemporaneously with the entry of this Order is accepted.

(5) The balance of the penalty amount, \$2,000, will be suspended if the Company tenders timely evidence of having taken the remedial actions outlined herein.

(6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on the account of the Company's failure to comply with the terms and undertakings of the settlement.

**CASE NO. URS-2006-00527
JUNE 5, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 1, 2006, and September 20, 2006, listed in Attachment A, involving Promark Utility Locators, Inc. ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on November 7, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$9,150 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

- (2) The sum of \$9,150 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00529
JULY 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between March 1, 2006, and September 13, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A, B, and D of the Code of Virginia.
 - (d) Failing on certain occasions to use all information necessary to mark the operator's facilities in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on November 7, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$75,550 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$75,550 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00579
MARCH 12, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between December 21, 2004, and November 30, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and 56-265.19 D of the Code of Virginia.
 - (d) Failing on one occasion to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on December 5, 2006, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$105,950 to be paid contemporaneously with the entry of this Order. This payment will be made by check, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$105,950 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00580
JANUARY 30, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et sm.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, and alleges that:

- (1) CGV is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - a) 49 C.F.R. § 192.161 (a) - Failing on two occasions to properly support a pipeline to prevent undue strain on connected equipment;
 - b) 49 C.F.R. § 192.273 (a) - Failing on two occasions to install each joint so that it would sustain the longitudinal pullout or thrust forces caused by contraction or expansion of piping or by anticipated external or internal loading; and,
 - c) 49 C.F.R. § 192.503 (a) - Failing on one occasion to test a section of main in accordance with Subpart J of 49 C.F.R. Part 192.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, CGV represents and undertakes that:

- (1) The Company shall pay to the Commonwealth of Virginia the amount of \$31,375, which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197;
- (2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of CGV's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that CGV has made a good faith effort to cooperate with the Staff during the investigation of this matter; and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2006-00580.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by CGV be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, CGV shall pay the amount of \$31,375 in settlement hereof.
- (4) The sum of \$31,375 tendered contemporaneously with the entry of this Order is accepted.
- (5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00581
APRIL 9, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards")

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

- (1) VNG is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
 - a) 49 C.F.R. § 192.241 (a)(1) - Failing on two occasions to follow a qualified welding procedure by not checking the voltage on a machine performing a weld on a pipeline;
 - b) 49 C.F.R. § 192.303 - Failing on one occasion to have comprehensive written specifications or standards relative to pneumatic boring;
 - c) 49 C.F.R. § 192.303 - Failing on one occasion to make a joint in accordance with comprehensive written specifications;
 - d) 49 C.F.R. § 192.325 (b) - Failing on one occasion to maintain enough clearance from any other underground structure;
 - e) 49 C.F.R. § 192.513 - Failing on one occasion to test a plastic main bypass in accordance with this section by not installing any means to verify the test pressure is at least 150 percent of the maximum operating pressure;
 - f) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow a written procedure developed to comply with 49 C.F.R. § 192.751 (a) by not having a fire extinguisher located in a maintenance work area;
 - g) 49 C.F.R. § 192.605 (a) - Failing on one occasion to install a weak-link on plastic pipe during directional drilling operations;
 - h) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Construction Manual, Thermit Welding Procedure found at Division III, Section 8, by attaching tracer wire by arc welding;
 - i) 49 C.F.R. § 192.614 (a) - Failing on one occasion to carry out a written program to prevent damage to a pipeline from excavation activities;
 - j) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company procedures developed to comply with 49 C.F.R. § 192.617 by not performing a failure investigation including a laboratory examination to determine the cause of failure to minimize the recurrence; and
 - k) 49 C.F.R. § 192.725 - Failing on one occasion to test each disconnected service line in the same manner as a new service line.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, VNG represents and undertakes that:

(1) The Company shall pay an amount to the Commonwealth of Virginia of \$103,000, of which \$30,000 shall be paid contemporaneously with the entry of this Order. The remaining \$73,000 is due as outlined in Paragraph (6) on page 5 and may be suspended in whole or in part, provided the Company tenders the requisite certification that it has completed the specific actions, as set forth below in Paragraphs (2), (3), (4), and (5) on pages 4 and 5 hereof, on or before the scheduled date for completion of said actions. At the completion of the actions described below, the Commission may vacate any outstanding amounts. The initial payment and any subsequent payments will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia 23218-1197;

- (2) The Company shall take the following actions:
 - (a) No later than April 30, 2007, the Company shall hold meetings with the principals of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities and the Staff to discuss measures to improve compliance with the Commission's pipeline safety and damage prevention standards.
 - (b) No later than April 30, 2007, the Company shall sponsor training for the employees of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities and the Staff relative to compliance with the Commission's pipeline safety and damage prevention standards.
 - (c) Beginning May 1, 2007, and thereafter, the Company shall submit to the Division on every working day, as defined in § 56-265.15 of the Code of Virginia, by electronic mail, a "Daily Construction Schedule" for each Company crew and its contractors. This schedule shall include, at a minimum, the construction foreman's name and field phone number, the projects' descriptions and their specific locations (address and map page and grid numbers), and the Miss Utility ticket number for each project.
 - (d) No later than August 1, 2007, the Company shall complete a study of the need for protection against vehicular damage for their facilities installed to serve approximately 1,200 generators owned by Cox Communication around VNG's system. The study will include the identification of all such facilities and their proximity to roads, driveways, etc. wherein damage from vehicular traffic accidents may be

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

anticipated and VNG's plan to provide protection for these facilities in compliance with 49 C.F.R. § 192.353 (a). A copy of this study shall be submitted to the Division no later than August 17, 2007.

- (e) The Company shall take over the operation and maintenance of 12 gas master meter systems served by VNG by March 31, 2008. This is in addition to the 9 master meter systems VNG agreed to take over in Case No. URS-2005-00262.

(3) On or before May 15, 2007, VNG shall tender to the Clerk of the Commission an affidavit executed by the President of VNG certifying that the Company has undertaken the actions set forth in Paragraphs (2) (a), (2) (b), and 2 (c) above.

(4) On or before August 17, 2007, VNG shall tender to the Clerk of the Commission an affidavit executed by the President of VNG certifying that the Company has completed the action set forth in Paragraph (2) (d) on page 4.

(5) On or before April 17, 2008, VNG shall tender to the Clerk of the Commission an affidavit executed by the President of VNG certifying that the Company has completed the action set forth in Paragraph (2) (e) on page 4.

(6) Upon timely receipt of said affidavits, the Commission may suspend up to \$73,000 of the amount specified in Paragraph (1) on page 3 of this Order. Should VNG fail to tender said affidavits or take the actions required by Paragraphs (2), (3), (4), and (5) on pages 4 and 5 hereof, a payment of \$73,000 shall become immediately due. The Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2), (3), (4), and (5), on pages 4 and 5 hereof; and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$73,000, the Division may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(7) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order, and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that VNG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2006-00591.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, VNG shall pay the amount of \$103,000 in settlement hereof.
- (4) The sum of \$30,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$73,000 is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, by the Commission provided the Company timely undertakes the actions required in Paragraphs (2), (3), (4), and (5) on pages 4 and 5 hereof of this Order and files timely certification of the actions as outlined herein.
- (5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2006-00582
JANUARY 25, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. The Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia in Case No. PUE-1989-00052. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("WGL" or "Company"), the Defendant, and alleges that:

- (1) WGL is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - a) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow a manual of written procedures for conducting operations and maintenance activities by not monitoring the pressure in a gas main during a squeeze-off procedure.

The Company neither admits nor denies this allegation but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegation made against it, WGL represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$11,500, which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197;

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of WGL's cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that WGL has made a good faith effort to cooperate with the Staff during the investigation of this matter; and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2006-00582.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by WGL be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, WGL be, and it hereby is, fined in the amount of \$11,500.
- (4) The sum of \$11,500 tendered contemporaneously with the entry of this Order is accepted.
- (5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00077
JUNE 7, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about July 20, 2006, Woodbridge Plumbing, Inc., damaged a three-eighths inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 14814 Elmwood Drive, Prince William County, Virginia, while excavating;
- (2) On or about October 11, 2006, Springfield Irrigation, Inc., damaged a three-eighths inch plastic gas service line operated by the Company located at or near 6906 Spur Road, Fairfax County, Virginia, while excavating;
- (3) On or about October 17, 2006, Drainage and Erosion Solutions, LLC, damaged a one-half inch plastic gas service line operated by the Company located at or near 4206 Vicki Court, Fairfax County, Virginia, while excavating;
- (4) On or about October 19, 2006, Kip's Erosion Control, L.C., damaged a three-quarter inch plastic gas service line operated by the Company located at or near Lot 38, Murray Place, Prince William County, Virginia, while excavating;
- (5) On or about October 30, 2006, Total Engineering Inc., damaged a two-inch plastic gas service line operated by the Company located at or near 403 Sheridan Avenue, Arlington County, Virginia, while excavating;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) On or about November 6, 2006, Brimstone Paving & Trucking, Inc., damaged a one-quarter inch plastic gas service line operated by the Company located at or near 9118 Suede Court, Fairfax County, Virginia, while excavating; and

(7) On the occasions set out in paragraphs (1) through (6) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,700 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$7,700 tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00078
APRIL 20, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about July 5, 2006, the City of Portsmouth damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near Queen Street, Portsmouth, Virginia, while excavating;

(2) On or about August 25, 2006, Godsey & Son, Inc., damaged a one and one-quarter inch plastic gas service line operated by the Company located at or near 13701 Jefferson Davis Highway, Chesterfield County, Virginia, while excavating;

(3) On or about September 26, 2006, the City of Colonial Heights damaged a one-half inch plastic gas service line operated by the Company, located at or near 205 Cloverhill Avenue, Colonial Heights, Virginia, while excavating;

(4) On or about October 4, 2006, Ivy H. Smith Company, LLC, damaged a two-inch plastic gas main line operated by the Company located at or near 3383 Oakham Mount Drive, Prince William County, Virginia, while excavating;

(5) On or about October 5, 2006, Nuckols Enterprises, Inc., damaged a one-inch plastic gas service line operated by the Company located at or near 3818 Solebury Place, Chesterfield County, Virginia, while excavating;

(6) On or about October 6, 2006, Perkinson Construction, L.L.C., damaged a three-quarter inch steel gas service line operated by the Company located at or near 1913 Jackson Street, Hopewell, Virginia, while excavating;

(7) On or about October 13, 2006, Perkinson Construction, L.L.C., damaged a one-inch steel gas main line operated by the Company located at or near 2105 Jackson Street, Hopewell, Virginia, while excavating;

(8) On or about October 18, 2006, the City of Lynchburg damaged a two-inch plastic gas main line operated by the Company located at or near 109 Hood Street, Lynchburg, Virginia, while excavating; and

(9) On the occasions set out in paragraphs (1) through (8) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$9,200 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$9,200 tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00079
APRIL 4, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about May 1, 2006, Atlantic Landscapes & Irrigation, Inc., damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 319 Bexley Park Way, Newport News, Virginia, while excavating;

(2) On or about May 5, 2006, Surface Construction, L.L.C., damaged a three-quarter inch steel gas service line operated by the Company, located at or near 7031 Richmond Road, James City County, Virginia, while excavating;

(3) On or about July 28, 2006, the City of Newport News damaged a three-quarter inch steel gas service line operated by the Company, located at or near 210 Palen Avenue, Newport News, Virginia, while excavating;

(4) On or about September 14, 2006, Credle Concrete, Inc., damaged a three-quarter inch plastic gas service line operated by the Company, located at or near Clearfield Avenue, Chesapeake, Virginia, while excavating;

(5) On or about September 26, 2006, Suburban Grading & Utilities, Inc., damaged a one-inch steel gas service line operated by the Company, located at or near Shoop Avenue, Norfolk, Virginia, while excavating;

(6) On or about September 30, 2006, East Coast Abatement Co., Inc., damaged a three-quarter inch steel gas service line operated by the Company, located at or near 530 North Armistead Avenue, Hampton, Virginia, while excavating;

(7) On or about October 6, 2006, Precon Construction Company damaged a four-inch steel gas main line operated by the Company, located at or near 5100 Bainbridge Boulevard, Chesapeake, Virginia, while excavating;

(8) On or about November 2, 2006, Trafford Corporation damaged a four-inch plastic gas main line operated by the Company, located at or near 2100 Westminster Lane, Virginia Beach, Virginia, while excavating ; and

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(9) On the occasions set out in paragraphs (1) through (8) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$8,800 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$8,800 tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00080
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 3, 2006, and December 7, 2006, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (d) Failing on certain occasions to provide markings at sufficient intervals to clearly indicate the approximate horizontal location and direction of the underground utility line in violation of 20 VAC 5-309-110 B of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.
 - (e) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on February 1, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$120,700 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$120,700 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00124
JULY 11, 2007**

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

v.

PROMARK UTILITY LOCATORS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about October 26, 2006, Verizon Virginia Inc. damaged a one-half inch plastic gas service line operated by Roanoke Gas Company, located at or near 2150 Loch Haven Street, Roanoke County, Virginia, while excavating;
- (2) On or about October 31, 2006, S. C. Rossi & Company, Inc., damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4822 Hollins Road, NE, Roanoke County, Virginia, while excavating;
- (3) On or about November 14, 2006, CJ's Plumbing and Heating, Inc., damaged a one-half inch plastic gas service line operated by Roanoke Gas Company, located at or near 5637 Penguin Drive, SW, Roanoke County, Virginia, while excavating;
- (4) On or about December 20, 2006, the City of Salem damaged a two-inch plastic gas service line operated by Roanoke Gas Company, located at or near 1761 Morwanda Street, Roanoke County, Virginia, while excavating;
- (5) On or about December 21, 2006, Structures Design/Build, LLC, damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4227 Colonial Avenue, SW, Roanoke County, Virginia, while excavating;
- (6) On or about January 17, 2007, J. P. Turner & Brothers, Inc., damaged a one-half inch plastic gas service line operated by Roanoke Gas Company, located at or near Crumpacker Drive at Apple Harvest Drive, Roanoke County, Virginia, while excavating;
- (7) On the occasions set out in paragraphs (1) through (6) above, Promark Utility Locators, Inc. ("Company"), failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of §§ 56-265.19 A and D of the Code of Virginia;
- (8) On or about November 20, 2006, Roanoke County Public Schools damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 3838 Overdale Road, Roanoke County, Virginia, while excavating;
- (9) On the occasion set out in paragraph (8) above, the Company failed to mark the underground utility line by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of §§ 56-265.19 A and D of the Code of Virginia;
- (10) On or about December 6, 2006, Corbin Overstreet, homeowner, damaged a one-half inch plastic gas service line operated by Roanoke Gas Company, located at or near 7778 Hollins Court Drive, Roanoke County, Virginia, while excavating; and
- (11) On the occasion set out in paragraph (10) above, the Company failed to mark within ninety-six hours from 7 :00 a.m. on the next working day following notice to the notification center, in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$8,550 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$8,550 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00125
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CSX TRANSPORTATION, INC.,
Defendant

ORDER OF SETTLEMENT

The State Corporation Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) During the period August 17, 2006 to June 8, 2007, CSX Transportation, Inc. ("CSX") trains blocked the crossing at East 4th Street in Richmond, Virginia on 15 separate occasions and the crossing at Maury Street also in Richmond, Virginia, on 1 occasion. The details of these incidents are listed in Attachment A to this Order; and
- (2) On the occasions set out in paragraph (1) above, CSX was in violation of § 56-412.1 of the Code of Virginia.

As evidenced in the attached Admission and Consent document, CSX neither admits nor denies these allegations or the jurisdiction of the Commission regarding this matter.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, CSX represents and undertakes that:

- (1) CSX will pay a civil penalty to the Commonwealth of Virginia in the amount of \$8,000 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) CSX will file with the Division a corrective action plan that addresses and seeks to minimize and eliminate such violations to the extent possible in accordance with State and federal law. This plan shall be submitted to the Division within 30 days of the date of entry of this Order.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission accepts the offer of settlement made by CSX.
- (2) The sum of \$8,000 tendered contemporaneously with the entry of this Order is accepted.
- (3) CSX shall file a corrective action plan, within 30 days of the date of entry of this Order, that addresses and seeks to minimize and eliminate such violations to the extent possible in accordance with State and federal law.
- (4) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00139
JULY 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 1, 2006, and February 8, 2007, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (d) Failing on certain occasions to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.
 - (e) Failing on certain occasions to use all information necessary to mark their facilities in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on March 13, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$82,550 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$82,550 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00140
DECEMBER 12, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, and alleges that:

- (1) CGV is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commissions Safety Standards by the following conduct:
 - a) 49 C.F.R. § 192.225 (a) - Failing on one occasion to perform a weld in accordance with qualified welding procedures by not verifying the voltage and amperage used during the weld;
 - b) 49 C.F.R. § 192.317 (b) - Failing on two occasions to protect an above-ground main from accidental damage by vehicular traffic or other similar causes, either by being placed at a safe distance from traffic or installing barricades;
 - c) 49 C.F.R. § 192.361 (b) - Failing on one occasion to properly install a service line by installing the service line on material that could damage the pipe;
 - d) 49 C.F.R. § 192.605 (a) - Failing on three occasions to follow Company Procedure 659-1(38), Section 4, Temporary Marking of Underground Facilities, developed to comply with §192.614 (c)(5), by not providing temporary marking of a buried pipeline;
 - e) 49 C.F.R. § 192 .605 (a) - Failing on two occasions to follow Company Procedure 659-4(38), Section 3, while directionally boring;
 - f) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow procedures developed to comply with § 192.605 (b)(3), by failing to maintain accurate drawings by not having active gas pipeline facilities accurately drawn on Company maps;
 - g) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 659-4(38), Section 3, by not locating underground utilities being crossed in a directional bore operation;
 - h) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 445-3(38), by working in a nine-foot deep excavation without shoring, trench boxes, or benching;
 - i) 49 C.F.R. § 192.605 (a)- Failing on one occasion to follow Company Procedure 641-2 (SMAW-33) for welding, developed to comply with 49 C.F.R. § 192.225;
 - j) 49 C.F.R. § 192.605 (b)(3) - Failing on one occasion to have procedures to make construction records, maps, and operating history available to appropriate operating personnel;
 - k) 49 C.F.R. § 192.805 (b) - Failing on one occasion to ensure through evaluation that a Company contractor crew was qualified to perform the covered task relative to directional boring procedures found in CGV's Procedure 659-4(38);
 - l) 49 C.F.R. § 192.805 (b) - Failing on one occasion to ensure through evaluation that personnel were qualified to perform a covered task relative to working in excavated trenches as found in CGV's Procedure 445-3(38); and
 - m) 49 C.F.R. § 192 .805 (h) - Failing on one occasion to provide Operator Qualification training to a Company contract crew to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the directional boring procedures found in CGV's Procedure 659-4(38).

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, CGV represents and undertakes that:

- (1) The Company shall pay to the Commonwealth of Virginia the amount of \$181,500 of which \$80,900 shall be paid contemporaneously with the entry of this Order. The remaining \$100,600 shall be due as outlined in Paragraph (5) on page 6, and may be suspended in whole or in part by the Commission, provided the Company timely tenders the requisite certification as required by Paragraphs (3) and (4) on page 5. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, VA 23218-1197;
- (2) The Company shall begin to take the following remedial actions set forth below:
 - A. The Company shall:
 - (1) Facilitate meetings with the appropriate local government officials and the Staff to discuss measures to mitigate the probability of cross-bores involving gas pipelines and sewer laterals.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) Hold pre-project meetings with the appropriate local government officials to facilitate communication regarding the marking of sewer laterals on the Company's pipeline replacement projects.
- (3) Hold meetings with the principals of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities and the Staff to discuss measures to improve compliance with the Commission's pipeline safety and damage prevention standards.
- (4) Sponsor training for the employees of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities and the Staff relative to compliance with the Commission's pipeline safety and damage prevention standards.
- (5) Purchase a vacuum excavation machine and a minimum of six (6) air knives to be utilized as a means to assist in the locating of natural gas facilities within its service territory.
- (6) Provide, at a minimum once each calendar year, the Division's damage prevention training program to all contract employees performing pipeline and pipeline locating tasks for the Company.
- (7) Support the damage prevention training and education of 10 excavators who have caused the most damage to the Company's facilities during the twelve months ending December 31, 2007, by sponsoring their attendance at the Division's 2008 Damage Prevention Conference.
- (8) Support the pipeline safety training and education of master meter operators served by the Company by sponsoring the attendance of at least 10 master meter operators at the Division's 2008 Pipeline Safety Conference.
- (9) Provide to its damage investigators the proper investigation kits to allow better collection of evidence and to enhance the Company's facility damage investigations.
- (10) Update all materials CGV agreed to use to promote the C.A.R.E. message in Case No. URS-2004-00445 to include the new 811 number to call Miss Utility of Virginia before excavating. Additionally, place the new C.A.R.E. logo on all Company and Company Contractor vehicles, backhoes, trenchers, trailers, and all future company press releases in Virginia.
- (11) Inspect all district regulator stations in CGV's service territory to ensure the adequacy of the installed vehicular protection. Should the inspection find that additional vehicular protection is needed, such protection shall be installed within 3 months of the date of the inspection.
- (12) Revise the Company's procedures relative to welding of steel pipelines to include a provision for periodic testing of the voltage and amperage being used to perform a welding process.

B. On or before January 31, 2008, the Company shall revise its Operator Qualification ("OQ") process for all construction and operations and maintenance contractors to ensure that all contractor employees are properly qualified in accordance with the Commission's safety standards.

(3) On or before January 15, 2008, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Columbia Gas of Virginia, Inc., certifying that the Company has begun to perform the remedial actions set forth in Paragraph (2) A. on pages 4 and 5.

(4) On or before February 15, 2008, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Columbia Gas of Virginia, Inc., certifying that the Company has completed the remedial actions set forth in Paragraph (2) B. on page 5.

(5) Upon timely receipt of said affidavits, the Commission may suspend up to \$100,600 of the fine amount set forth in Paragraph (1) on page 3 hereof. Should CGV fail to tender the affidavits required by Paragraphs (3) and (4) on page 5 or begin to take the actions required by Paragraph (2) on pages 4 and 5, a payment of \$100,600 shall become due and payable, and the Company shall immediately notify the Division of the reasons for CGV's failure to accomplish the actions required by Paragraphs (2) and (3) hereof. If upon investigation the Division determines that the reason for said failure justifies a payment lower than \$100,600, it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount.

(6) Any fines paid in accordance with this. Order shall not be recovered in the Company's rates as part of CGV's cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company. shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that CGV has made a good faith effort to cooperate with the Division during the investigation of this matter; and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2007-00140.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by CGV be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, CGV shall pay the amount of \$181,500 in settlement hereof.

(4) The sum of \$80,900 tendered contemporaneously with the entry of this Order is accepted. The remaining \$100,600 is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Paragraphs (2), (3), and (4) found on pages 4 and 5 of this Order and files the timely certification of the remedial actions as outlined herein.

(5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00141
SEPTEMBER 11, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

- (1) VNG is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
 - a) 49 C.F.R. § 192.303 - Failing on one occasion to follow VNG's Procedure, Part 3, Section 16.15, by installing a main with insufficient clearance from other underground utilities ;
 - b) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow procedures developed to comply with 49 C.F.R. § 192.605 (b)(3), by failing to maintain accurate drawings or maps;
 - c) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow Company Procedure, Division II, Section 3.8.1, developed to comply with 49 C.F.R. § 192.617, by not properly conducting a failure investigation;
 - d) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure, Division IV, Section 6.2.3, by not having a fire extinguisher in a work area where gas is present;
 - e) 49 C.F.R. 2 - § 192.605 (a) - Failing on two occasions to have and follow procedures relative to pneumatic boring while renewing a service;
 - f) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure, Division 1, Section 9, by not observing a directional drill head as it crossed an electric facility;
 - g) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow VNG's Procedure, Division 2, Section 3.2.3, Staking and Marking of Facilities, developed to comply with 49 C.F.R. § 192.614 (c)(5), by failing to provide temporary markings for a buried pipeline;
 - h) 49 C.F.R. § 192.605 (b)(9) - Failing on two occasions to have adequate procedures to protect personnel from the hazards of unsafe accumulations of vapor or gas;
 - i) 49 C.F.R. § 192.725 (a) - Failing on one occasion to test each disconnected service line in the same manner as a new service line, before being reinstated; and
 - j) 49 C.F.R. § 192.805 (a) - Failing on two occasions to identify pneumatic boring as a covered task.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, VNG represents and undertakes that:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Company shall pay an amount to the Commonwealth of Virginia of \$193,000, of which \$56,200 shall be paid contemporaneously with the entry of this Order. The remaining \$136,800 is due as outlined in Paragraph (4) on page 5 and may be suspended in whole or in part, provided the Company tenders the requisite certification that it has completed the specific actions, as set forth below in Paragraph (2), on or before the scheduled date for completion of said actions. At the completion of the actions described below, the Commission may vacate any outstanding amounts. The initial payment and any subsequent payments will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia 23218-1197;

(2) Following entry of this Order, the Company shall begin to perform the following actions:

- a) Prominently display the damage prevention C.A.R.E. message on a billboard in the Company's service territory for a period of six (6) consecutive months. A different billboard location will be used each month.
- b) Publish and help distribute 5,000 Spanish-English Booklets containing commonly used construction industry terms. The booklets shall also contain pipeline safety and damage prevention information acceptable to the Division.
- c) Initiate a pilot program lasting a minimum of two (2) years to require the use of ground penetrating radar or similar technologies by the Company and its contractors on pipeline replacement projects to assist in locating sewer laterals to homes that may be in the area of excavation. This pilot program shall also include pre-project meetings with the appropriate local government officials, to facilitate communication regarding the marking of sewer laterals.
- d) Provide portable oxygen sensors to all field employees that may be exposed to a hazardous atmosphere. In addition, the appropriate employees shall be trained relative to the recognition of hazardous atmospheres and other personal safety concerns.
- e) Implement a program to collect accurate global positioning system ("GPS") data, using survey grade GPS equipment, for the location of each of its critical valves and regulator stations. The data shall be incorporated into the Company's geographical information system ("GIS"). Appropriate Company employees shall be trained and equipped to find these facilities using the additional GPS and GIS information in the most efficient manner, as needed.
- f) Publish as display advertising (not classified) the Division's public service notice to plumbers and homeowners regarding gas pipelines and sewer laterals on two (2) occasions, at least one (1) calendar month apart, in newspapers of general circulation throughout VNG's service territory.
- g) Support the Virginia One-Call Technology Pilot Project¹ by providing funding for the modification of the existing "Mobile Application for One-Call Ticket Submission"² to support multiple mobile platforms.

(3) On or before March 14, 2008, VNG shall tender to the Clerk of the Commission an affidavit executed by the President of VNG certifying that the Company has undertaken the actions set forth in Paragraph (2) on pages 3 and 4.

(4) Upon timely receipt of said affidavit, the Commission may suspend up to \$136,800 of the amount specified in Paragraph (1) on page 3 of this Order. Should VNG fail to tender said affidavit on a timely basis or take the actions required by Paragraph (2) on pages 3 and 4 hereof, a payment of \$136,800 shall become immediately due. The Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraph (2) on pages 3 and 4 hereof, and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$136,800, the Division may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination by the Commission, the Company shall immediately tender to the Commission the amount determined by the Commission.

(5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that VNG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2007-00141.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, VNG shall pay the amount of \$193,000 in settlement hereof.

¹ The Virginia One-Call Technology Pilot Project is a program designed to identify and test practices and technologies that would improve the exchange of accurate information among the statewide notification center, excavators, and facility operators.

² This application was developed to enable mobile communication devices to transmit to the notification center the information required by § 56-265.18 of the Code of Virginia and accurate descriptions of excavation sites based upon Global Positioning System data.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) The sum of \$56,200 tendered contemporaneously with the entry of this Order is accepted. The remaining \$136,800 is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely undertakes the actions required in Paragraphs (2), (3), and (4) on pages 3-5 of this Order and files timely certification of the actions as outlined herein.

(5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00234
JUNE 8, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
D&F CONSTRUCTION, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about September 20, 2006, D&F Construction, Inc. ("Company"), damaged a one-half inch copper gas service line operated by Washington Gas Light Company, located at or near 1709 North Stafford Street, Arlington County, Virginia, while excavating;

(2) On or about September 21, 2006, the Company damaged a two-inch steel gas main line operated by Washington Gas Light Company, located at or near 1706 North Stafford Street, Arlington County, Virginia, while excavating;

(3) On or about September 22, 2006, the Company damaged a two-inch plastic gas main line operated by Washington Gas Light Company, located at or near 1515 North Stafford Street, Arlington County, Virginia, while excavating;

(4) On or about September 26, 2006, the Company damaged a two-inch steel gas main line operated by Washington Gas Light Company, located at or near 26 West Caton Avenue, Alexandria, Virginia, while excavating;

(5) On the occasions set out in paragraphs (1) through (4) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;

(6) On the occasions set out in paragraphs (1), (3), and (4) above, the Company failed to expose the underground utility lines to their extremities by hand digging within the excavation area when excavation was expected to come within two feet of the marked location of the underground utility lines, in violation of 20 VAC 5-309-140 2 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(7) On or about October 11, 2006, the Company damaged a one-half inch plastic gas service line operated by Washington Gas Light Company, located at or near 5927 North 18th Street, Arlington County, Virginia, while excavating;

(8) On or about October 11, 2006, the Company damaged a one-half inch copper gas service line operated by Washington Gas Light Company, located at or near 1605 North Stafford Street, Arlington County, Virginia, while excavating; and

(9) On the occasions set out in paragraphs (7) and (8) above, the Company failed to notify the notification center (Miss Utility) before beginning its excavation, in violation of § 56-265.17 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$6,000 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$6,000 tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00237
AUGUST 13, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between July 6, 2005, and March 21, 2007, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (d) Failing on certain occasions to provide markings suitable for their intended purpose for a period of 15 working days, in violation of 20 VAC 5-309-110 A of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.
 - (e) Failing on certain occasions to use all information necessary to mark their facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on April 24, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$66,300 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$66,300 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00275
JULY 30, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (1) On or about July 17, 2006, D. A. Foster Company damaged a two-inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 11400 South Lakes Drive, Fairfax County, Virginia, while excavating;
- (2) On or about August 22, 2006, Foley Plumbing, Inc., damaged a three-quarter inch plastic gas service line operated by the Company, located at or near Lot 31, Gray Heights Court, Fairfax County, Virginia, while excavating;
- (3) On or about January 16, 2007, Arlington County damaged a one-half inch plastic gas service line operated by the Company, located at or near 610 North Edison Street, Arlington County, Virginia, while excavating;
- (4) On or about January 17, 2007, Davis Underground, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 4518 Dale Boulevard, Prince William County, Virginia, while excavating;
- (5) On or about January 23, 2007, the Town of Vienna damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 443 Courthouse Road, Fairfax County, Virginia, while excavating;
- (6) On or about January 24, 2007, Atlas Plumbing, LLC, damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 14537 Old Mill Road, Fairfax County, Virginia, while excavating;
- (7) On or about February 5, 2007, A & S Plumbing damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 6917 Cherry Lane, Fairfax County, Virginia, while excavating;
- (8) On the occasions set out in paragraphs (1) through (7) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code of Virginia;
- (9) On or about April 3, 2007, the Company excavated at or near Hampton Knoll Drive and Lake Village Drive, Fairfax County, Virginia; and
- (10) On the occasion set out in paragraph (9) above, the Company failed to notify the notification center (Miss Utility) before beginning its excavation, in violation of § 56-265.17 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,400 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$7,400 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00276
AUGUST 15, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between August 22, 2006, and April 10, 2007, listed in Attachment A, involving Utiliquist, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on May 15, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$63,050 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$63,050 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00301
OCTOBER 5, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLONIAL PIPELINE COMPANY,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about July 25, 2006, ECS-Mid Atlantic, LLC, notified the notification center of proposed excavation at or near Rotunda Avenue, Chesapeake, Virginia;
- (2) On the occasion set out in paragraph (1) above, Colonial Pipeline Company ("Company") failed to report the marking status to the excavator-operator information exchange system by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code of Virginia;
- (3) On or about July 25, 2006, Fishburne Drilling, Inc., notified the notification center of proposed excavation at or near Rotunda Avenue, Chesapeake (City), Virginia; and
- (4) On the occasion set out in paragraph (3) above, the Company failed to mark the approximate horizontal location of the underground utility line on the ground within two feet of either side of the underground utility line, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$5,000;

(2) That \$4,000 of said penalty will be suspended upon the condition that the Company implements, within 30 days of the entry of this Order, the necessary modifications to the Company's Miss Utility ticket management system to ensure that the appropriate response codes¹ can be used to report to Virginia's Positive Response System², at the notification center for the Commonwealth, the marking status of the Company's facilities in Virginia for each excavation notice received by the Company, and further upon the condition that the Company tenders an affidavit within 30 days of the entry of the Order to the Clerk of the Commission, with a copy to the Division, attesting to the completion of the remedial action outlined herein.

(3) That the balance of said penalty, \$1,000, will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement, hereby accepts this offer of settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The Company fully comply with the aforesaid terms and undertakings of the settlement.

(3) The Company is hereby penalized in the amount of \$5,000.

(4) The sum of \$1,000 tendered contemporaneously with the entry of this Order is accepted.

(5) The balance of the penalty amount, \$4,000, will be suspended if the Company completes the actions required in Paragraph (2) appearing on p. 2, and tenders an affidavit, within 30 days of the entry of this Order, to the Clerk of the Commission, with a copy to the Division, attesting to the timely completion of the remedial action outlined herein.

(6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on the account of the Company's failure to comply with the terms and undertakings of the settlement.

¹Response codes are a standardized means by which operators communicate the marking status of their underground utility lines to excavators in response to notices of proposed excavations. An example of a response code would be "10 – Marked". Code 10 would be used when all of the Company's utility lines within the area of proposed excavation have been marked.

²The Positive Response System is an automated system maintained by the notification center, capable of recording the response codes submitted by utility operators in response to notices of excavations.

**CASE NO. URS-2007-00356
SEPTEMBER 17, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 22, 2006, and May 16, 2007, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and

(2) During the aforementioned period, the Company has violated the Act by the following conduct:

- (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
- (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
- (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on July 10, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$19,700 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$19,700 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00358
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about February 12, 2007, R. E. Lee Electric Company, Incorporated, damaged a two-inch plastic gas main line operated by Washington Gas Light Company ("Company"), located at or near 456 Ferdinand Day Drive, Fairfax County, Virginia;
- (2) On or about March 12, 2007, Ivy H. Smith Company, LLC, damaged a three-eighths inch plastic gas service line operated by the Company, located at or near 9413 Shouse Drive, Fairfax County, Virginia;
- (3) On or about March 19, 2007, Ivy H. Smith Company, LLC, damaged a one-quarter inch plastic gas service line operated by the Company, located at or near 9607 Podium Drive, Fairfax County, Virginia;
- (4) On or about March 23, 2007, WCC Cable Inc. damaged a one-quarter inch plastic gas service line operated by the Company, located at or near 7400 Rippon Road, Fairfax County, Virginia;
- (5) On or about March 28, 2007, Kiddco Plumbing, Inc., damaged a two-inch plastic gas service line operated by the Company, located at or near 11236 Chestnut Grove Square, Fairfax County, Virginia;
- (6) On or about April 9, 2007, WCC Cable Inc. damaged a three-eighths inch plastic gas service line operated by the Company, located at or near 6341 Meriwether Lane, Fairfax County, Virginia;
- (7) On or about April 20, 2007, Ducts Unlimited damaged a three-eighths inch plastic gas service line operated by the Company, located at or near 322 West Juniper Avenue, Loudoun County, Virginia;
- (8) On or about April 21, 2007, Fairfax County Water Authority damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 6109 Greenlawn Court, Fairfax County, Virginia, while excavating; and
- (9) On the occasions set out in paragraphs (1) through (8) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,700 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$7,700 tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00402
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about April 10, 2007, the Virginia-American Water Company damaged a one-half inch plastic gas main line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 3909 Oaklawn Boulevard, Hopewell, Virginia, while excavating;

(2) On or about April 12, 2007, Richard L. Crowder Construction, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 165 Wright Avenue, Colonial Heights, Virginia, while excavating;

(3) On or about April 23, 2007, Maintenance Service, Inc., damaged a one-inch plastic gas service line operated by the Company, located at or near 3108 Homestead Drive, Petersburg, Virginia, while excavating;

(4) On or about May 3, 2007, William A. Hazel, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near Possum Point Road, Prince William County, Virginia, while excavating;

(5) On or about June 6, 2007, Double J Communications, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 9051 Redbridge Road, Richmond, Virginia, while excavating; and

(6) On the occasions set out in paragraphs (1) through (5) above, the Company failed to mark the underground utility lines by no later than 7:00 a.m. on the third day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$5,350 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$5,350 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00403
OCTOBER 29, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between April 11, 2007, and June 11, 2007, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
 - (a) Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
 - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on August 7, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,500 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$7,500 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00404
OCTOBER 5, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about April 23, 2007, Hampton Roads Mechanical Contractors, Inc., damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 1588 Mall Drive, Norfolk, Virginia, while excavating;
- (2) On or about May 15, 2007, Branscome Inc. damaged a two-inch plastic gas main line operated by the Company, located at or near Quarterpath Park, Williamsburg, Virginia, while excavating;
- (3) On or about May 16, 2007, Mastec North America, Inc., damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 1241 Miller Store Road, Norfolk, Virginia, while excavating;
- (4) On or about May 23, 2007, Cutting Edge Underground, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 1208 Killington Square, Chesapeake, Virginia, while excavating;
- (5) On or about June 7, 2007, Atlantic Foundations, Inc., damaged a one-inch steel gas service line operated by the Company, located at or near 530 Forrest Avenue, Norfolk, Virginia, while excavating; and
- (6) On the occasions set out in paragraphs (1) through (5) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$5,600 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$5,600 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2007-00463
NOVEMBER 14, 2007**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

ONE VISION UTILITY SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between March 5, 2007, and July 15, 2007, listed in Attachment A, involving One Vision Utility Services, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:

Failing on certain occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on September 11, 2007, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,850 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$7,850 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

TABLES

CLERK'S OFFICE

Summary of the changes in the number of Virginia and foreign corporations and other types of business entities licensed to do business in Virginia, and of amendments and other filings related to the organizational documents of Virginia and foreign business entities during 2006 and 2007.

CORPORATIONS		
<u>Virginia Corporations</u>	<u>12/31/06</u>	<u>12/31/07</u>
Certificates of Incorporation issued	19,612	17,721
Voluntary terminations.....	3,300	3,754
Involuntary terminations (Court ordered).....	107	1
Automatic terminations.....	15,922	16,612
Reinstatement of terminated corporations	4,753	5,705
Charters amended.....	2,853	2,946
On Record		
Active Stock Corporations	150,898	149,518
Active Non-Stock Corporations.....	34,877	36,197
Total Active Virginia Corporations	185,775	185,715
<u>Foreign Corporations</u>		
Certificates of Authority to do business in Virginia issued.....	4,612	4,724
Voluntary withdrawals from Virginia.....	1,162	1,351
Certificates of Authority automatically revoked.....	2,118	2,330
Reentry of surrendered or revoked certificates.....	744	908
Charters amended.....	922	1,025
On Record		
Active Stock Corporations	34,514	34,798
Active Non-Stock Corporations.....	2,256	2,330
Active Foreign Corporations.....	36,770	37,128
Total Active Corporations (Virginia and Foreign).....	222,545	222,843
LIMITED LIABILITY COMPANIES		
<u>Virginia Limited Liability Companies</u>		
Certificates of Organization issued.....	37,125	35,820
Certificates of Organization voluntarily canceled	3,066	3,637
Certificates of Organization automatically canceled	15,612	17,571
Reinstatement of canceled certificates.....	2,047	2,681
Articles of Organization amended	2,547	3,354
On Record		
Active Virginia Limited Liability Companies	136,259	153,230
<u>Foreign Limited Liability Companies</u>		
Certificates of Registration issued	3,397	3,546
Certificates of Registration voluntarily canceled.....	608	690
Certificates of Registration automatically canceled	974	1,244
Reinstatement of canceled certificates.....	205	193
Certificates of Registration amended.....	15	10
On Record		
Active Foreign Limited Liability Companies	13,072	14,934
Total Active Limited Liability Companies (Virginia and Foreign).....	149,331	168,164

BUSINESS TRUSTS

<u>Virginia Business Trusts</u>	<u>12/31/06</u>	<u>12/31/07</u>
Certificates of Trust issued.....	56	33
Certificates of Trust voluntarily canceled.....	2	2
Certificates of Trust automatically canceled.....	18	28
Reinstatement of canceled certificates.....	0	1
Articles of Trust amended.....	2	1
On Record		
Active Virginia Business Trusts.....	96	104
<u>Foreign Business Trusts</u>		
Certificates of Registration issued.....	6	9
Certificates of Registration voluntarily canceled.....	1	0
Certificates of Registration automatically canceled.....	3	1
Reinstatement of canceled certificates.....	0	0
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Business Trusts.....	37	45
Total Active Business Trusts (Virginia and Foreign).....	133	149

LIMITED PARTNERSHIPS

<u>Virginia Limited Partnerships</u>		
Certificates of Limited Partnership filed.....	533	295
Certificates of Limited Partnership voluntarily canceled.....	283	222
Certificates of Limited Partnership automatically canceled.....	520	449
Reinstatement of canceled certificates.....	102	108
Certificates of Limited Partnership amended.....	251	381
On Record		
Active Virginia Limited Partnerships.....	6,499	6,198
<u>Foreign Limited Partnerships</u>		
Certificates of Registration issued.....	204	172
Certificates of Registration voluntarily canceled.....	131	140
Certificates of Registration automatically canceled.....	82	120
Reinstatement of canceled certificates.....	23	23
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Limited Partnerships.....	1,820	1,751
Total Active Limited Partnerships (Virginia and Foreign).....	8,319	7,949

GENERAL PARTNERSHIPS

General Partnership Statements filed.....	251	232
On Record		
Active Virginia General Partnerships.....	1,009	1,096
Active Foreign General Partnerships.....	83	101
Total Active General Partnerships (Virginia and Foreign).....	1,092	1,197

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed.....	174	120
Foreign Registered Limited Liability Partnerships filed.....	26	24
Total Active Registered Limited Liability Partnerships (Virginia and Foreign).....	1,356	1,353

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE
FOR THE FISCAL YEARS ENDING JUNE 30, 2006, AND JUNE 30, 2007**

<u>General Fund</u>	<u>2006</u>	<u>2007</u>	<u>(Difference)</u>
Securities Application Fees-Utilities	\$9,600.00	\$9,875.00	\$275.00
Charter Fees	1,632,415.50	1,543,065.00	(89,350.50)
Entrance Fees	1,417,875.00	1,497,200.00	79,325.00
Filing Fees	905,997.00	870,905.00	(35,092.00)
Registered Name	3,250.00	2,380.00	(870.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	36,180.00	39,990.00	3,810.00
Copy and Recording Fees	492,392.65	465,082.11	(27,310.54)
SCC Annual Report Sales	1,300.00	656.00	(644.00)
Uniform Commercial Code Revenues	1,736,206.00	1,705,521.00	(30,685.00)
Excess Fees Paid into State Treasury	256,617.02	285,742.28	29,125.26
Miscellaneous Sales	<u>26,000.00</u>	<u>50.00</u>	<u>(25,950.00)</u>
TOTAL	\$6,517,833.17	\$6,420,466.39	(\$97,366.78)
 <u>Special Fund</u>			
Domestic-Foreign Corp. Registration Fee	\$31,813,951.09	\$32,529,375.48	\$715,424.39
Limited Partnership Registration Fee	413,294.00	407,775.00	(5,519.00)
Reserved Name - Limited Partnership	16,100.00	14,720.00	(1,380.00)
Certificate Limited Partnership	46,225.00	32,600.00	(13,625.00)
Application Reg. Foreign LP	20,300.00	18,900.00	(1,400.00)
Reinstatement LP	15,050.00	14,400.00	(650.00)
Registration Fee LLC	4,881,209.96	5,876,315.00	995,105.04
Application For. Reg. LLC	334,400.00	356,955.00	22,555.00
Art of Org. Dom. LLC	3,414,620.00	3,512,166.00	97,546.00
AMEND, CANC, CORR. RAC, Etc. LLC	165,435.00	203,325.00	37,890.00
SCC Bad Check Fee	17,155.00	21,005.50	3,850.50
Interest on Del. Tax	66.72	0.00	(66.72)
Penalty on Non-Pay Fees by Due Date	924,052.49	1,035,198.00	111,145.51
Statement of Reg. As Domestic LLP	7,860.00	5,640.00	(2,220.00)
LLP Annual Continuation	63,150.00	54,900.00	(8,250.00)
Statement of Partnership Authority GP Dom	6,250.00	6,175.00	(75.00)
Statement of Partnership Authority GP For	500.00	325.00	(175.00)
Statement of Amendments - GP	1,500.00	1,425.00	(75.00)
Statement of Reg. As Foreign LLP	1,400.00	1,900.00	500.00
Statement of Amendment LLP	1,050.00	900.00	(150.00)
Reinstatement/Reentry LLC	196,300.00	260,000.00	63,700.00
Tape Sales, Misc Fees	43,000.00	85,000.00	42,000.00
Copies, Recording Fees	0.00	10.00	10.00
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	0.00	150.00	150.00
Expedite Fee Collected	<u>1,539,808.00</u>	<u>1,856,051.00</u>	<u>316,243.00</u>
TOTAL	\$43,922,677.26	\$46,295,210.98	\$2,372,533.72
 <u>Valuation Fund</u>			
Corp Operations Rec Of Copy and Cert Fees	\$1,814.00	\$1,403.00	(\$411.00)
Recovery of Prior Yr Expenses	<u>225.00</u>	<u>0.00</u>	<u>(225.00)</u>
TOTAL	\$2,039.00	\$1,403.00	(\$636.00)
 <u>Trust & Agency Fund</u>			
Fines Imposed and Collected by SCC	\$660,500.00	\$245,125.00	(\$415,375.00)
Debt Set Off Collection	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$660,500.00	\$245,125.00	(\$415,375.00)
 GRAND TOTAL	 \$51,103,049.43	 \$52,962,205.37	 \$1,859,155.94

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS
FOR FISCAL YEARS ENDING JUNE 30, 2006, AND JUNE 30, 2007**

	<u>2006</u>	<u>2007</u>
Banks	\$6,980,952	\$7,973,121
Savings Institutions and Savings Banks	5,822	5,635
Consumer Finance Licensees	478,068	628,614
Credit Unions	965,714	1,009,229
Trust subsidiaries and Trust Companies	49,376	46,035
Industrial Loan Associations	12,265	14,148
Money Order Sellers and Transmitters	49,500	51,000
Credit Counseling Agency Licensees	4,550	15,150
Mortgage Lenders and Mortgage Brokers	2,084,409	2,173,424
Check Cashers	58,100	73,200
Payday Lenders	294,063	353,880
Miscellaneous Collections	<u>63,570</u>	<u>88,031</u>
TOTAL	\$11,046,389	\$12,431,467

CONSUMER SERVICES

The Bureau received and acted upon 1,337 formal written complaints during 2007 and recovered \$1,194,075 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2006, AND JUNE 30, 2007**

<u>Kind</u>	<u>2006</u>	<u>2007</u>	<u>Increase or Decrease</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$373,682,135.47	\$384,894,000.28	\$11,211,864.81
Fraternal Benefit Societies Licenses	500.00	500.00	0.00
Interest on Delinquent Taxes	116,401.99	25,387.59	(91,014.40)
Penalty on non-payment of taxes by due date	236,373.98	303,759.51	67,385.53
<u>Special Fund</u>			
Company License Application Fee	18,000.00	31,000.00	13,000.00
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,700.00	6,200.00	(500.00)
Insurance Premium Finance Companies Licenses	14,400.00	14,300.00	(100.00)
Agents Appointment Fees	15,568,714.00	16,831,942.00	1,263,228.00
Surplus Lines Broker Licenses	56,400.00	68,100.00	11,700.00
Home Service Contract Providers License Fee	0.00	6,000.00	6,000.00
Producer License Application Fees	847,275.15	802,545.00	(44,730.15)
Surety Bail Bondsmen License Fee	(50.00)	0.00	50.00
P&C Consultant License Fees	61,400.00	66,745.00	5,345.00
Recording, Copying, and Certifying			
Public Records Fee	37,546.50	24,513.00	(13,033.50)
SCC Bad Check Fee	100.00	116.25	16.25
Managed Care Health Ins. Plan Appeals Fee	1,550.00	1,850.00	300.00
Administrative Penalty Payment	296,000.00	0.00	(296,000.00)
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	7,243,442.85	7,605,240.83	361,797.98
Reinsurance Intermediary Broker Fees	0.00	500.00	500.00
Reinsurance Intermediary Managers Fee	2,500.00	0.00	(2,500.00)
Managing General Agent Fees	7,000.00	7,000.00	0.00
Viatical Settlement Provider Lic. Fees	5,600.00	5,800.00	200.00
Viatical Settlement Broker Lic. Fees	13,050.00	15,850.00	2,800.00
MCHIP Assessment	0.00	0.00	0.00
Appointment Fee Penalty	177,310.00	253,900.00	76,590.00
Miscellaneous Revenue	0.00	2,660.00	2,660.00
Recovery of Prior Year Expenses	79,996.54	41,784.09	(38,212.45)
Fire Programs Fund	25,940,755.23	27,352,995.17	1,412,239.94
Fire Programs Fund Interest	61,073.57	116,999.68	55,926.11

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

DMV Uninsured Motorist Transfer	7,232,710.14	7,121,955.26	(110,754.88)
Flood Assessment Fund	282,826.18	316,337.94	33,511.76
Heat Assessment Fund	1,698,032.66	1,591,189.30	(106,843.36)
Fines Imposed by State Corporation Commission	1,559,360.35	1,391,350.00	(168,010.35)
Fraud Assessment Fund	5,068,691.35	5,156,332.61	87,641.26
Fraud Assessment Interest	15,244.00	33,445.98	18,201.98
TOTAL	\$440,331,039.96	\$454,090,299.49	\$13,759,259.53

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES
FOR THE YEARS 2006 AND 2007**

Class of Company	Value of all Taxable Property Including Rolling Stock		Increase or (Decrease)
	2006	2007	
Electric Light & Power Corporations	\$17,854,167,026.00	\$19,120,771,377.00	\$1,266,604,351.00
Gas Corporations	1,453,542,729.00	1,587,679,894.00	134,137,165.00
Motor Vehicle Carriers (Rolling Stock only)	39,639,552.00	38,874,733.00	(\$764,819.00)
Telecommunications Companies	8,662,054,610.00	9,347,902,601.00	685,847,991.00
Water Corporations	<u>136,547,028.00</u>	<u>154,643,723.00</u>	<u>18,096,695.00</u>
TOTAL	\$28,145,950,945.00	\$30,249,872,328.00	\$2,103,921,383.00

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE
COMPANIES FOR THE YEARS 2006 AND 2007**

Class of Company	The Yearly License Tax		Increase or (Decrease)
	2006	2007	
Electric Light & Power Corporations	\$0.00	\$0.00	\$0.00
Gas Corporations	0.00	0.00	0.00
Water Corporations	<u>1,087,914.00</u>	<u>1,136,039.00</u>	<u>48,125.00</u>
TOTAL	\$1,087,914.00	\$1,136,039.00	\$48,125.00

Note: STATE TAXES ABOVE EXCLUDE License Tax for 2006 and 2007 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

**COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX
FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF
UTILITY COMPANIES FOR THE YEARS 2006 AND 2007**

Class of Company			Increase or (Decrease)
	2006	2007	
Electric Light & Power Corporations	\$0.00	\$0.00	\$0.00
Gas Corporations	0.00	0.00	0.00
Motor Vehicle Carriers	32,932.00	29,402.00	(3,530.00)
Railroad Companies	842,709.00	935,061.00	92,352.00
Telecommunications Companies	5,499,152.00	5,769,775.00	270,623.00
Virginia Pilots Association	18,767.00	19,956.00	1,189.00
Water Corporations	<u>54,396.00</u>	<u>56,801.00</u>	<u>2,405.00</u>
TOTAL	\$6,447,956.00	\$6,810,995.00	\$363,039.00

Railroad Companies assessed at seven-hundredths of one percent and all other companies at one-tenth of one percent.

Note: STATE TAXES ABOVE EXCLUDE Special Tax for 2006 and 2007 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2006</u>	<u>2007</u>	<u>Increase or (Decrease)</u>
Alexandria	\$732,162,326	\$759,354,029	\$27,191,703
Bedford	6,061,325	7,748,513	1,687,188
Bristol	12,898,947	11,190,977	(1,707,970)
Buena Vista	9,256,624	10,936,402	1,679,778
Charlottesville	109,195,424	108,120,704	(1,074,720)
Chesapeake	822,744,382	871,709,413	48,965,031
Colonial Heights	26,991,186	25,347,159	(1,644,027)
Covington	18,077,203	17,441,458	(635,745)
Danville	43,838,753	45,463,375	1,624,622
Emporia	17,057,120	15,016,779	(2,040,341)
Fairfax	108,229,657	112,123,565	3,893,908
Falls Church	29,052,232	27,026,310	(2,025,922)
Franklin	5,406,190	6,985,838	1,579,648
Fredericksburg	39,149,695	43,174,283	4,024,588
Galax	12,232,851	13,145,695	912,844
Hampton	213,785,287	229,686,890	15,901,603
Harrisonburg	35,411,615	41,236,248	5,824,633
Hopewell	319,785,907	313,573,569	(6,212,338)
Lexington	12,152,188	15,035,285	2,883,097
Lynchburg	172,450,757	162,054,483	(10,396,274)
Manassas	63,512,814	62,636,926	(875,888)
Manassas Park	21,583,638	22,377,217	793,579
Martinsville	20,701,504	25,163,532	4,462,028
Newport News	277,571,737	318,712,190	41,140,453
Norfolk	447,207,657	556,307,170	109,099,513
Norton	21,738,905	19,539,794	(2,199,111)
Petersburg	67,399,330	64,396,063	(3,003,267)
Poquoson	10,694,136	13,973,492	3,279,356
Portsmouth	177,717,627	196,414,378	18,696,751
Radford	14,386,471	12,543,477	(1,842,994)
Richmond	771,754,295	819,969,908	48,215,613
Roanoke	227,273,495	226,931,136	(342,359)
Salem	28,003,165	26,657,696	(1,345,469)
Staunton	49,777,197	61,722,373	11,945,176
Suffolk	137,411,237	184,611,840	47,200,603
Virginia Beach	539,034,894	641,239,160	102,204,266
Waynesboro	63,298,636	73,691,159	10,392,523
Williamsburg	47,686,582	48,269,470	582,888
Winchester	<u>50,162,918</u>	<u>59,266,316</u>	<u>9,103,398</u>
Total Cities	\$5,782,855,907	\$6,270,794,272	\$487,938,365

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2006</u>	<u>2007</u>	<u>Increase or (Decrease)</u>
Accomack	\$7,216,959	85,611,051	\$(11,605,908)
Albemarle	197,130,219	244,391,808	47,261,589
Alleghany	57,587,119	79,822,980	22,235,861
Amelia	31,131,386	29,543,227	(1,588,159)
Amherst	58,544,607	51,810,357	(6,734,250)
Appomattox	25,661,638	24,281,610	(1,380,028)
Arlington	690,073,033	747,013,372	56,940,339
Augusta	160,760,446	159,081,279	(1,679,167)
Bath	1,293,874,664	1,059,293,698	(234,580,966)
Bedford	141,221,458	207,864,723	66,643,265
Bland	35,833,223	50,582,512	14,749,289
Botetourt	133,877,838	133,953,015	75,177
Brunswick	50,006,603	46,020,580	(3,986,023)
Buchanan	64,197,295	80,909,318	16,712,023
Buckingham	34,584,665	30,853,711	(3,730,954)

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Campbell	155,451,148	199,589,968	44,138,820
Caroline	194,149,356	193,865,458	(283,898)
Carroll	74,445,683	69,693,554	(4,752,129)
Charles City	30,972,290	26,830,621	(4,141,669)
Charlotte	27,928,228	38,224,974	10,296,746
Chesterfield	1,167,435,023	1,284,763,449	117,328,426
Clarke	39,724,330	41,550,520	1,826,190
Craig	13,422,842	12,863,818	(559,024)
Culpeper	61,488,148	114,701,015	53,212,867
Cumberland	29,075,482	30,822,258	1,746,776
Dickenson	35,943,130	36,739,545	796,415
Dinwiddie	72,490,201	68,556,932	(3,933,269)
Essex	22,902,409	20,980,539	(1,921,870)
Fairfax	3,087,342,156	3,429,347,321	342,005,165
Fauquier	537,765,583	574,576,920	36,811,337
Floyd	40,714,951	35,989,852	(4,725,099)
Fluvanna	393,647,064	487,883,045	94,235,981
Franklin	96,610,720	91,755,751	(4,854,969)
Frederick	136,848,693	141,702,074	4,853,381
Giles	128,316,763	130,196,774	1,880,011
Gloucester	82,566,946	73,661,901	(8,905,045)
Goochland	71,697,779	86,805,032	15,107,253
Grayson	39,139,014	34,508,076	(4,630,938)
Greene	19,569,452	29,519,388	9,949,936
Greensville	20,740,018	22,105,758	1,365,740
Halifax	1,022,296,397	1,000,753,306	(21,543,091)
Hanover	503,083,438	546,542,378	\$43,458,940
Henrico	762,951,320	808,674,428	45,723,108
Henry	112,747,357	108,296,280	(4,451,077)
Highland	19,339,833	17,982,422	(1,357,411)
Isle of Wight	169,175,312	207,444,008	38,268,696
James City	140,593,933	161,996,753	21,402,820
King and Queen	13,875,616	19,571,641	5,696,025
King George	280,236,336	261,588,405	(18,647,931)
King William	27,973,177	29,613,091	1,639,914
Lancaster	32,717,833	25,828,991	(6,888,842)
Lee	47,508,378	43,027,804	(4,480,574)
Loudoun	1,348,300,475	1,478,063,946	129,763,471
Louisa	2,188,603,166	2,234,635,803	46,032,637
Lunenburg	25,977,574	25,925,685	(51,889)
Madison	32,141,920	23,762,521	(8,379,399)
Mathews	21,331,137	15,264,589	(6,066,548)
Mecklenburg	166,609,823	211,594,744	44,984,921
Middlesex	18,574,792	16,566,244	(2,008,548)
Montgomery	115,730,285	147,754,192	32,023,907
Nelson	49,988,186	34,097,428	(15,890,758)
New Kent	47,170,815	39,823,788	(7,347,027)
Northampton	25,359,568	23,601,624	(1,757,944)
Northumberland	38,647,253	36,978,612	(1,668,641)
Nottoway	46,179,129	48,119,481	1,940,352
Orange	39,257,565	92,401,928	53,144,363
Page	31,288,075	45,367,418	14,079,343
Patrick	37,138,359	33,153,502	(3,984,857)
Pittsylvania	262,364,917	249,321,501	(13,043,416)
Powhatan	75,690,699	73,688,381	(2,002,318)
Prince Edward	37,658,525	35,905,798	(1,752,727)
Prince George	77,164,350	76,626,423	(537,927)
Prince William	1,292,158,197	1,379,205,159	87,046,962
Pulaski	86,285,346	85,085,794	(1,199,552)
Rappahannock	24,501,189	22,956,751	(1,544,438)
Richmond	25,723,621	22,654,561	(3,069,060)
Roanoke	185,545,449	206,509,264	20,963,815
Rockbridge	88,368,848	84,980,699	(3,388,149)
Rockingham	165,858,710	155,299,050	(10,559,660)
Russell	180,303,634	212,239,391	31,935,757
Scott	53,253,241	49,877,843	\$(3,375,398)
Shenandoah	107,565,632	103,205,657	(4,359,975)
Smyth	70,568,310	67,439,121	(3,129,189)
Southampton	102,651,745	87,162,890	(15,488,855)
Spotsylvania	208,258,445	228,261,855	20,003,410
Stafford	205,368,883	233,457,000	28,088,117
Surry	1,105,482,622	1,528,200,651	422,718,029

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Sussex	52,131,062	46,951,979	(5,179,083)
Tazewell	95,531,569	116,834,290	21,302,721
Warren	29,593,407	53,060,528	23,467,121
Washington	184,614,055	165,057,612	(19,556,443)
Westmoreland	44,414,732	34,201,393	(10,213,339)
Wise	55,788,576	58,813,990	3,025,414
Wythe	92,723,255	145,786,619	53,063,364
York	397,000,853	370,720,327	(26,280,526)
Total Counties	<u>\$22,323,455,486</u>	<u>\$23,940,203,323</u>	<u>\$1,616,747,837</u>
Total Cities & Counties	\$28,106,311,393	\$30,210,997,595	\$2,104,686,202

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2006, AND DECEMBER 31, 2007**

<u>Kind</u>	<u>2006</u>	<u>2007</u>	<u>Increase or Decrease</u>
Securities Act	\$8,444,572.00	\$9,097,790.39	\$653,218.39
Retail Franchising Act	486,850.00	528,425.00	41,575.00
Trademarks-Service Marks	28,685.00	27,530.00	(1,155.00)
Penalties	207,850.00	252,000.00	44,150.00
Global Settlement Penalties	235,997.00	0.00	(235,997.00)
Cost of Investigations	<u>152,698.00</u>	<u>43,700.00</u>	<u>(108,998.00)</u>
TOTAL	\$9,556,652.00	\$9,949,445.39	\$392,793.39

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2007

DIVISION OF PUBLIC UTILITY ACCOUNTING

The following statistical data summarizes the following Cases: Rate, Performance-Based Regulation, Certificate, Annual Informational Filings/Earnings Tests, Fuel Factor, Compliance Audits, Depreciation Studies & Special Studies made by PUA in 2007.

<u>General Rate Cases/Performance Based Regulation Cases/Investigation into Rates</u>	
Electric Companies	3
Electric Cooperatives	1
Gas Companies	1
Water and Sewer Companies	3
Other	<u>1</u>
Total General Rate Cases	9
<u>Expedited Rate Cases</u>	
Gas Companies	3
Water Companies	2
Total Expedited Rate Cases	<u>5</u>
Total Rate Cases	14
<u>Ch. 4 or Ch. 5/Certificate Cases</u>	
Electric Companies	2
Electric Cooperatives	1
Water and Sewer Companies	<u>2</u>
Total Ch. 5/Certificate Cases	5
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies	4
Gas Companies	6
Water and Sewer Companies	<u>3</u>
Total Annual Informational Filings	13
<u>Fuel Factor Cases - Electric Companies</u>	8
<u>Depreciation Studies</u>	
Electric Companies	1
Electric Cooperatives	1
Gas Companies	<u>4</u>
Total Depreciation Studies	6
<u>Special Studies</u>	
Electric Companies	3
Gas Companies	<u>2</u>
Total Special Studies	5

During the year 2007, Division of Public Utility Accounting received applications filed under the Public Utilities Affiliates Act and the Utility Transfers Act pertaining to public utilities for processing, analysis, and study. The number and type of written reports submitted to the Commission recommending action and orders drawn are as follows:

<u>Number of Utility Transfers Act Cases</u>	
Transfer of Assets	11
Transfer of Securities or Control	20
<u>Number of Affiliates Act Cases</u>	
Service Agreements	15
Asset transfer	2
Gas sales	2
Cash reimbursement agreement	1
Tax Allocation Agreement	<u>2</u>
Total Number Of Cases	53

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The average number of days to process applications and issue an order for applications filed under the Affiliates Act and the Utility Transfers Act for cases not involving hearings was as follows:

Electric	46
Gas	86
Water and sewer	173
Telecommunications	49

One electric case involved a hearing and took 108 days to process.

Personnel:

The Commission's Division of Public Utility Accounting consisted of the following personnel on December 31, 2007:

<u>Filled</u>	<u>Vacant</u>	<u>Description</u>
1		Director
2		Deputy Directors
3		Manager of Audits
1		Systems Supervisor
1	1	Administrative Supervisor
1		Senior Office Technician
4	2	Principal Public Utility Accountants
2		Senior Public Utility Accountant
<u>1</u>	<u>1</u>	Public Utility Accountants
16	4	Total Authorized: 20

DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. It oversees the continued implementation of competition in landline telecommunications markets with the goal of achieving an effective regulatory environment that balances the advancement of competition with the protection of consumers. The Division assists the Commission in developing, implementing, and enforcing alternatives to traditional forms of regulation as competition evolves. It monitors, enforces, and makes interpretations on certain rates, tariffs, and operating procedures of investor-owned telecommunications utilities. The Division enforces service standards, assures compliance with tariff regulations, coordinates extended area service studies, enforces pay telephone regulations, and assists in carrying out provisions of the Federal Telecommunications Act of 1996. The Staff testifies in rate, service, and generic hearings, and meets with the public on communications issues and problems. The Division maintains territorial maps, performs special studies, monitors construction programs, and investigates and resolves consumer inquiries and complaints. The Staff also monitors developments at the federal level, and prepares Commission responses where appropriate.

At the end of 2007, there were subject to the regulatory oversight of the Division:

13	Incumbent Investor-Owned Local Exchange Telephone Companies
165	Competitive Local Exchange Telephone Companies
118	Long Distance Telephone Companies
219	Payphone Service Providers
14	Operator Service Providers for Payphones

SUMMARY OF 2007 ACTIVITIES

Consumer Complaints Investigated:	5,941
Wireline Complaints	5,452
Wireless Complaints	489
Total Consumer Credit Adjustments:	\$353,933
Wireline Credit Adjustments	\$310,563
Wireless Credit Adjustments	\$43,370
Service Quality Oversight:	
Network Access Lines (reported as of June 30, 2007)	4,753,368
Tariff revisions received:	
Incumbent Local Exchange Companies	95
Competitive Local Exchange Companies	198
Interexchange Companies	74
Tariff sheets filed:	
Incumbent Local Exchange Companies	481
Competitive Local Exchange Companies	3,262
Interexchange Companies	1,729
Promotional Filings:	
Incumbent Local Exchange Companies	144
Competitive Local Exchange Companies	141
Interexchange Companies	1
Cases in which staff members prepared testimony, reports, or comments	26

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Certificates of Convenience and Necessity:	
Competitive Local Exchange Companies	
Granted	12
Amended	4
Canceled	12
Interexchange Companies	
Granted	11
Amended	5
Canceled	9
Interconnection Agreements or Amendments approved or dismissed	50
Collocation Exemption Requests	1
Sales & Use Tax Surcharge Reviews	2
Extended Area Service studies completed or under way	2
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	13
Local Exchange Company payphones	18,190
Private payphone service providers	206
Private payphones	8,036
Payphone audits	869
General Network/Infrastructure Field Reviews	43
Local Serving Area Boundary Adjustments	2

OTHER:

Assisted the Commission in the continued implementation and operation of the Federal Telecommunications Act of 1996.
Continued the Collaborative Committee on local competition market-opening measures.
Monitored Verizon Virginia's Performance Assurance Plan.
Assisted Commission counsel with respect to formal rate, service, and generic matters.
Implemented revised rules regarding regulation of competitive local exchange companies.
Participated in matters affecting communications policy with federal agencies.
Pursued various activities relating to the Commission's alternative plans for regulating telephone companies.
Participated in the proceeding regarding the competitive determination of Verizon's retail services.
Continued outreach activities by making presentations to trade and citizen groups, associations, and telephone companies.
Represented the Commission during the General Assembly session on matters relating to Telecommunications.
Implemented Service Quality corrective action programs.
Participated in Atlantic Payphone Association meetings.
Responded to questionnaires and inquiries from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.
Conducted operational reviews with facilities-based telecommunications providers.
Managed Virginia's telephone number utilization program.
Monitored Virginia Universal Service Plan Participation.
Staff member serves on the NARUC Staff Subcommittee on Communications.
Staff member serves on the NARUC Staff Subcommittee on Accounting and Finance.

DIVISION OF ECONOMICS AND FINANCE

The Division of Economics and Finance performs analysis and research on economic and financial issues pertaining to utility regulation. The Division also provides analytical and research support as needed by non-utility divisions within the Commission.

The Division has ongoing responsibility for:

- issuing monthly Fuel Price Index reports;
- maintaining and issuing monthly reports for the electric utility Fuel Monitoring System;
- issuing quarterly Natural Gas Price Index reports;
- analyzing and presenting testimony on capital structure, cost of capital, and other finance-related issues in utility rate cases;
- analyzing and presenting testimony on interest expense, appropriate earnings level and other finance-related issues in electric cooperative rate cases;
- monitoring the financial condition of Virginia utilities;
- monitoring the diversification activities of holding companies with utility subsidiaries operating in Virginia;
- reviewing annual financing plans of Virginia utilities;
- analyzing utility applications for the issuance of securities and providing the Commission with recommendations;
- conducting studies of intermediate/long range issues in electric, gas and telecommunications utility regulations;
- acquiring and running analytic computer models used to simulate, project, and/or evaluate utility operations and regulatory issues;
- monitoring inter-LATA and intra-LATA telecommunications competition;
- monitoring the incumbent local exchange companies participating in the Alternative Regulatory Plans;
- monitoring new entrants to the telecommunications market;
- analyzing financial fitness of applicants seeking status as competitive local exchange and interexchange carriers, and municipal local exchange carriers;
- monitoring and maintaining files of electric utilities' operating forecasts;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC divisions;
- maintaining database management systems for preparation of economic and financial analysis in utility cases;

- maintaining a utility stock price database;
- maintaining an electric energy market price database;
- monitoring electric and natural gas retail access programs statewide and nationally;
- monitoring evolving competitive energy markets, including market power issues;
- monitoring and participating in Virginia's membership within the regional transmission organization known as PJM Interconnection, LLC
- analyzing applications for licenses to become a competitive service provider or aggregator;
- analyzing energy efficiency and customer demand-response programs and associated trends;
- analyzing effects of electricity generation from renewable resources; and
- analyzing financial fitness of non-regulated firms seeking approval to build generating facilities or gas pipelines.

SUMMARY OF MAJOR ACTIVITIES DURING 2007

- Presented testimony on capital structure, cost of capital and other financial issues in nine investor-owned utility rate cases.
- Presented testimony on the appropriate level of toll for the Toll Road Corporation of Virginia.
- Worked on one gas utility application seeking authority to hedge gas purchases through the use of financial hedges.
- Presented testimony on financial and competitive issues for two utility merger cases.
- Completed 18 Annual Informational Filing reports for electric, gas, telephone and water utilities.
- Analyzed and processed 25 applications of utilities seeking authority to issue securities.
- Processed the applications of and/or prepared reports regarding the financial condition of 18 competitive local exchange carriers and/or interexchange carriers.
- Participated in one major Federal Energy Regulatory Commission proceeding related to Regional Transmission Organizations and energy markets.
- Prepared reports on four applications for a certificate to construct a new electric generating facility.
- Prepared reports on four applications for a certificate to convert existing QF facilities to IPP generating facilities.
- Prepared testimony for four electric fuel factor proceedings.
- Prepared reports regarding the financial condition of 8 companies seeking licensure as aggregators.
- Developed and maintained various econometric models that help explain price movements in the PJM Interconnection.
- Began preparation to develop rules regarding interconnection standards for distributed generation facilities.
- Supported and monitored activities regarding the continued development of Regional Transmission Organizations (PJM Interconnection, LLC) and associated participation of Virginia electric utilities.
- Monitored evolution of Electronic Data Interchange guidelines for communication among utilities and competitive service providers in Virginia and the surrounding region, as well as nationally.
- Monitored activities of the North American Energy Standards Board, encompassing wholesale and retail electricity and natural gas sectors, to establish Uniform Business Practices.
- Developed the Status Report to the Legislative Transition Task Force and Governor of Virginia regarding the Development of a Competitive Retail Market for Electric Generation within the Commonwealth of Virginia.
- Developed a Report transmitted by the Commission to the Governor of Virginia and the General Assembly regarding energy efficiency, conservation and demand response as required by the Third Enactment Clause of Senate Bill 1416.
- Developed a forecast of the consumption tax collected on electricity usage for Public Service Taxation.
- Developed a forecast of the consumption tax collected on natural gas usage for Public Service Taxation.
- Developed a forecast of budget items for Bureau of Insurance.
- Developed a forecast of the valuation fund for the Offices of Commission Comptroller and Public Service Taxation.
- Maintained the Virginia Electronic Data Transfer website.
- Maintained a comprehensive database on competitive energy service providers.
- Participated in the Staff's analysis and resulting testimony regarding Verizon's application to deregulate its services in Virginia.

DIVISION OF ENERGY REGULATION

Activities for Calendar Year 2007

The Division of Energy Regulation assists the Commission in fulfilling its statutory responsibilities pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; reviewing allocation methods, depreciation rates and rate design philosophies; and providing expert testimony in that regard.

The Division provides expert testimony in certificate cases for service areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps.

The Division has monitoring responsibilities relative to: the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, and the recovery of fuel expenses and the construction and operation of major facilities by the investor-owned utilities. It also reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to regulated utilities and licensed electricity and natural gas suppliers.

Finally, it provides the Commission with technical expertise in regulatory policy related issues including both state and national proceedings associated with industry restructuring and mergers and acquisitions of natural gas and electric utilities.

Summary of Activities for Calendar Year 2007

Consumer Complaints and Inquiries Received

3,710

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Written Public Comments Relative to Commission Cases Received	57,358
Testimony and Reports Filed by Staff	40
Certificates of Convenience and Necessity Granted, Transferred, or Revised	72
Affiliates Applications	13
Electric On-Site Construction Inspections	3
Meter Tests Witnessed	3
Federal Energy Regulatory Commission Filing/Comments	4
Community Meetings and Presentations	6

BUREAU OF FINANCIAL INSTITUTIONS

The Bureau of Financial Institutions is responsible under Title 6.1 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan associations, consumer finance licensees, money transmitter licensees, mortgage lenders and brokers, credit counseling agencies, check cashers, and payday lenders. Financial institutions domiciled outside of Virginia that have deposit taking subsidiaries within the Commonwealth are also subject to the Bureau regulatory authority, as are out-of-state deposit taking subsidiaries of financial holding companies domiciled in Virginia.

During the calendar year, the Bureau of Financial Institutions received, investigated, and processed 3,285 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2007

New Banks	6
Bank Branches	76
Bank Branch Office Relocations	14
Bank Mergers	10
Acquisitions Pursuant to Chapter 13 of Title 6.1	2
Acquisitions Pursuant to Chapter 15 of Title 6.1	5
New Private Trust Co.	1
Establish a Trust Company Branch	2
EFT Terminal	1
Credit Union Mergers	2
Credit Union Service Facilities	6
Move a Credit Union Office	1
New Consumer Finance	13
Consumer Finance Offices	127
Consumer Finance Other Business	49
Consumer Finance Office Relocations	13
New Mortgage Brokers	521
New Mortgage Lenders	31
New Mortgage Lenders and Brokers	113
Mortgage Lender Broker Additional Authority	21
Exclusive Agent Qualifications	2
Acquisitions of Mortgage Lenders/Brokers	68
Mortgage Branches	1096
Mortgage Office Relocations	791
New Money Order Sellers/Money Transmitters	22
Acquisitions of Money Order Sellers/Money Transmitters	13
Credit Counseling Agency Additional Offices	31
Credit Counseling Office Relocations	21
New Credit Counseling Agencies (Ch. 10.2)	1
New Check Cashers	120
New Payday Lenders	15
Payday Additional Offices	42
Payday Office Relocations	18
Acquisitions of Payday Lenders	3
Payday Lender Other Business	28

At the end of 2007, there were under the supervision of the Bureau 83 banks with 786 branches, 62 Virginia bank holding companies, 23 non-Virginia bank holding companies with banking offices in Virginia, 1 independent trust company, 4 subsidiary trust companies, 1 savings institution, 55 credit unions, 5 industrial loan associations, 18 consumer finance companies with 234 Virginia offices, 72 money transmitters, 38 credit counseling agencies, 361 check cashers, 104 mortgage lenders with 325 offices, 1,566 mortgage brokers with 2,690 offices, 508 mortgage lender/brokers with 2,189 offices, and 82 payday lenders with 803 offices.

**BUREAU OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2007**

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau of Insurance (Bureau) has licensed and examined the affairs of insurance companies since that time. Here in the Commonwealth of Virginia, the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives. In keeping with the Commission's mission, Bureau staff strives to balance the interests of insurance consumers with its duty to regulate Virginia's business responsibility.

The Bureau of Insurance is divided into the following four divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life, and accident and sickness insurers, health service plans and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); and the Agent Regulation and Administration Division regulates the activities of insurance agents, collects various special taxes and assessments on insurance companies and works in an auxiliary role in support of the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agent Investigations staff monitor the activities of insurance agents and agencies to ensure their actions comply with state law; (2) Consumer Services staff answer questions and assist consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) Market Regulation staff conduct on-site field examinations of insurance company practices in Virginia to ensure compliance with state law, to verify whether a company pays claims timely, to ensure that underwriting decisions are not unfairly discriminatory, and to evaluate marketing materials to ensure that they are not misleading; (4) the Office of the Managed Care Ombudsman promotes and protects the interests of covered persons under managed care health insurance plans (MCHIP) and assists consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) Policy Forms and Rates Filing staff evaluate insurance policies and rates to ensure compliance with state law, that policies are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

SUMMARY OF 2007 ACTIVITIES

New insurance companies licensed to do business in Virginia	33
Insurance company financial statements analyzed	6,204
Financial examinations of insurance companies conducted	31
Property and Casualty insurance rules, rates and form submissions	4,938
Life and Health insurance policy forms and rates submissions	6,851
Property and Casualty insurance complaints received	2,210
Life and Health insurance complaints received	1,937
Market conduct examinations completed by the Life and Health Division	17
Market conduct examinations completed by the Property and Casualty Division	5
Insurance agents and agencies licensed	160,350
Tax and assessment audits	7,955
Ombudsman Office inquiries received	862
Individuals assisted by Ombudsman Office in appealing MCHIP denials	168

EXTERNAL APPEAL FISCAL YEAR 2007

Number of Cases Reviewed	237
Eligible Appeals	134
Ineligible Appeals	103
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	50
Final Adverse Decision Overturned by Reviewer	71
MCHIP Reversed Itself	11
Appeal Decisions Pending	0
Approximate Cost Savings to Appellants	\$1,379,888

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please **TAKE NOTICE** that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

Fidelity Bankers Life Insurance Company d/b/a First Dominion Life Insurance (FBL/FD). Date of receivership: May 13, 1991. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.fblic.com.

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.howcorp.com.

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy receiver, of FBL/FD and the HOW Companies. Any inquiries concerning the conduct of the receivership of First Dominion Life Insurance Company and the HOW Companies may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 200, Building C, 7501 North Capital of Texas Highway, Austin, Texas 78731.

Reciprocal of America (ROA) and The Reciprocal Group (TRG). Date of receivership: January 29, 2003. An Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies was entered on June 20, 2003, and on October 28, 2003, the proposed plan of liquidation was approved by entry of an Order Setting Final Bar Date and Granting the Deputy Receiver Continuing Authority to Liquidate Companies.

The Commission is the Receiver, and the Commissioner of Insurance, Alfred W. Gross, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to Mike R. Parker, Receivership Operations Manager at 4200 Innsbrook Drive, Glen Allen, Virginia, or P.O. Box 85058, Richmond, Virginia 23285-5058 or by e-mail at www.reciprocalgroup.com.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

The Division of Securities and Retail Franchising of the State Corporation Commission is charged with the administration of the following laws:

- Virginia Securities Act (known as the "Blue Sky" Law), Virginia Code §§ 13.1-501 through 13.1-527.3.
- Virginia Trademark and Service Mark Act, Virginia Code §§ 59.1-92.1 through 59.1-92.21.
- Virginia Retail Franchising Act, Virginia Code §§ 13.1-557 through 13.1-574.

UNDER THE VIRGINIA SECURITIES ACT:

26	agent of issuer registrations and renewals denied, withdrawn, or terminated
414	investment company notice filings originals and renewals denied, withdrawn, or terminated
52	securities registrations approved
19	securities registrations denied, withdrawn, or terminated
2,926	investment company notice filings originals and renewals accepted
30	exemptions from registration approved
2,451	exemption notice filings for federal-covered securities accepted
3	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
2,512	broker-dealer registrations, renewals, and amendments approved
182	broker-dealer registrations and renewals denied, withdrawn, or terminated
45	broker-dealer audits completed
154,387	broker-dealer agent registrations and renewals approved
0	broker-dealer agents placed on special supervision
655	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
3,106	investment advisor registrations, renewals, and amendments approved
193	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
46	investment advisor audits completed
374	audit violation deficiencies resolved
10,475	investment advisor representative registrations and renewals approved
151	investment advisor representative registrations and renewals denied, withdrawn, or terminated
84	agent of issuer registrations and renewals approved
148	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

847	trademarks and/or service marks approved, renewed, or assigned
683	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,697	franchise registrations, renewals, or post-effective amendments approved
462	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
35	investigations completed

ORDERS, JUDGMENTS, AND SETTLEMENTS:

11	orders granting exemptions and/or official interpretations
0	orders filing and/or canceling surety bonds
17	orders for subpoena of records by banks, corporations, and individuals
26	orders of show cause
36	judgments of compromise and settlement
47	final orders and/or judgments
7	temporary injunctions

TELEPHONE CALLS, E-MAILS, AND COMPLAINTS:

597	enforcement general inquiry calls/e-mails
3,191	calls/e-mails regarding pending enforcements
971	calls/e-mails regarding pending registrations
17,423	registration general inquiry calls/e-mails
1,431	calls/e-mails regarding pending audits

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

529	audit general inquiry calls/e-mails
9,589	examination general inquiry calls/e-mails
1,955	calls/e-mails regarding pending examinations
193	complaints resulting in investigations
91	complaints referred
14	complaints with no authority to investigate
12	complaints with no violation of Securities or Franchise Acts

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR ACTIVITIES

	<u>12/31/06</u>	<u>12/31/07</u>
Financing/Subsequent Statements Filed	83,476	81,743
Federal Tax Liens/Subsequent Liens Filed	2,854	2,656
Reels of Microfilmed documents sold	343	344

DIVISION OF UTILITY AND RAILROAD SAFETY

The Division of Utility and Railroad Safety assists the Commission in administering safety programs involving the jurisdictional natural gas and hazardous liquid pipeline facilities, railroads, and underground utility damage prevention. The Pipeline Safety section of the Division ensures the safe operation of natural gas and hazardous liquid pipeline facilities through inspections of facilities, review of records, and investigation of incidents. The Railroad Regulation section of the Division conducts inspections of railroad facilities including track and equipment to ensure the safe operation of jurisdictional railroads within Virginia. The Damage Prevention section investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and presents its findings and recommendations to the Commission's Damage Prevention Advisory Committee. The Committee makes enforcement recommendations to the Commission. The Division provides free training relative to the Act to stakeholders, conducts public education campaigns, and promotes partnership amongst various parties to further underground utility damage prevention in Virginia.

Summary of 2007 Activities

Consumer Complaints and Inquiries Received	4
Natural Gas Safety Inspections	421
Hazardous Liquid Safety Inspections	119
Testimony and Reports	3
Pipeline Accident Investigations	19
Underground Utility Damage Reports Processed	2,426
Persons receiving Damage Prevention Training from Staff	4,546
Number of Damage Prevention Educational Materials Disseminated	239,000
Number of Railroad Track Units ¹	5,085
Number of Railroad Locomotive and Car Units ²	29,166
Number of Railroad Operating Practice Units ³	912
Railroad Accident Investigations	24

¹ Each mile of track, record, crossing at grade, among other things considered a track unit.

² Each locomotive, car, motive power equipment record, among others is considered a unit.

³ Each location where operations are or may occur such as switchyards, field offices, yard offices, trains, yard crew locations and dispatching are considered an operating practice unit.

INDEX OF LEADING MATTERS DISPOSED OF BY FORMAL ORDER

- 2 -

21st Century Capital Corp.
 License revocation pursuant to § 6.1-413 of the Code of Virginia 51

- 3 -

360networks (USA) of Virginia, Inc.
 For cancellation of certificates to provide local exchange and interexchange telecommunications services 261

- 4 -

4 Capital M, LLC
 License revocation pursuant to §§ 6.1-420 of the Code of Virginia 37

- A -

A&N Electric Cooperative
 For approval to increase line of credit limit up to \$7,200,000 440
 For authority to establish a loan agreement to issue long-term debt 441
 For approval of certificates of public convenience and necessity 460
 For approval of purchase and sale of service territory and facilities 460
 For approval of special rates 460
 For authorization to incur debt 486

AAA Cash Advance, Terrell L. Gravely, Sr., d/b/a
 For license to engage in business as a payday lender 16

ABC Mortgage Corporation
 License revocation pursuant to Chapter 16 of Title 6.1 of the Code of Virginia 31

ABC Title Services & Escrow, LLC
 License revocation pursuant to § 38.2-1831 of the Code of Virginia 175

Acceptance Casualty Insurance Company (Formerly Employers Casualty Company)
 Final Order 70

Accurate Title Group, LLC
 Settlement for alleged violations of § 6.1-2.23 of the Code of Virginia 183

ACT Lending Corporation, d/b/a ACT Mortgage Capital
 License revocation pursuant to § 6.1-418 of the Code of Virginia 38

Advance America, Cash Advance Centers of Virginia, Inc., d/b/a Advance America, Cash Advance Centers
 For authority to conduct business as an agent of a money transmitter in its payday lending offices 16

Affinity Health Plans of America
 Take Notice Order of entry of Judgment Order 151

Agency Development Services, Inc.
 License revocation pursuant to § 38.2-1831 of the Code of Virginia 175

AGL C&I Energy Services, Inc.
 For exemption from the filing and prior approval requirements or, in the alternative, for approval of natural gas sales under
 Chapter 4 of Title 56 of the Code of Virginia 447

AGL Resources, Inc.
 For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia 293

For authority to issue short-term debt, long-term debt, and common stock to an affiliate	304, 510
AGL Services Company	
For authority to issue short-term debt, long-term debt, and common stock to an affiliate	304, 510
Alero Home Loans, Preferred Mortgage Consultants, Inc., d/b/a	
Settlement for alleged violation of the Mortgage Lender and Broker Act.....	57
Algee, Kathryn Leigh	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	129
All American Ice Cream and Donut Shops, Inc.	
Order	535
Allegheny Power, The Potomac Edison Company, d/b/a	
For increase in its electric rates pursuant to Virginia code §§ 56-249.6 and 56-582.....	416
Order Denying Motions	428
Final Order	490
Allstate Lending Services, Inc.	
License revocation pursuant to § 6.1-413 of the Code of Virginia	52
Alpha Water Corporation	
For approval of change in ownership of the utility assets and expansion of service area	344
Amelia Telephone Company	
For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	250
American Bankers Life Assurance Company of Florida	
Settlement for alleged violations of § 38.2-316 A, <u>et al.</u> of the Code of Virginia	90
American Cash Center, Inc. (Used in Virginia by: B & L Management, Inc.) d/b/a Cardinal Cash Advance	
For authority to conduct tax preparation and electronic tax filing business in its payday lending offices.....	18
For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices	21
For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices	26
American Deed Company, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	190
American Electric Power Company	
For authority to receive cash capital contribution from an affiliate	509
American Electric Power Service Corporation	
For authority to enter into an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia	452
Order Denying Reconsideration.....	454
American Equity Finance, Inc.	
License revocation pursuant to § 6.1-413 of the Code of Virginia	51
American Fiber Network of Virginia, Inc.	
For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280
American Fiber Network, Inc.	
For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280
American Homeowners Title Agency, Inc.,	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	182
American Loans II, Inc.	
License revocation pursuant to §§ 6.1-420, <u>et al.</u> of the Code of Virginia	36
American Water Capital Corp.	
For continuing authority to participate in Financial Services Agreement with an affiliate	288

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

To continue authority granted in Case No. PUE-2004-00074 to enter into a Financial Services Agreement pursuant to the
Affiliates Act, Va. Code §§ 56-76 et seq. 288

America's Best Benefits
Take Notice Order of entry of Judgment Order 151

America's Choice Mortgage, Inc.
License revocation pursuant to Chapter 16 of Title 6.1 of the Code of Virginia..... 51

AMEX Assurance Company
Settlement for alleged violations of §§ 38.2-305, et al. of the Code of Virginia..... 124

ANGD LLC
For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia..... 293

Annual Audited Financial Reports, In the matter of Adopting Revisions to the Rules Governing
Order to Take Notice..... 168

Annual fees for mortgage lenders and mortgage brokers
Order Adopting a Regulation..... 32

Anthem Health Plans of Virginia, Inc.
For Amendment of Final Order in Case No. INS-2002-00131 114
Settlement for alleged violations of §§ 38.2-502, et al. of the Code of Virginia..... 145
For approval to provide services to new national account from a location outside of Virginia and for expedited treatment 166

Anthem Health Plans of Virginia, Inc., et al.
For approval to provide case management and utilization management for transplant services from a location outside of
Virginia and for expedited treatment..... 186

Anthem Southeast, Inc.
For Amendment of Final Order in Case No. INS-2002-00131 114

Apex Finance LLC
License revocation pursuant to § 6.1-413 of the Code of Virginia 59

Appalachian Natural Gas Distribution Company
For approval of change in ownership of utility assets and for issuance of certificate of public convenience and necessity
pursuant to Chapter 5 of Title 56 of the Code of Virginia..... 388

Appalachian Power Company
For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia..... 292, 474
For increase in electric rates 321
Order Denying Reconsideration and Clarification 339
To revise its fuel factor pursuant to § 56-248.6 of the Code of Virginia..... 356
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia 380
For authority to factor its accounts receivables to an affiliate 404
For authority to enter into an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia 452
Order Denying Reconsideration 454
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia..... 470
For authority to enter into a Gypsum and Purge Stream Waste Disposal Agreement..... 482
For certificate for facilities in Buchanan County: Shack Mills-Consol 138 kV Transmission Line..... 484
For authority to incur long-term debt 503
For authority to receive cash capital contribution from an affiliate 509

Aqua Virginia, Inc.
For general increase in rates 294

Aqua Virginia, Inc., Water Distributors, Inc., d/b/a
For approval of change of ownership of utility assets, expansion of service territory, and implementation of new rates 430

ARDC Corporation
For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy
Receiver's Determination of Appeal 82

Array Title & Escrow, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	134
Ashiotes, Christopher	
Take Notice Order of entry of Judgment Order	151
AT&T Communications of Virginia, LLC	
For waiver of the price ceilings for residential local exchange service of its Call Plan Unlimited Plus	223
AT&T Long Distance, SBC Long Distance, LLC, d/b/a	
For partial discontinuance of local exchange telecommunications services	253
For approval to partially discontinue local exchange service.....	261
Ategra Community Financial Institution Fund, LP, The	
To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
Atmos Energy Corporation	
For approval of insurance services agreement under Chapter 4 of Title 56 of the Code of Virginia	381
For Annual Informational Filing for 2006	383
For authority to issue common stock	405
For Declaratory Judgment Regarding Tariff Interpretation for Calculation of Demand Allocation	409
Order Denying Reconsideration.....	412
For authority to borrow short-term funds from an affiliate	443
For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate.....	506
Atmos Energy Holdings, Inc.	
For authority to borrow short-term funds from an affiliate	443
For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate.....	506
ATX Telecommunications Services of Virginia, LLC	
For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc.	277
Automobile Insurance Company of Hartford, Connecticut	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
- B -	
Baldwin County Internet/DSS1 Service, L.L.C.	
For certificates to provide local exchange and interexchange telecommunications services	275
Bandwidth.com CLEC, LLC	
For certificates to provide local exchange and interexchange telecommunications services	250
Banks, Ladds and Kathleen	
For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal.....	71
Banner Life Insurance Company	
Settlement for alleged violation of § 38.2-610 of the Code of Virginia	141
Beacon Credit Union, Incorporated	
To merge with Lynchburg Transit Employees Federal Credit Union	17
Best Settlement Services, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	176
BetterWorld Telecom, LLC	
For certificates to provide local exchange and interexchange telecommunications services	269
Bey, Tecumseh Irvin	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	149

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Birchwood Power Partners, L.P.
 For Certificate to Operate as an Electric Generating Facility Pursuant to Virginia Code § 56-580 D..... 363

Bledsoe, B. A.
 Final Order 62

Blonder Tongue Telephone, LLC
 For cancellation of certificate to provide local exchange telecommunications services 255

Blue Ridge Christian Fellowship
 For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia..... 543

Blue Ridge Heights Corporation
 For approval of change of ownership of utility assets, expansion of service territory, and implementation of new rates 430

Blueflame Insurance Services, Ltd.
 For approval of insurance services agreement under Chapter 4 of Title 56 of the Code of Virginia..... 381

Blues Strategies, LLC
 Order Vacating Certificate and Directing Refund 67

Brandi Wine Water Works, Ltd.
 For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and
 Brenda J. Hamner to David G. Petrus 359

Broadview Networks Holdings, Inc.
 For approval of indirect transfer of control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka
 Broadband Corporation, to Broadview Networks Holdings, Inc..... 249
 For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of
 Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc. 277

Broadview Networks of Virginia, Inc.
 For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of
 Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc. 277

Broadwing Communications, LLC
 For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications,
 Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC,
 WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and
 Broadwing Communications, LLC 283

Brooks Financial Group, LLC
 License revocation pursuant to § 6.1-413 of the Code of Virginia 54

Brooks, Ellen Doss
 Consent Order 188

Brosville Payday Advance, D. Long Investments, Inc., d/b/a
 For license to engage in business as a payday lender..... 17
 For authority to conduct open-end credit business from its payday lending office(s)..... 29

Brown, Kenneth E.
 Settlement for alleged violations of the Virginia Securities Act..... 514

Bynum Finance Corporation
 License revocation pursuant to § 6.1-301 of the Code of Virginia 49
 Order Reinstating License..... 49

CAC Capital Corporation
 Final Order 525

Cambridge Mortgage Corporation License revocation pursuant to § 6.1-418 of the Code of Virginia	38
Capital Markets LLC License revocation pursuant to § 6.1-413 of Code of Virginia	32
Cardinal Cash Advance, American Cash Center, Inc. (Used in Virginia by: B & L Management, Inc.), d/b/a For authority to conduct tax preparation and electronic tax filing business in its payday lending offices.....	18
For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices	21
For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices	26
CareFirst BlueChoice, Inc. Settlement for alleged violations of §§ 38.2-316 A, <u>et al.</u> of the Code of Virginia	135
Caruso, Anthony License revocation pursuant to § 38.2-1831 of the Code of Virginia	149
Casey Auto Group, Inc. Final Order	519
Cash & Go, Inc. of Virginia (Used in VA by: Cash & Go, Inc.), d/b/a CASH-N-GO For authority to conduct open-end credit business from its payday lending offices.....	26
Cash Advance Holdings, Inc. To acquire 100 percent of the ownership of Approved Cash Advance Centers (Virginia), LLC, d/b/a Approved Cash Advance	31
Cash Solution, LLC For license to engage in business as a payday lender	15
Cash-2-Go of Virginia, Inc. For license to engage in business as a payday lender	18
For authority to conduct an open-end credit business at its payday lending offices.....	19
Cash-2-U Payday Loans, F & L Marketing Enterprises LLC, d/b/a For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices	22
Casselman, Matthew Clark Licensing revocation pursuant to § 38.2-1831 of the Code of Virginia	97
CAT Communications International, Inc. For Authority to Discontinue All Local Exchange Telecommunications Services in Virginia and Cancellation of Certificate and Tariffs.....	281
Catholic United Investment Trust For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	528
Cavalari, Thomas J. License revocation pursuant to § 38.2-1831 of the Code of Virginia	138
Centennial Homes, Inc., d/b/a Trendmaker Homes For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal.....	72
Central National Insurance Company of Omaha (In Rehabilitation), The To vacate Order Suspending License entered November 14, 1989	69
Central States Health & Life Company of Omaha Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia.....	93
Central Telephone Company of Virginia For Waiver of Rule 20 VAC 5-413-20 A of the Commission's Rules Governing Disconnection of Local Exchange Telephone Service.....	276

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Certification and Regulation of Competitive Local Exchange Carriers, Amendment of Rules Governing	
Order on Application and Establishing Proceeding	216
Final Order	259
Certified Title & Escrow, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	126
CFS Settlements, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	179
Chambers, Valerie	
Final Order	62
Champion Child, Inc., d/b/a Stretch-N-Grow International	
Settlement for alleged violations of the Virginia Retail Franchising Act	527
Charter Financial Services, Commonwealth Church Finance, Inc., a/k/a	
Settlement for alleged violations of the Virginia Securities Act	533
Charter Oak Fire Insurance Company	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Children of America, Inc.	
Settlement for alleged violations of the Virginia Securities Act	539
Amending Order	540
Church Extension Services, Inc.	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	541
Church of the Valley, The	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	540
CII Holdco, Inc.	
For approval of transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc.	268
CitiFinancial of Virginia, Inc.	
Order Canceling Certificate	50
Citizens for a Sound Economy, FreedomWorks, Inc., f/k/a	
Settlement for alleged violations of 14 VAC 5-410 of the Virginia Administrative Code	116
CityNet Telecom of Virginia, Inc.	
For cancellation of certificates to provide local exchange and interexchange telecommunications services	248
Clarendon National Insurance Company	
Settlement for alleged violation of § 38.2-5801 of the Code of Virginia	102
Clayton, Michael D.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	170
Clear Trust Title Agency, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	184
ClearLinx Networks (Virginia) LLC	
For cancellation of certificates to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name	215
Cleartract, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	136
CloseCall America, Inc.	
For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

CloseCall America, Inc. of Virginia	
For certificates to provide local exchange and interexchange telecommunications services	206
For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280
CNT Telecom Services, Inc.	
For cancellation of certificates to provide local exchange and interexchange telecommunications services	282
Cogentrix Virginia Leasing Corporation	
For Certificate to Operate as an Electric Generating Facility Pursuant to Virginia Code § 56-580 D.....	456
Order Nunc Pro Tunc	458
Collins, Terry L.	
To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
Colonial Pipeline Company	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	572
Coltart, Jillrae Dill	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	150
Columbia Gas of Virginia, Inc.	
For Annual Informational Filing for 2003	287
For Annual Informational Filing for 2004	291
For Annual Informational Filing for 2006	405
For approval of amendment to a firm storage service/storage service transportation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia	443
For approval to revise its tariff to allow the implementation of Off-System Sales and Capacity Release Incentive Mechanism	468
For approval of an amendment to a corporate services agreement under Chapter 4 of Title 56 of the Code of Virginia	480
For approval for Columbia Gas of Virginia, Inc. to Dispose of and for Old Dominion Electric Cooperative to Acquire a partial Ownership Interest in a Natural Gas Pipeline	498
Settlement for alleged violations of the Natural Gas Pipeline Safety Act	554, 564
Settlement for alleged violations of the Underground Utility Damage Prevention Act	559, 575
Commerce Title Company, Title 2000, LLC, d/b/a	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	177
Commonwealth Annuity and Life Insurance Company	
For approval of assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia	184
Commonwealth Church Finance, Inc., a/k/a Charter Financial Services	
Settlement for alleged violations of the Virginia Securities Act	533
Commonwealth Home Loans, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	39
Commonwealth Investment Alliance LLC, d/b/a People Mortgage	
License revocation pursuant to § 6.1-418 of the Code of Virginia	39
Commonwealth Mortgage Associates, Inc.	
License revocation pursuant to § 6.1-418 of the Code of Virginia	39
Commonwealth Telecommunications Corporation	
Settlement for alleged violations of the Virginia Securities Act	525
Community Trust Mortgage Corp.	
License revocation pursuant to § 6.1-418 of the Code of Virginia	40
Compare, LLC	
Settlement for alleged violation of § 6.1-416.1 of the Code of Virginia	58
Comtel Virginia LLC	
For approval of indirect change of control of Comtel Virginia LLC	266

Comtel, Inc. Settlement for alleged violations of the Virginia Securities Act.....	525
Connecticut General Life Insurance Company Settlement for alleged violations of §§ 38.2-316 A, <u>et al.</u> of the Code of Virginia.....	102
Conseco Senior Health Insurance Company Settlement for alleged violations of §§ 38.2-510 A 2, <u>et al.</u> of the Code of Virginia.....	97
Consumer Cash Rewards, LLC Final Order	519
Consumer Credit Counseling Service of Maryland and Delaware, Inc. Order Approving Relocation of an Office with an Admonition	28
Convery, Anthony Scott License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	130
CoreComm Virginia, Inc. Order Closing Case	196
Cornerstone Ministries Investments, Inc. Settlement for alleged violations of the Virginia Securities Act.....	523
Cornwall, Cindy License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	101
Corso, Christopher, Anthony, Sr. Final Order	525
Count Me In For Women's Economic Independence, Inc. For Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	526
CPV Warren, LLC For approval of certificate pursuant to Va. Code § 56-580 D.....	406
Creative Lending Solutions, J&H Mortgage Consultants, Inc., d/b/a To vacate Order Revoking License entered November 20, 2006.....	31
Creative Solutions, Rodney Lee Hinkle, d/b/a Settlement for alleged violations of the Virginia Securities Act.....	524
Credit Advisors Foundation For license to engage in business as a credit counseling agency	17
Credit Union Service Organizations Order to Take Notice.....	50
Cross Atlantic Mortgage Bank, Inc. License revocation pursuant to § 6.1-418 of the Code of Virginia.....	40
Crum, Connie L. Davis Final Order	62
CSX Transportation, Inc. Settlement for alleged violations of § 56-412.1 of the Code of Virginia.....	563
CUNA Mutual Insurance Society Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia.....	140
Custom Mortgage Solutions, Inc. License revocation pursuant to § 6.1-413 of the Code of Virginia.....	59
CW Financial of VA LLC, d/b/a Payday USA For license to engage in business as a payday lender.....	25

- D -

D&F Construction, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	569
D. Long Investments, Inc., d/b/a Brosville Payday Advance	
For license to engage in business as a payday lender	17
For authority to conduct open-end credit business from its payday lending office(s)	29
Dale Service Corporation	
For expedited increase in rates	340, 487
Order Closing Case	343
Annual Informational Filing for Calendar Year 2006	439
Delmarva Power & Light Company	
For increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582.....	390
Order	393
Order Denying Requests	401
Final Order	402
Order Denying Motion	403
For approval of certificates of public convenience and necessity	460
For approval of purchase and sale of service territory and facilities.....	460
For approval of purchase and sale of transmission facilities.....	460
Demand side management (DSM), conservation, energy efficiency, load management, real-time pricing, and consumer education to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-102 of the Code of Virginia to reduce electric energy consumption, In the matter of determining a recommended mix of programs, including	
Order Establishing Proceeding.....	446
Directory Errors and Omissions of Verizon Virginia Inc. and Verizon South Inc., In the Matter of Investigating	
Order Approving Offer of Settlement.....	199
Dominion Energy, Inc.	
For exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or approval of reimbursements by Virginia Electric and Power Company to Dominion Energy, Inc., for periodic use of a prepaid credit currently on Dominion Energy, Inc.'s corporate accounting records	367
Dominion Nuclear North Anna, LLC	
For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia	312
For approval of extension of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia.....	512
Dominion Products and Services, Inc.	
For exemption from the filing and prior approval requirements or approval of promotional offering pursuant to Chapter 4 of Title 56 of the Code of Virginia	504
Dominion Virginia Power, Virginia Electric and Power Company, d/b/a	
For approval of plan to transfer functional and operational control of certain transmission facilities to a Regional Transmission Entity.....	285
For certificate for facilities in Arlington County: Clarendon-Ballston 230 kV Transmission Line.....	349
For revision of certificates under the Utility Facilities Act	508
Dominion Wholesale, Inc.	
For approval and certification of electric generating facilities under §§ 56-580(D) and 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia.....	434
Final Order	435
Order on Reconsideration	438
Downtown Title and Escrow Company, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	108
Doyle, James	
Take Notice Order of entry of Judgment Order.....	151
Dry-B-Lo International, Inc.	
Settlement for alleged violations of the Virginia Retail Franchising Act	542

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Dudley, Julie C.
 Final Order 62

Duke Energy Early Grove Company, f/k/a Virginia Gas Storage Company
 For Annual Informational Filing for the calendar year ending December 31, 2005 309

Duke Energy Virginia Pipeline Company
 For approval of first amendment to the firm pipeline service agreement between affiliated entities pursuant to Chapter 4 of
 Title 56 of the Code of Virginia, and for such other relief as may be required by law 366

Duke Energy Virginia Pipeline Company, f/k/a Virginia Gas Pipeline Company
 For Annual Informational Filing for the calendar year ending December 31, 2005 309

DukeNet Communications, LLC
 For certificate to provide interexchange telecommunications services 221
 For certificate to provide local exchange telecommunications services 254

- E -

East Tennessee Natural Gas, LLC
 For approval of first amendment to the firm pipeline service agreement between affiliated entities pursuant to Chapter 4 of
 Title 56 of the Code of Virginia, and for such other relief as may be required by law 366

East Tennessee Network, LLC
 For Authority to Discontinue Telecommunications Services in Virginia and Cancellation of Certificate and Tariffs 281

ECI Loan.Com, Inc. (Used in Virginia By: Equity Concepts, Inc.)
 License revocation pursuant to § 6.1-413 of the Code of Virginia 56

Elliott, Mark J.
 License revocation pursuant to § 38.2-1831 of the Code of Virginia 128

Employers Casualty Company, Acceptance Casualty Insurance Company, Formerly
 Final Order 70

Entel-Audits, Inc.
 For license to conduct business as an aggregator of electricity 312

Equality Finance & Realty, Inc.
 License revocation pursuant to § 6.1-418 of the Code of Virginia 40

Equifund, Inc.
 License revocation pursuant to §§ 6.1-418 of the Code of Virginia 41

Equis Financial, Inc.
 License revocation pursuant to § 6.1-413 of the Code of Virginia 53

Euclid Mortgage Services, LLC
 License revocation pursuant to § 6.1-418 of the Code of Virginia 41
 Vacating and Settlement Order 41

Eureka Broadband Corporation
 For approval of indirect transfer of control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka
 Broadband Corporation, to Broadview Networks Holdings, Inc. 249

Eureka Telecom of VA, Inc.
 For approval of indirect transfer of control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka
 Broadband Corporation, to Broadview Networks Holdings, Inc. 249
 For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of
 Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc. 277

Everest Broadband Networks of Virginia, Inc.
 For cancellation of certificates to provide local exchange and interexchange telecommunications services 225

Experienced Advisor, LLC, The, f/k/a Stonewall Asset Management, LLC Settlement for alleged violations of the Virginia Securities Act	518
Express Check Advance of Virginia, LLC, d/b/a Express Check Advance For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices	28
ExteNet Systems (Virginia) LLC For cancellation of certificates to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name	215
- F -	
F & L Marketing Enterprises LLC, d/b/a Cash-2-U Payday Loans For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices	22
Fairfax County Water Authority For authority to sell utility assets	351
FairPoint Communications Solutions Corp. - Virginia For approval of transfer of control of Peoples Mutual or a determination that the Utility Transfers Act does not apply to the proposed transaction	265
FairPoint Communications, Inc. For approval of transfer of control of Peoples Mutual or a determination that the Utility Transfers Act does not apply to the proposed transaction	265
Family Home Lending Corporation License revocation pursuant to § 6.1-413 of the Code of Virginia	52
Farmers Insurance Group Settlement for alleged violations of § 38.2-2114, <u>et al.</u> of the Code of Virginia	95
FiberGate, LLC For amendment of its certificate to reflect applicant's new name, FiberGate of Virginia, LLC.....	255
Fidelity Bankers Life Insurance Company Order Approving Fourth Amendment of Agreement and Declaration of Trust.....	69
Fidelity Mortgage Network, LLC License revocation pursuant to § 6.1-413 of the Code of Virginia	55
Firemen's Relief Association of Lynchburg, The Order Terminating Corporate Existence.....	61
First American Savings Corporation License revocation pursuant to § 6.1-413 of the Code of Virginia	37
First Capital Financial Services Corp., d/b/a Full Compass Lending Corp. License revocation pursuant to § 6.1-418 of the Code of Virginia	42
First Communications, Inc. Joint Petition for Approval of Transfer of Control.....	222
First Communications, LLC Joint Petition for Approval of Transfer of Control.....	222
First Community Lending, Inc. License revocation pursuant to § 6.1-413 of the Code of Virginia	33
First Georgetown Securities, Inc. Settlement for alleged violations of the Virginia Securities Act	534
First Liberty Insurance Corporation, The Settlement for alleged violations of § 38.2-2220 of the Code of Virginia.....	96

First Pentecostal Church of Richmond, Inc. For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia.....	543
First Virginia Community Bank For authority to begin business as a bank at 11325 Random Hills Road, Fairfax County, Virginia.....	24
Fisher, Candy Shavaun License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	120
FLAG Telecom Group Services Limited For approval of transfer of control of YTV, Inc., from Yipes Holdings, Inc., to FLAG Telecom Group Services Limited.....	272
Flores, Everardo License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	174
Florida Select Insurance Company Final Order	86
Fredericksburg Title & Escrow, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	135
FreedomWorks, Inc., f/k/a Citizens for a Sound Economy Settlement for alleged violations of 14 VAC 5-410 of the Virginia Administrative Code	116
Frontier Community Bank For certificate of authority to begin business as a bank on the northeast side of Lew Dewitt Boulevard, approximately 0.7 miles south of its intersection with U.S. Route 250, City of Waynesboro, Virginia	27
Full Compass Lending Corp., First Capital Financial Services Corp., d/b/a License revocation pursuant to § 6.1-418 of the Code of Virginia.....	42

- G -

G W Corporation For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus	359
Garling, Douglas Alan Settlement for alleged violation of § 38.2-512 of the Code of Virginia	188
General Funding Solutions, Inc. License revocation pursuant to § 6.1-418 of the Code of Virginia.....	42
Giddings, Susan Final Order	62
Global Bonding Incorporated Order to Take Notice..... Judgment Order.....	121 121
Global Connection Inc. of Virginia For designation as an eligible telecommunications carrier pursuant to Section 214(e)(2) of the Communications Act of 1934	266
Global Risk Management Order to Take Notice..... Judgment Order.....	121 121
Graphic Arts Benefit Corporation Take Notice Order of license suspension pursuant to § 38.2-1040 of the Code of Virginia..... License suspension pursuant to § 38.2-1040 of the Code of Virginia	100 100
Gravely, Terrell L., Sr., d/b/a AAA Cash Advance For license to engage in business as a payday lender.....	16

Greater Acceptance Mortgage Corp. License revocation pursuant to § 6.1-413 of the Code of Virginia	33
Greater Chesapeake Title Company, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	155
Gretna and Renan Exchange Customers of Peoples Mutual Telephone Company, Inc. For Extended Local Service to Verizon Virginia Inc.'s Lynchburg Exchange	213
Gretna Exchange Customers of Peoples Mutual Telephone Company, Inc. For Extended Local Service to Verizon Virginia Inc.'s Chatham and Danville Exchanges	206
Greystone Financial Services, Inc. License revocation pursuant to §§ 6.1-420 of the Code of Virginia	36
Group Hospitalization and Medical Services, Inc. Settlement for alleged violations of § 38.2-502, <u>et al.</u> of the Code of Virginia	122
Guaranty Land Title, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia	113
Guard Hill Meats, Incorporated Dismissal Order.....	61
Guichard, Wakamba Kambarangee License revocation pursuant to § 38.2-1831 of the Code of Virginia	153
- H -	
H & O Mortgage, LLC License revocation pursuant to § 6.1-413 of the Code of Virginia	53
Hamner, Brenda J. For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus	359
Hamner, John K. For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus	359
Hanson, Robert Joe Order to Take Notice..... Judgment Order.....	121 121
Hartley, Martin Alexander License revocation pursuant to § 38.2-1831 of the Code of Virginia	170
HealthKeepers, Inc. For Amendment of Final Order in Case No. INS-2002-00131	114
Settlement for alleged violations of §§ 38.2-510 A 6, <u>et al.</u> of the Code of Virginia	148
Herron, Lori M. License revocation pursuant to § 38.2-1831 of the Code of Virginia	172
Highland New Wind Development, LLC For Approval to Construct, Own and Operate an Electric Generation Facility in Highland County, Virginia pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia	295
Hinkle, Rodney Lee, d/b/a Creative Solutions Settlement for alleged violations of the Virginia Securities Act	524
Historic Title, Inc. Settlement for alleged violation of § 6.1-2.23 of the Code of Virginia	182

Hofe, Michael Linn, d/b/a Michael L. Hofe & Associates Order.....	521
Home Capital, Inc. License revocation pursuant to § 6.1-413 of the Code of Virginia	58
Home Town Community Credit Union To merge with Smithfield Packing Employee's Credit Union	30
Hopewell Cogeneration Limited Partnership For review and correction of assessment of value of property subject to local taxation-Tax Year 2004	194
Horace Mann Insurance Company Settlement for alleged violations of §§ 38.2-304, <u>et al.</u> of the Code of Virginia.....	173
Horace Mann Property and Casualty Insurance Company Settlement for alleged violations of §§ 38.2-304, <u>et al.</u> of the Code of Virginia.....	173
Horn, Norman P. To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
Humphreys, Benjamin R., Jr. Settlement for alleged violations of the Virginia Securities Act.....	525

- I -

Imperial Cash Advance, North State Finance Company of Goldsboro, N.C., Inc., d/b/a License revocation pursuant to § 6.1-448 of the Code of Virginia	56
Independent External Review of Final Adverse Utilization Review Decisions, In the matter of adopting revisions to the Rules Governing Order to Take Notice.....	111
Order Adopting Revisions to Rules	112
Independent Financial Mortgage Inc. License revocation pursuant to § 6.1-413 of the Code of Virginia	56
Infinity Financial Solutions Inc. For license to engage in business as a payday lender.....	30
InfoHighway of Virginia, Inc. For approval of indirect transfer of control of Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc., from Eureka Broadband Corporation, to Broadview Networks Holdings, Inc.....	249
For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc.	277
InfraSource Services, Inc. For approval of transfer of ultimate control of Sunesys of Virginia, Inc., from InfraSource Services, Inc., to Quanta Services, Inc.....	260
Instant Cash Advance, L.L.C. For license to engage in business as a payday lender.....	27
Integon Casualty Insurance Company Settlement for alleged violation of §§ 38.2-1905 A, <u>et al.</u> of the Code of Virginia	154
Integon Indemnity Corporation Settlement for alleged violation of § 38.2-1905 C of the Code of Virginia.....	154
Integon Preferred Insurance Company Settlement for alleged violation of § 38.2-1905 A of the Code of Virginia	154
Integrays Energy Services, Inc. For licenses to conduct business as a competitive service provider and aggregator for electricity	291

Intel-Audits, Inc. For license to conduct business as an aggregator of electricity.....	312
International Water Safety Foundation Order to Take Notice.....	120
Intrust Mortgage Services, LLC License revocation pursuant § 6.1-418 of the Code of Virginia	43
Order Reinstating License.....	43
iwayloan, L.P. License revocation pursuant to § 6.1-418 of the Code of Virginia	43

- J -

J & H Mortgage Consultants, Inc., d/b/a Creative Lending Solutions To vacate Order Revoking License entered November 20, 2006	31
JKV Real Estate Services, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia	122
JMH Financial Mortgage Corp., d/b/a Lenox Financial Mortgage License revocation pursuant to § 6.1-413 of the Code of Virginia	60
Johnson, Danielle Tamarra License revocation pursuant to § 38.2-1831 of the Code of Virginia	118
Johnson, Kristina Patricia License revocation pursuant to § 38.2-1831 of the Code of Virginia	152
To vacate Order Revoking License entered July 27, 2007.....	152
Jumping Party, Inc. Settlement for alleged violations of the Virginia Retail Franchising Act.....	536

- K -

Kagey, Myra-Delia D. Complaint against Roanoke Gas Company	350
Kaiser Permanente Insurance Company Settlement for alleged violation of 14 VAC 5-234-40 C.....	124
Karlgaard, David C. To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
Kentucky Utilities Company, d/b/a Old Dominion Power Company For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia.....	354, 384, 507
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia	385
Order Establishing 2006-2007 Fuel Factor.....	387
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia.....	412, 455
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia	488
Kilona Settlements, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	190
Kiser, Jackson L. Final Order	62
Kwik Cash Inc. Order Approving Relocation of an Office with an Admonition.....	24

- L -

Land'Or Utility Company, Inc. For general increase in rates	376
Lane, Glenn A. Final Order	63
Order Denying Reconsideration	64
Legends Investments Group, Inc., d/b/a LMI Mortgage License revocation pursuant to § 6.1-413 of the Code of Virginia	49
Leigh, Jason Nathan License revocation pursuant to § 38.2-1831 of the Code of Virginia	156, 157
To vacate Order Revoking License entered August 24, 2007.....	157
Lenox Financial Mortgage, JMH Financial Mortgage Corp., d/b/a License revocation pursuant to § 6.1-413 of the Code of Virginia	60
Level 3 Communications, Inc. For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283
Level 3 Communications, LLC For Approval to Partially Discontinue Service.....	220
Dismissal Order.....	221
For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283
Lewis, Reginald Order.....	529
Liberty Funding Services, Inc. License revocation pursuant to § 6.1-418 of the Code of Virginia	44
Liberty Insurance Corporation Settlement for alleged violations of § 38.2-2220 of the Code of Virginia.....	96
Liberty Mutual Fire Insurance Company Settlement for alleged violations of § 38.2-2220 of the Code of Virginia.....	96
Liberty Power Delaware, LLC For license to conduct business as a competitive service provider for electricity	370
Liberty Power Holdings, LLC For license to conduct business as a competitive service provider for electricity	371
Lifetime Mortgage, Inc. Settlement for alleged violations of 10 VAC 5-160-60.....	52
Lightyear Network Solutions, LLC Joint Petition for Approval of Transfer of Control.....	222
Lindsey, Victor A. License revocation pursuant to § 38.2-1831 of the Code of Virginia	125
Litman, Richard C. To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
LMI Mortgage, Legends Investments Group, Inc., d/b/a License revocation pursuant to § 6.1-413 of the Code of Virginia	49

LMK Communications, LLC	
For certificates to provide local exchange and interexchange telecommunications services	247
Loans and Mortgages, LLC	
Settlement for alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia.....	35
Long, Scott William	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	119
Long-Term Care Insurance, In the matter of Adopting Revisions to the Rules Governing	
Order Adopting Revisions to Rules	92
Looking Glass Networks of Virginia, LLC	
For Approval to Partially Discontinue Service.....	220
Dismissal Order.....	221
For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WiTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283
LPB Energy Consulting, MRDB Holdings LP, d/b/a	
For permanent license to conduct business as an electric and gas aggregator	489
LTS of Rocky Mount, LLC	
For certificate to provide local exchange telecommunications services	207
Correcting Order	209
Lutheran Church Extension Fund Missouri Synod	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	544
- M -	
M & O Agencies Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	132
To vacate Order Revoking License entered June 11, 2007	132
Settlement for alleged violations of §§ 38.2-4807 A <u>et al.</u> of the Code of Virginia	133
MAMSI Life and Health Insurance Company	
Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia	89
Management Information Company of America, LC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	138
Management Recruiters of Richmond, Incorporated	
Order Vacating Certificate	66
Manly, Robert E.	
Settlement for alleged violations of the Virginia Retail Franchising Act	527
Massanutten Public Service Corporation	
Annual Informational Filing for Calendar Year 2005	311
For increase in water and sewer rates	371
Final Order	374
For Waiver of 2006 AIF Filing	441
Massie Power LLC	
For licenses to conduct business as a competitive service provider and aggregator for electricity.....	429
Order Reissuing Licenses.....	430
Mastbrook, Sharon Ann	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	127
Mastec North America, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	545

Matrix Telcom	
For approval of transfer of control.....	267
Matter concerning revised State Corporation Commission Rules of Practice and Procedure, In the Order for Notice of Proceeding to Consider Revisions to Commission's Rules of Practice and Procedure to Permit Electronic Filing of Documents	66
Matter concerning the application of Virginia Electric and Power Company d/b/a Dominion Virginia Power for approval of plan to transfer functional and operational control of certain transmission facilities to a Regional Transmission Entity, In the Order on Joint Motion to Amend Stipulation.....	285
Matter of determining a recommended mix of programs, including demand side management (DSM), conservation, energy efficiency, load management, real-time pricing, and consumer education, to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-102 of the Code of Virginia to reduce electric energy consumption, In the Order Establishing Proceeding	446
MCG Capital Corporation	
For approval of indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc.	277
MCImetro Access Transmission Services of Virginia, Inc.	
For Modification to Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 <u>et seq.</u>	216
Mecklenburg Electric Cooperative	
For authority to issue long-term debt.....	451
For authority to incur long-term debt	488
Medical Savings Insurance Company	
Consent Cease and Desist Order.....	106
Termination of Cease and Desist Order.....	107
Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia.....	107
Mercury Casualty Company	
Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia.....	193
Merritt, Marika Lynn	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	146
Metro Fiber Networks, Inc.	
For certificates to provide local exchange and interexchange telecommunications services.....	224
Metro Financial Group, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	44
Metropolitan Life Insurance Company	
Settlement for alleged violations of § 38.2-3115 B of the Code of Virginia	88, 167
Metropolitan Title & Escrow Company, LLC	
Settlement for alleged violation of § 6.1-2.23 of the Code of Virginia	163
Military Sales Practices, In the matter of Adopting New Rules Governing	
Order to Take Notice.....	164
Order Adopting Rules	165
Millennium Bonding	
Order to Take Notice.....	121
Judgment Order.....	121
Mission Investment Fund of the Evangelical Lutheran Church in America	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia.....	537
MobilePro Corp.	
For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280

Mobilitie, LLC	
For certificates to provide local exchange and interexchange telecommunications services	256
Monitor Insurance, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	169
Monitor Title & Escrow of Herndon, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	144
Morgan, Lance Justin	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	160
Mortgage Group of America, LLC (Used in Virginia by: Mortgage of America, LLC)	
License revocation pursuant to § 6.1-413 of the Code of Virginia	38
Mortgage lenders and mortgage brokers, Annual fees for	
Order Adopting Regulation.....	32
MRDB Holdings LP, d/b/a LPB Energy Consulting	
For permanent license to conduct business as an electric and gas aggregator	489
Mutual Funding My, Inc (Used in Virginia by: Mutual Funding, Inc.)	
License revocation pursuant to § 6.1-413 of the Code of Virginia	55
My Tel Co Inc.	
For certificates to provide local exchange and interexchange telecommunications services	216
- N -	
NA Communications Inc.	
For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital partners LP and Quadrangle NTELOS Holdings II LP	278
Nashman, Alvin E.	
To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
National Council on Compensation Insurance, Inc.	
For revision of advisory loss costs and assigned risk workers' compensation insurance rates.....	147
National Covenant Properties	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	533
National Trade Business Alliance of America	
Take Notice Order of entry of Judgment Order.....	151
Nations Title, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	178
Nationwide Insurance Company	
Settlement for alleged violations of §§ 38.2-316, <u>et al.</u> of the Code of Virginia	92
Nationwide Settlement Services, Inc.	
Settlement for alleged violations of §§ 6.1-2.23, <u>et al.</u> of the Code of Virginia	142
NEON Virginia Connect, LLC	
For certificates to provide local exchange and interexchange telecommunications services	257
For approval of transfer of control.....	274
Network Closing Services, Inc.	
Settlement for alleged violation of § 6.1-2.26 of the Code of Virginia	143
New Access Communications LLC	
For cancellation of certificate to provide local exchange telecommunications services	248

New Castle Telephone Company For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	250
New Hope Mortgage, Ronald E. Umberger and Sheri L. Wedmore, d/b/a License revocation pursuant to § 6.1-418 of the Code of Virginia.....	46
New South Insurance Company Settlement for alleged violations of § 38.2-1906 D of the Code of Virginia.....	154
Noah's Ark Foundation, Inc. Final Order	63
Order Denying Reconsideration	64
Nonmembers within the field of membership, Services for Order to Take Notice.....	34
Order Adopting a Regulation.....	34
Norstar Telecommunications, LLC For certificates to provide local exchange and interexchange telecommunications services.....	273
North American Marine & General Insurance Co., Ltd. Order to Take Notice.....	120
North State Finance Company of Goldsboro, N.C., Inc., d/b/a Imperial Cash Advance License revocation pursuant to § 6.1-448 of the Code of Virginia.....	56
Northern Virginia Electric Cooperative For authority to issue long-term debt.....	439
Northern Virginia Family Service License revocation pursuant to § 6.1-363.5 of the Code of Virginia.....	33
NPA relief plan for the 540 area code, Petition for approval of Order of Dismissal	196
NTELOS Holdings Corp. For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital Partners LP and Quadrangle NTELOS Holdings II LP.....	278
NTELOS Network Inc. For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital Partners LP and Quadrangle NTELOS Holdings II LP.....	278
NTELOS Telephone Inc. For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia..... For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital Partners LP and Quadrangle NTELOS Holdings II LP.....	209 278
NUI Corporation For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia.....	293
- O -	
Ohio Power Company For authority to enter into a Gypsum and Purge Stream Waste Disposal Agreement.....	482
Old Dominion Electric Cooperative For approval of purchase and sale of transmission facilities..... For approval of certificates of public convenience and necessity..... For approval for Columbia Gas of Virginia, Inc. to Dispose of and for Old Dominion Electric Cooperative to Acquire a partial Ownership Interest in a Natural Gas Pipeline..... For Certificate to Acquire an Ownership Interest in a Natural Gas Pipeline.....	460 460 498 498

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Old Dominion Power Company, Kentucky Utilities Company, d/b/a	
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia.....	354, 384, 507
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia.....	385
Order Establishing 2006-2007 Fuel Factor.....	387
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia.....	412, 455
For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia.....	488
 Olivo, Glenn Bradford	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	141
To vacate Order Revoking License entered July 13, 2007.....	142
 One Vision Utility Services, LLC	
Settlement for alleged violations of the Underground Utility Damage Prevention Act.....	576, 578
 OnFiber Carrier Services-Virginia, Inc.	
For cancellation of certificates to provide local exchange and interexchange telecommunications services and associated tariffs.....	268
 Opteum Inc.	
Settlement for alleged violations of § 6.1-416.1 of the Code of Virginia.....	35
 Optima Health Group, Inc.	
Consent Order.....	96
 Other Affiliates and Subsidiaries of TDS Telecommunications Corporation	
For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	250
 - P - 	
Pacific Shore Funding Corporation (Used in Virginia by: Pacific Shore Funding)	
License revocation pursuant to § 6.1-413 of the Code of Virginia.....	54
 Pac-West Acquisition Company LLC	
For approval of transfer of indirect control.....	222
 Pac-West Telecomm of Virginia, Inc.	
For approval of transfer of indirect control.....	222
For authority to discontinue telecommunications services in Virginia.....	270
 Pac-West Telecomm, Inc.	
For approval of transfer of indirect control.....	222
 Pan, Chia-Lu Jeff	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	131
 Paramont Energy, LC	
To furnish natural gas service pursuant to § 56-265.4:5 of the Code of Virginia.....	433
 Pathnet Operating of Virginia, Inc.	
For cancellation of certificates to provide local exchange and interexchange telecommunications services in Virginia.....	283
 Payday Today, LLC	
For license to engage in business as a payday lender.....	22
 Payday USA, CW Financial of VA LLC, d/b/a	
For license to engage in business as a payday lender.....	25
 Payne Financial Services, Ltd.	
License revocation pursuant to § 6.1-418 of the Code of Virginia.....	44
 PBC Direct, Professional Consultants of Delaware, Inc., a/k/a Personal Benefits Consultants, Inc., d/b/a	
Take Notice Order of entry of Judgment Order.....	151

Pellissier, Charles Jon	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	173
Pelzer Communications of Virginia, Inc.	
For certificates to provide local exchange and interexchange telecommunications services	214
Peninsula Health Care Inc.	
For Amendment of Final Order in Case No. INS-2002-00131	114
Settlement for alleged violations of §§ 38.2-510 A 6, <u>et al.</u> of the Code of Virginia	148
People Mortgage, Commonwealth Investment Alliance LLC, d/b/a	
License revocation pursuant to § 6.1-418 of the Code of Virginia	39
Peoples Mutual Telephone Company	
For approval of transfer of control of Peoples Mutual or a determination that the Utility Transfers Act does not apply to the proposed transaction	265
Performance Assurance Plan for Verizon Virginia Inc., Establishment of a	
Order Approving the Proposed Revisions to Combined VA Guidelines, Including Revisions to Appendix F and Mechanism to Close Out Current VA Pap	197
Order for Implementation	198
Petkovic, Nicole Marie	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	104
Petroleum Transport, Inc., a Virginia corporation	
Vacating and Authorizing Order	67
Petroleum Transport, Inc., a West Virginia corporation	
Vacating and Authorizing Order	67
Petrus, David G.	
For approval of a change of control of Brandi Wine Water Works, Ltd., and G W Corporation from John K. Hamner and Brenda J. Hamner to David G. Petrus	359
Phillips, Jeffrey Scott	
Take Notice Order of entry of a Judgment Order	94
Judgment for alleged violations of §§ 38.2-1812, <u>et al.</u> of the Code of Virginia	94
Phoenix Insurance Company	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Platinum Capital Group, d/b/a Platinum Capital Group, Inc.	
License revocation pursuant to § 6.1-418 of the Code of Virginia	45
PNC Financial Services Group, Inc., The	
To acquire the Virginia bank subsidiaries of Mercantile Bankshares Corporation	20
Polk, Dana Brett	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	162, 163
To vacate Order Revoking License entered August 28, 2007	162
Potomac Edison Company, The, d/b/a Allegheny Power	
For increase in its electric rates pursuant to Virginia Code §§ 56-249.6 and 56-582	416
Order Denying Motions	428
Final Order	490
PPL Energy Services Group, LLC	
For approval of transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc.	268
PPL Prism, LLC	
For approval of transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc.	268
For Amended and Reissued Certificates to Reflect Their Changed Names	276

PPL Telcom, LLC	
For approval of transfer of control of PPL Telcom, LLC, and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc.	268
For Amended and Reissued Certificates to Reflect Their Changed Names.....	276
PreCash, Inc.	
Settlement for alleged violation of § 6.1-371 of the Code of Virginia.....	57
Preferred Carrier Services of Virginia, Inc.	
Order Closing Case	199
Preferred Mortgage Consultants, Inc., d/b/a Alero Home Loans	
Settlement for alleged violation of the Mortgage Lender and Broker Act.....	57
Premier Home Equity Services, Inc.	
License revocation pursuant to § 6.1-418 of the Code of Virginia	45
Presbyterian Church (U.S.A.) Investment and Loan Program, Inc.	
For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia.....	537
Prestige Funding, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	45
Prime Care Credit Union, Incorporated	
To merge with L.O.M.H. Employees Federal Credit Union	15
Prime Option Financial Services, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	46
Primus Telecommunications, Inc.	
For review and correction of gross receipts certified to the Department of Taxation for Tax Year 2006	194
Priority Health Care, Inc.	
For Amendment of Final Order in Case No. INS-2002-00131	114
Settlement for alleged violations of §§ 38.2-510 A 6, <u>et al.</u> of the Code of Virginia	148
Professional Benefits Consultants of Delaware, Inc., a/k/a Personal Benefits Consultants, Inc., d/b/a PBC Direct	
Take Notice Order of entry of Judgment Order.....	151
Promark Utility Locators, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	552, 562
Prosperity Enterprises, Inc.	
For license to engage in business as a payday lender.....	21
Prosperity Title & Real Estate Settlement Company	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	155
- Q -	
Quadrangle Capital Partners LP	
For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital partners LP and Quadrangle NTELOS Holdings II LP	278
Quadrangle NTELOS Holdings II LP	
For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital partners LP and Quadrangle NTELOS Holdings II LP	278
Quality Communication Specialist, Colin B. Stegall, t/a	
Order Closing Case	205

Quality Florida Group, Corp., d/b/a Quality Virginia Mortgage, Corp. License revocation pursuant to § 6.1-418 of the Code of Virginia	46
Quality Settlements, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia	137
Quality Virginia Mortgage, Corp., Quality Florida Group, d/b/a License revocation pursuant to § 6.1-418 of the Code of Virginia	46
Quanta Services, Inc. For approval of transfer of ultimate control of Sunesys of Virginia, Inc., from InfraSource Services, Inc., to Quanta Services, Inc.....	260
Qwest Interprise America of Virginia, Inc. For cancellation of certificates to provide local exchange and interexchange telecommunications services	264
- R -	
R&B Network, Inc. For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital partners LP and Quadrangle NTELOS Holdings II LP	278
R.P.Finch, Inc. For approval of the sale of water system assets pursuant to the Utility Transfers Act and for approval to transfer certificate pursuant to the Utility Transfers Act of Virginia	304
Rappahannock Electric Cooperative For review of line extension	308
For revision of certificates under the Utility Facilities Act.....	508
For authority to issue long-term debt.....	509
Rappahannock Home Mutual Fire Insurance Company For approval to distribute the assets of the company pursuant to § 38.2-216 of the Code of Virginia	91
Rawle, J. Todd To acquire 28.74 percent of the ownership of Anykind Check Cashing, LC, d/b/a Check City	23
Rawle, R. Tracy To acquire 28.74 percent of the ownership of Anykind Check Cashing, LC, d/b/a Check City	23
RCN Corporation For approval of transfer of control.....	274
RCN New York Communications LLC For certificates to provide local exchange and interexchange telecommunications services	271
Reciprocal Group, The For Approval of Agreement to Stay Proceedings and Tolling Agreement.....	81
For Approval to Increase Payment Percentage from 17% to 25%	98
Reciprocal of America For Approval of Agreement to Stay Proceedings and Tolling Agreement.....	81
For Approval to Increase Payment Percentage from 17% to 25%	98
Regal Nails, LLC Settlement for alleged violations of the Virginia Retail Franchising Act	541
Regent Mortgage Funding LLC License revocation pursuant to § 6.1-413 of the Code of Virginia	59
Reg's Carolina Barbeque, Inc. Order.....	529

Reliant Title & Settlements, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	178
Reliastar Life Insurance Company Settlement for alleged violations of §§ 38.2-502, <u>et al.</u> of the Code of Virginia	89
Richard, Sarita Michelle License revocation pursuant to § 38.2-1831 of the Code of Virginia	159
Richmond Group USA, Inc., The Order Vacating Certificate	66
Riverview Development Corporation For approval of change in ownership of the utility assets and expansion of service area	344
RNK VA, LLC For certificates to provide local exchange and interexchange telecommunications services	262
Roanoke & Botetourt Telephone Company For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia	211
For approval of indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc., to Quadrangle Capital partners LP and Quadrangle NTELOS Holdings II LP	278
Roanoke Gas Company Complaint by Myra-Delia D. Kagey	350
For expedited increase in rates	354, 496
For approval of change in ownership of utility assets and for issuance of certificate of public convenience and necessity pursuant to Chapter 5 of Title 56 of the Code of Virginia	388
Settlement for alleged violations of the Underground Utility Damage Prevention Act	551
Rules Governing Annual Audited Financial Reports, In the matter of Adopting Revisions to the Order to Take Notice	168
Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, Amendment of Order on Application and Establishing Proceeding	216
Final Order	259
Rules Governing Independent External Review of Final Adverse Utilization Review Decisions, In the matter of Adopting Revisions to the Order to Take Notice	111
Order Adopting Revisions to Rules	112
Rules Governing Long-Term Care Insurance, In the matter of Adopting Revisions to the Order Adopting Revisions to Rules	92
Rules Governing Military Sales Practices, In the matter of Adopting New Order to Take Notice	164
Order Adopting Rules	165
Rules Governing the Virginia Retail Franchising Act, In the matter of Adopting a Revision to the Order to Take Notice	530
Order Adopting Amended Rules	531
Rules Governing the Virginia Securities Act, In the matter of Adopting a Revision to the Order to Take Notice	531
Order Adopting Amended Rules	532
Rules of Practice and Procedure, In the matter concerning revised State Corporation Commission Order for Notice of Proceeding to Consider Revisions to Commission's Rules of Practice and Procedure to Permit Electronic Filing of Documents	66
Rules, Uniform Commercial Code Filing Dismissal Order	61
Order to Take Notice	65
Order Adopting Regulations	65

Ryan, Mark A.	
Final Order	62

- S -

Safeguard Mortgage, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	47
Saldutti, Nicholas Paul	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	158
Sandy Spring Bancorp, Inc.	
To acquire Potomac Bank of Virginia	21
Saskatchewan Wheat Pool, Inc.	
For official interpretation pursuant to § 13.1-525 of the Code of Virginia.....	527
SBC Long Distance, LLC, d/b/a AT&T Long Distance	
For partial discontinuance of local exchange telecommunications services.....	253
For approval to partially discontinue local exchange service	261
Schutt, Joseph W.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	117
Seaside Title & Escrow, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	185
Second Bank & Trust	
For certificate of authority to do a banking and trust business following merger with Virginia Heartland Bank and for authority to operate the authorized offices of the merging bank	20
Segreti, Mario J.	
Settlement for alleged violations of the Virginia Securities Act.....	534
Seifert, Jennifer	
Final Order	63
Order Denying Reconsideration	64
Seitzinger, Steven Timothy	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	161
Sentinel Insurance Company	
Settlement for alleged violation of § 38.2-2220 of the Code of Virginia	189
Services for nonmembers within the field of membership	
Order to Take Notice.....	34
Order Adopting a Regulation.....	34
Settlement Agreement between UnitedHealthcare Insurance Company, <u>et al.</u> , and the Arkansas Department of Insurance, the Connecticut Department of Insurance, the Florida Office of Insurance Regulation, the Iowa Insurance Division, and the New York State Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of all the remaining States and the District of Columbia, In the matter of Approval of Multi-State Regulatory	
Order Approving Settlement Agreement.....	146
Shakir, Terri J.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	159
Shannon Forest Water Corporation	
Appointment of Receiver.....	285
Shannon, Laron D., III	
Settlement for alleged violations of the Virginia Securities Act.....	518

Shared Interest, Inc. For Order of Exemption pursuant to § 13.1-514.1 B of the Code of Virginia	541
Shelby Casualty Insurance Company License suspension pursuant to § 38.2-1040 of the Code of Virginia.....	84
Shelby Insurance Company, The License suspension pursuant to § 38.2-1040 of the Code of Virginia.....	85
Shenandoah Life Insurance Company Settlement for alleged violations of § 38.2-610 of the Code of Virginia.....	103
Shenandoah Valley Electric Cooperative For authority to issue securities under Chapter 3, Title 56 of the Code of Virginia	459
Sherman, Russell E. To acquire 39 percent of the voting stock of The Freedom Bank of Virginia	19
Siegel, Jeffrey S. Settlement for alleged violations of the Virginia Securities Act	533
Six, Vern E. Settlement for alleged violations of the Virginia Retail Franchising Act	536
Smith, Billy Ray Settlement for alleged violations of the Virginia Securities Act	515
Judgment for alleged violations of the Virginia Securities Act.....	516
Smith, Jamarr A. License revocation pursuant to § 38.2-1831 of the Code of Virginia	105
Smith, Tychar Devonnae License revocation pursuant to § 38.2-1831 of the Code of Virginia	133
Soble, H. David Settlement for alleged violations of the Virginia Securities Act	538
Southeastern Asset Management, Inc. For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283
Southern Financial Mortgage Corporation License revocation pursuant to § 6.1-418 of the Code of Virginia	47
Southern Health Services, Inc. Settlement for alleged violations of §§ 38.2-316 C 1, <u>et al.</u> of the Code of Virginia	167
Southside Electric Cooperative For authority to borrow short-term debt through two lines of credit	376
For authority to incur long-term debt.....	511
Southwest Virginia Settlement, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	192
Southwestern Virginia Gas Company For approval of expedited increase in rates	357
For approval of transaction pursuant to the Affiliates Act of Title 56 of the Code of Virginia	368
Stafford Title, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	143
Standard Fire Insurance Company Settlement for alleged violations of § 38.2-2220 of the Code of Virginia.....	95

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

State Farm Fire and Casualty Company Settlement for alleged violations of §§ 38.2-1904 D, <u>et al.</u> of the Code of Virginia.....	108
State Farm Mutual Automobile Insurance Company Settlement for alleged violations of §§ 38.2-1904 D, <u>et al.</u> of the Code of Virginia.....	108
Stegall, Colin B., t/a Quality Communication Specialist Order Closing Case	205
Stevens, Debbie Final Order	62
Stonewall Asset Management, LLC, The Experienced Advisor, LLC, f/k/a Settlement for alleged violations of the Virginia Securities Act.....	518
Strategic Mortgage, LLC License revocation pursuant to § 6.1-418 of the Code of Virginia	47
Stretch-N-Grow International, Champion Child, Inc., d/b/a Settlement for alleged violations of the Virginia Retail Franchising Act.....	527
Successor in Interest, Including a Chapter 7 Bankruptcy Trustee, Any For approval of transfer of control.....	267
Sullivan, Thomas J. Take Notice Order of entry of Judgment Order	151
Sunesys of Virginia, Inc. For approval of transfer of ultimate control of Sunesys of Virginia, Inc., from InfraSource Services, Inc., to Quanta Services, Inc.....	260
Sydnor Hydrodynamics, Inc. For approval of transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia, or for a declaratory order.....	502
- T -	
T&B Mortgage Corporation License revocation pursuant to § 6.1-413 of the Code of Virginia	53
Tate, Schalisa M. License revocation pursuant to § 38.2-1831 of the Code of Virginia	126
Tax Consultants, Inc. Settlement for alleged violations of the Virginia Securities Act.....	538
Taylor, Michael R. Settlement For alleged violations of the Virginia Securities Act.....	522
TDS Telecommunications Corporation For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	250
Teachers Insurance Company Settlement for alleged violations of §§ 38.2-304, <u>et al.</u> of the Code of Virginia.....	173
TelCove of Virginia, LLC For Approval to Partially Discontinue Service.....	220
Dismissal Order.....	221
For approval of an internal reorganization and direct transfer of control of TelCove of Virginia, LLC, to TelCove Operations, LLC	263
For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WilTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283

TelCove Operations, LLC	
For certificates to provide local exchange and interexchange telecommunications services	263
For approval of an internal reorganization and direct transfer of control of TelCove of Virginia, LLC, to TelCove Operations, LLC	263
Telephone and Data Systems, Inc.	
For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	250
Tenaska Virginia II Partners, L.P.	
For approval of a certificate pursuant to Va. Code § 56-265.2 and exemption from Chapter 10 of Title 56	361
Tidewater Water Company	
For approval of the sale of water system assets pursuant to the Utility Transfers Act and for approval to transfer certificate pursuant to the Utility Transfers Act of Virginia	304
Time Warner Telecom of Virginia LLC	
For cancellation of certificates to provide local exchange and interexchange telecommunications services	252
Title 2000, LLC, d/b/a Commerce Title Company	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	177
Title Pro, LLC	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	191
TitleSource, Ltd.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	181
Todd, Thomas G.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	129
Toll Road Investors Partnership II, L.P.	
For Increase in the Maximum Authorized Level of Tolls	346
Ton, Quy T.	
Settlement for alleged violations of the Virginia Retail Franchising Act	541
Touch 1 Communications, Inc.	
For approval of transfer of control	267
Towne and Country Home Loans, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	48
Travco Insurance Company	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Travelers Indemnity Company	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Travelers Indemnity Company of America	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Travelers Property and Casualty Insurance Company	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Travelers Property and Casualty Insurance Company of America	
Settlement for alleged violations of § 38.2-2220 of the Code of Virginia	95
Trendmaker Homes, Centennial Homes, Inc., d/b/a	
For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal	72
Trinsic Communications of Virginia, Inc.	
For approval of transfer of control	267

- U -

UBS Financial Services, Inc. Settlement for alleged violations of the Virginia Securities Act.....	517
Umberger, Ronald E. and Sheri L. Wedmore, d/b/a New Hope Mortgage License revocation pursuant to § 6.1-418 of the Code of Virginia	46
Uniform Commercial Code Filing Rules Dismissal Order..... Order to Take Notice..... Order Adopting Rules	61 65 65
Union Equity Corporation License revocation pursuant to §§ 6.1-418 of the Code of Virginia	48
Union Security Life Insurance Company Settlement for alleged violations of §§ 38.2-316 A, <u>et al.</u> of the Code of Virginia	99
United American Insurance Company Settlement for alleged violations of §§ 38.2-316 A, <u>et al.</u> of the Code of Virginia	153
United Bank For certificate of authority to do a banking and trust business following a merger with The Marathon Bank and Rockingham Heritage Bank and for authority to operate the authorized offices of the merging banks	25
United Home Savings, LLC License revocation pursuant to §§ 6.1-420, <u>et al.</u> of the Code of Virginia	35
United Services Automobile Association Settlement for alleged violations of §§ 38.2-2212 E 4, <u>et al.</u> of the Code of Virginia	123
United Systems Access, Inc. For approval of transfer of control of American Fiber Network of Virginia, Inc., and CloseCall America, Inc. of Virginia, from MobilePro Corp. to United Systems Access, Inc.	280
United Telephone-Southeast, Inc. For Waiver of Rule 20 VAC 5-413-20 A of the Commission's rules Governing Disconnection of Local Exchange Telephone Service	276
UnitedHealthcare Insurance Company, <u>et al.</u> , and the Arkansas Department of Insurance, the Connecticut Department of Insurance, the Florida Office of Insurance Regulation, the Iowa Insurance Division, and the New York State Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of all the remaining States and the District of Columbia, In the matter of Approval of Multi-State Regulatory Settlement Agreement between Order Approving Settlement Agreement.....	146
USAA Casualty Insurance Company Settlement for alleged violations of §§ 38.2-2212 E 4, <u>et al.</u> of the Code of Virginia	123
USAA General Indemnity Company Settlement for alleged violations of §§ 38.2-2212 E 4, <u>et al.</u> of the Code of Virginia	123
USTA, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia	180
Utiliquet, LLC Settlement for alleged violations of the Underground Utility Damage Prevention Act	546, 548, 549, 550, 553, 554, 561, 564, 570, 571, 573
Utility Management Services, Inc. For license to conduct business as an electric aggregator	458

- V -

Valdez, Joshua	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	171
Valley Staffing, Inc.	
For review of decision by the National Council on Compensation Insurance Pursuant to § 38.2-2018 of the Code of Virginia	86
Vanguard Capital Funding, LLC	
License revocation pursuant to § 6.1-413 of the Code of Virginia	55
Vanguard Mortgage & Title, Inc.	
License revocation pursuant to § 6.1-413 of the Code of Virginia	54
Verizon Access Transmission Services Inc.	
For Arbitration of Interconnection Agreement with Central Telephone Company of Virginia d/b/a Embarq and United Telephone - Southeast, Inc. d/b/a Embarq, under Section 252(b) of the Telecommunications Act of 1996.....	258
Verizon South Inc.	
Order Closing Case	199
In the Matter of Investigating Directory Errors and Omissions	199
For Modification to Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 <i>et seq.</i>	216
For Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same.....	225
For exemption from physical collocation at its Harmony Heights and Westgate central offices.....	257
Verizon Virginia Inc.	
Order Closing Case	196, 199
Establishment of Performance Assurance Plan	197
Order for Implementation	198
In the Matter of Investigating Directory Errors and Omissions.....	199
For Modification to Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 <i>et seq.</i>	216
For Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same.....	225
Vesta Fire Insurance Corporation	
License suspension pursuant to § 38.2-1040 of the Code of Virginia.....	83
Vina Transfer Express Corporation	
License revocation pursuant to 10 VAC 5-120-40.....	58
Virginia American Water Company	
For continuing authority to participate in Financial Services Agreement with an affiliate	288
To continue authority granted in Case No. PUE-2004-00074 to enter into a Financial Services Agreement pursuant to the Affiliates Act, Va. Code §§ 56-76 <i>et seq.</i>	288
For authority to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Code of Virginia.....	365
Order Nunc Pro Tunc	365
Virginia Electric and Power Company	
For authority to establish an inter-company credit agreement	286
For modification of Fuel Monitoring Procedures pursuant to Virginia Code § 56-249.3 and § 56-249.4.....	290
To revise its cogeneration tariff pursuant to PURPA Section 210.....	306, 438
For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia	312
For authority to sell utility assets	351
For exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or approval of reimbursements by Virginia Electric and Power Company to Dominion Energy, Inc., for periodic use of a prepaid credit currently on Dominion Energy, Inc.'s corporate accounting records	367
2006 Annual Informational Filing	414
To revise its fuel factor pursuant to Va. Code § 56-249.6.....	414
For approval and certification of electric generating facilities under §§ 56-580(D) and 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia.....	434
Final Order	435
Order on Reconsideration	438
For approval of cash reimbursement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	450
For approval of acquisition of the electric generating facilities constituting Possum Point Unit 6 and for expedited consideration.....	478

For waiver of certain provisions of the Rules Governing Retail Access to Competitive Energy Services.....	478
For exemption from the filing and prior approval requirements or approval of promotional offering pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	504
For approval of extension of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia.....	512
Virginia Electric and Power Company, d/b/a Dominion Virginia Power	
For approval of plan to transfer functional and operational control of certain transmission facilities to a Regional Transmission Entity.....	285
For certificate for facilities in Arlington County: Clarendon-Ballston 230 kV Transmission Line.....	349
For revision of certificates under the Utility Facilities Act.....	508
Virginia Financial Group, Inc.	
To acquire FNB Corporation.....	30
Virginia Gas Company	
For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia.....	293
Virginia Gas Distribution Company	
For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia.....	293
For Annual Informational Filing.....	313
Virginia Gas Pipeline Company, Duke Energy Virginia Pipeline Company, f/k/a	
For Annual Informational Filing for the calendar year ending December 31, 2005.....	309
Virginia Gas Storage Company, Duke Energy Early Grove Company, f/k/a	
For Annual Informational Filing for the calendar year ending December 31, 2005.....	309
Virginia Natural Gas, Inc.	
For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	304, 510
For Approval of Experimental Weather Normalization Adjustment for General Service Customers.....	352
For exemption from the filing and prior approval requirements or, in the alternative, for approval of natural gas sales under Chapter 4 of Title 56 of the Code of Virginia.....	447
For authority to issue long-term debt securities.....	505
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	555, 567
Settlement for alleged violations of the Underground Utility Damage Prevention Act.....	560, 577
Virginia Power Energy Marketing, Inc.	
For approval of cash reimbursement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	450
Virginia Power Services Energy Corp., Inc.	
For approval of cash reimbursement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	450
Virginia Property and Casualty Insurance Guaranty Association	
For Disbursement of Assets.....	72
Virginia Retail Franchising Act, In the matter of Adopting a Revision to the Rules Governing the	
Order to Take Notice.....	530
Order Adopting Amended Rules.....	531
Virginia Securities Act, In the matter of Adopting a Revision to the Rules Governing the	
Order to Take Notice.....	531
Order Adopting Amended Rules.....	532
Virginia Tech Foundation, Inc.	
For Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	528
Virginia Telephone Company	
For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	250
- W -	
Walker, Felix C., III	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	104

Wall Street Mortgage Corporation	
License revocation pursuant to §§ 6.1-420 of the Code of Virginia	37
Washington Gas Light Company	
For amendments to Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement of its Gas Tariff	289
For general increase in rates, fees, charges and revisions to the terms and conditions of service as well as approval of a performance-based rate regulation methodology under Va. Code § 56-235.6	315
Order Granting Petition for Reconsideration	320
For approval of amendment to the purchased gas cost tariff provision and for a pilot program relating to natural gas financial hedging	340
For Annual Informational Filing	442
Settlement for alleged violations of the Natural Gas Pipeline Safety Act	557
Settlement for alleged violations of the Underground Utility Damage Prevention Act	558, 570, 574
Water Distributors, Inc., d/b/a Aqua Virginia, Inc.	
For approval of change of ownership of utility assets, expansion of service territory, and implementation of new rates	430
Webster, Sarah M.	
Final Order	63
Order Denying Reconsideration	64
Wedmore, Sheri L. and Ronald E. Umberger, d/b/a New Hope Mortgage	
License revocation pursuant to § 6.1-418 of the Code of Virginia	46
WellPoint, Inc.	
For Amendment of Final Order in Case No. INS-2002-00131	114
Whittenberg-Farrar, Carmen Chyrisse	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	113
Williams, Cheryl Denise	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	110
Williams, Nellie	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	139
To vacate Order Revoking License entered August 28, 2007	140
WiTel Communications of Virginia, Inc.	
For Approval to Partially Discontinue Service	220
Dismissal Order	221
For approval of increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc., by Southeastern Asset Management, Inc., resulting in the transfer of control of Level 3 Communications, LLC, WiTel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, TelCove of Virginia, LLC, and Broadwing Communications, LLC	283
Windsor, Andrew P.	
Final Order	62
Wing and A Prayer, LLC, A	
Settlement for alleged violation of the Virginia Securities Act	514
Wintergreen Valley Utility Company, L.P.	
To amend its certificates to provide water and sewer services	358
Winthrop Oppenheimer, LLC	
License revocation pursuant to § 6.1-418 of the Code of Virginia	48
Wong, Kieu My	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	109
World Energy Solutions, Inc.	
For license to conduct business as an aggregator of natural gas and electric service	368
Wormley, Rosia Williams	
For review of line extension	308

WPS Energy Services, Inc.
For licenses to conduct business as a competitive service provider and aggregator for electricity 291

- X -

Xcelplus International, Inc.
Settlement for alleged violations of the Virginia Securities Act 515
Judgment for alleged violations of the Virginia Securities Act 516

Xspedius Management Co. of Virginia LLC
For amendment of its certificates to reflect the applicant's new name, Time Warner Telecom of Virginia LLC 273

Xspedius Management Co. of Virginia, Inc.
For amendment of certificate to reflect applicant's new name, Xspedius Management Co. of Virginia LLC 253

- Y - Z -

Yipes Enterprise Services, Inc.
For approval of transfer of control of YTV, Inc., from Yipes Holdings, Inc., to FLAG Telecom Group Services Limited 272

YTV, Inc.
For approval of transfer of control of YTV, Inc., from Yipes Holdings, Inc., to FLAG Telecom Group Services Limited 272

LIST OF CASES ESTABLISHED IN 2007

BAN/BFI

BUREAU OF FINANCIAL INSTITUTIONS

BAN20070001 Sopheap Ey-Thai d/b/a Oriental Market - To open a check casher at 13678 Warwick Boulevard Unit D, Newport News, VA

BAN20070002 WIN Financial Corp. - For a mortgage broker's license

BAN20070003 Evergreen Mortgage Company, Inc. - To open a mortgage broker's office at 25 Greystone Drive, Lynchburg, VA

BAN20070004 Cash Express of Virginia, Inc. - To open a payday lender's office at 12906-C Jefferson Avenue, Newport News, VA

BAN20070005 Liberty United Mortgage, LLC - To open a mortgage broker's office at 2405 East Franklin Street, Richmond, VA

BAN20070006 Bank of the Commonwealth - To open a branch at Sampat Professional Center, 8468 Caratoke Highway, Powells Point, NC

BAN20070007 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 930 W. Main Street, Suite B, Lewisville, TX

BAN20070008 Ulysis V. Mensah-Bonsu d/b/a Grace Mortgage - To open a mortgage broker's office at 8381 Old Courthouse Road, Suite 160, Vienna, VA

BAN20070009 Vanguard Mortgage & Title Inc. - To open a mortgage lender and broker's office at 1425 West Pioneer Road, Suite 246, Irving, TX

BAN20070010 Coldwell Banker Mortgage Corporation - To relocate mortgage lenders's office from 6426 Maddox Boulevard, Chincoteague, VA to 6455 Maddox Boulevard, Suite 2, Chincoteague, VA

BAN20070011 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 6500 Harbourview Court, Suite 203, Midlothian, VA to 1405 Huguenot Road, Suite 103, Midlothian, VA

BAN20070012 DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To relocate mortgage lender broker's office from 12331 Riata Trace Parkway, Austin, TX to 12357 Riata Trace Parkway, Suite C-200, Austin, TX

BAN20070013 GRP Mortgage Corporation - To relocate mortgage broker's office from 14660 Rothgeb Drive, Suite 101, Rockville, MD to 1961 Kennedy Drive, McLean, VA

BAN20070014 Pennwest Home Equity Services Corporation - To relocate mortgage lender broker's office from 700 Liberty Avenue, Johnstown, PA to 551 Main Street, Johnstown, PA

BAN20070015 Global Equity Finance, Inc. - For a mortgage broker's license

BAN20070016 Nations Mortgage Inc. - For a mortgage broker's license

BAN20070017 Genevieve Blair - To acquire 25 percent or more of Compass Home Loans, LLC

BAN20070018 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2225 Wolfshare Road, Virginia Beach, VA

BAN20070019 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1318 Avatar Drive, Powhatan, VA

BAN20070020 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 10712 Toston Lane, Glen Allen, VA

BAN20070021 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2911 Turner Road, Suite A-1, Richmond, VA

BAN20070022 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 830 Spence Circle, Virginia Beach, VA

BAN20070023 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 24065 Stones Mill Road, Elkwood, VA

BAN20070024 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 4125 Mountain Road, Glen Allen, VA

BAN20070025 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2465 Pruden Boulevard, Suffolk, VA

BAN20070026 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 897 Stonefield Square, Leesburg, VA

BAN20070027 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 10757 Ambassador Drive, Manassas, VA

BAN20070028 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2409 Bainbridge Boulevard, Chesapeake, VA

BAN20070029 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1060 Laskin Road, Suite 11-B, Virginia Beach, VA

BAN20070030 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 9535 Bayfront Drive, Suite 301, Norfolk, VA

BAN20070031 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5238 Westhaven Crescent, Virginia Beach, VA

BAN20070032 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 43401 Cloverknoll Court, Ashburn, VA

BAN20070033 Flagship Financial Group, LLC - To open a mortgage broker's office at 4525 Wasatch Boulevard, Suite 125, Salt Lake City, UT

BAN20070034 First Virginia Residential Mortgage Corp. - To relocate mortgage broker's office from 1552 Wolfsnare Road, Virginia Beach, VA to 120 South Lynnhaven Road, Suite 204, Virginia Beach, VA

BAN20070035 Citizens Home Loan Inc. - To open a mortgage lender and broker's office at 8401 University Executive Park Drive, Charlotte, NC

BAN20070036 AIM Home Financial, LLC - To relocate mortgage broker's office from 133 Maple Avenue, East, Suite 202, Vienna, VA to 42786 Explorer Drive, Ashburn, VA

BAN20070037 Norcapital Funding Corporation - To relocate mortgage broker's office from 18552 MacArthur Boulevard, Suite 103, Irvine, CA to 2100 Main Street, Suite 103, Irvine, CA

BAN20070038 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To relocate mortgage lender broker's office from 482 Prospect Boulevard, Suite F, Frederick, MD to 480 Prospect Boulevard, Suite F, Frederick, MD

BAN20070039 U.S. Financial Services, Inc. d/b/a Veterans Mortgage Company - For a mortgage broker's license

BAN20070040 First Premier Mortgage Corporation - For a mortgage broker's license

BAN20070041 United Wholesale Lending Inc. - For a mortgage lender and broker license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070042 Weston Video & Check Cashing, Inc. - To open a check casher at 10 S. Jordan Street, Alexandria, VA
 BAN20070043 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 18001 Southwest Cutler Road, Suite 341, Palmetto Bay, FL

BAN20070044 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 107 New Hyde Park Road, Franklin Square, NY
 BAN20070045 The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 104 Harbour Cove, Stafford, VA
 BAN20070046 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2414 16th Street, Sacramento, CA
 BAN20070047 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 2713 Boulevard, Colonial Heights, VA
 BAN20070048 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 2190 Pimmit Drive, Suite 202-A, Falls Church, VA

BAN20070049 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1718 Belmont Road, Suite H, Windsor Mill, MD
 BAN20070050 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage lender and broker's office at 11 Eves Drive, Greentree Place, Marlton, NJ

BAN20070051 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage lender and broker's office at 400 Donald Lynch Boulevard, Marlborough, MA

BAN20070052 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage lender and broker's office at 48 South Service Road, Melville, NY

BAN20070053 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To open a mortgage lender and broker's office at Two Gatehall Road, Parsippany, NJ

BAN20070054 Harborside Financial Network, Inc. - To open a mortgage lender and broker's office at 1423 S. Higley Road, Suite 113, Mesa, AZ
 BAN20070055 Harborside Financial Network, Inc. - To open a mortgage lender and broker's office at 7180 S.W. Fir Loop, Suite 100, Tigard, OR
 BAN20070056 USA Patriot Mortgage LLC - To open a mortgage broker's office at 20 Pidgeon Hill Drive, Suite 104, Sterling, VA
 BAN20070057 MortgageStar, Inc. - To open a mortgage lender and broker's office at 2907 Cheverly Oaks Court, Cheverly, MD
 BAN20070058 Greentree Mortgage Corporation (Used in VA by: Greentree Mortgage Corporation) - To relocate mortgage lender broker's office from 66 Painters Mill Road, Suite 202, Owings Mills, MD to 2 Park Center Court, Suite 200, Owings Mills, MD

BAN20070059 Blue Ridge Finance Corporation - To relocate mortgage broker's office from 13 West Federal Street, Middleburg, VA to 103 C West Federal Street, Middleburg, VA

BAN20070060 American General Financial Services (NC), Inc. (Used in VA by: American General Financial Services, Inc.) - To relocate mortgage lenders office from 1802 E. 10th Street, Roanoke Rapids, NC to 323 Premier Boulevard, Roanoke Rapids, NC

BAN20070061 Omni Financial of Virginia, Inc. - To conduct consumer finance business where electronic tax filing business will also be conducted
 BAN20070062 Omni Financial of Virginia, Inc. - To conduct consumer finance business where tax refund anticipation loans will be made
 BAN20070063 Babylon Funding Group Inc. - For a mortgage broker's license
 BAN20070064 E-Z Financial Services, Inc. - For a payday lender license
 BAN20070065 Straight Mortgage Corporation - To open a mortgage broker's office at 662 Plank Road, Suite C, Clifton Park, NY
 BAN20070066 Big Lending, Inc. - To relocate mortgage lender broker's office from 2240-D Gallows Road, Vienna, VA to 2240-C Gallows Road, Vienna, VA

BAN20070067 Araminta Financial Group, LLC - To relocate mortgage broker's office from 4601 Presidents Drive, Suite 380, Lanham, MD to 4351 Garden City Drive, Suite 380, Lanham, MD

BAN20070068 Master Financial, Inc. - To relocate mortgage lender's office from 8647 Baypine Road, Suite 205, Jacksonville, FL to 7595 Baymeadows Way, Suite 200-A, Jacksonville, FL

BAN20070069 Global Funding Group, L.C. - To relocate mortgage broker's office from 7297-J Lee Highway, Falls Church, VA to 4216 Evergreen Lane, Suite 133, Annandale, VA

BAN20070070 Hopewell Petroleum Corporation d/b/a Quick Express - To open a check casher at 805 S. 15th Avenue, Hopewell, VA
 BAN20070071 Zarafshan, Inc. d/b/a The Market Place # 7 - To open a check casher at 625 East Laburnum Avenue, Richmond, VA
 BAN20070072 CashNet, Inc. d/b/a Cash Advance Centers - To open a check casher at 7501 Brook Road, Richmond, VA
 BAN20070073 OneStop Shopping Financial, Inc. - To open a mortgage broker's office at 1114 Fairfax Pike, Stephens City, VA
 BAN20070074 Nations Premier Mortgage Inc. - To conduct consumer finance business where sales finance business will also be conducted
 BAN20070075 Zurich Funding Holding Corporation - For a mortgage lender and broker license
 BAN20070076 Transnational Financial Network, Inc. - For a mortgage lender and broker license
 BAN20070077 Harford Funding Group, Inc. - For a mortgage broker's license
 BAN20070078 Litton Loan Servicing LP - For a mortgage broker's license
 BAN20070079 Believers Mortgage LLC - To open a mortgage broker's office at 3112 Winchester Street, Richmond, VA
 BAN20070080 Universal American Mortgage Company, LLC - To open a mortgage lender and broker's office at 1742 East Parham Road, Richmond, VA

BAN20070081 Buckingham Mortgage Corporation - To relocate mortgage lender broker's office from 1593 Spring Hill Road, Suite 300, Vienna, VA to 10309 Norton Road, Potomac, MD

BAN20070083 EPI Mortgage Center, Inc. - To relocate mortgage lender broker's office from 765 Straits Turnpike, Suite 2002, Middlebury, CT to 83 Bank Street, 3rd Floor, Waterbury, CT

BAN20070084 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 21956 Riverside Drive, East, Suite 7, Grundy, VA to 21898 Riverside Drive, Grundy, VA

BAN20070085 Nuevo Amanecer, Latino Market, Inc. - To open a check casher at 6515 Jefferson Davis Highway, Richmond, VA
 BAN20070086 DirectSource Funding, Inc. - For a mortgage broker's license
 BAN20070087 Fast N Easy Financial Services, LLC - For a mortgage broker's license
 BAN20070088 Pacific Loan Group, Inc. (Used in VA by: Pacific Loan Group) - For a mortgage broker's license
 BAN20070089 Starpointe Mortgage, L.L.C. - For a mortgage broker's license
 BAN20070090 Strategic Mortgage Solutions, LLC - For a mortgage lender and broker license
 BAN20070091 Adam D. Spates - To acquire 25 percent or more of Lending Mortgage Group LLC
 BAN20070092 First Washington Mortgage LLC - To open a mortgage broker's office at 2230 Gallows Road, Vienna, VA
 BAN20070093 America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 4 Weems Lane, Suite 236, Winchester, VA

BAN20070094 Advantage Mortgage Group, LTD. - To open a mortgage lender and broker's office at 112 Hexham Drive, Suite B, Lynchburg, VA
 BAN20070095 Evergreen Mortgage Company, Inc. - To open a mortgage broker's office at 1137A London Links Drive, Forest, VA
 BAN20070096 Fairfax Mortgage Investments Inc. - To open a mortgage lender and broker's office at 4441 North Dixie Highway, Boca Raton, FL

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070097 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 703 Stokes Road, Suite 11, Medford, NJ to 703 Stokes Road, Suite 7, Medford, NJ

BAN20070098 Integrity Mortgage, Inc. - To relocate mortgage broker's office from 11928 Cherry Road, Fredericksburg, VA to 137 Sanford Drive, Fredericksburg, VA

BAN20070099 Executive Mortgage, LLC - To relocate mortgage lender broker's office from 10200 Linn Station Road, Suite 330, Louisville, KY to 1650 UPS Drive, Suite 103, Louisville, KY

BAN20070100 Bill Killen d/b/a "Kwik Kash" - To relocate payday lender's office from 120 Clintwood Street, Clintwood, VA to 5091 Dickenson Highway, Suite 102, Clintwood, VA

BAN20070101 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean and Virginia Beach) - To relocate mortgage lender broker's office from 50 Pond Road, Old Saybrook, CT to 44 Pond Road, Suite 100, Old Saybrook, CT

BAN20070102 Elite Financial Investments, Inc. - To relocate mortgage broker's office from 1301 W 22nd Street, Suite 615, Oakbrook, IL to 1211 W 22nd Street, Suite 900, Oakbrook, IL

BAN20070103 Mason Dixon Funding, Inc. - To relocate mortgage lender broker's office from 14225 Sullyfield Circle, Suite D, Chantilly, VA to 14526 Lee Road, Suite 100, Chantilly, VA

BAN20070104 Whiting Products Inc. - For a mortgage broker's license

BAN20070105 E Mortgage Solutions, Inc. - For a mortgage broker's license

BAN20070106 Bank of the Commonwealth - To open a branch at 5460 Wesleyan Drive, Virginia Beach, VA

BAN20070107 Meridian Residential Capital LLC d/b/a TRUMP FINANCIAL - To open a mortgage lender and broker's office at 7475 Wisconsin Avenue, Suite 1050, Bethesda, MD

BAN20070108 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 510 Independence Parkway, Suite 200, Chesapeake, VA

BAN20070109 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 716 Thimble Shoals Boulevard, Suite D, Newport News, VA

BAN20070110 EZ Mortgage, Inc. - To relocate mortgage broker's office from 8212-C Old Courthouse Road, 1st Floor, Vienna, VA to 103 West Broad Street, Suite 340, Falls Church, VA

BAN20070111 Flexible Mortgage Corp. - To relocate mortgage broker's office from 6320 Augusta Drive, Suite 1100, Springfield, VA to 6320 Augusta Drive, Suite 502, Springfield, VA

BAN20070112 Nationwide Funding Corporation - To open a mortgage broker's office at 9252 Mosby Street, Suite 201, Manassas, VA

BAN20070113 Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 4908 Parsons Walk Place, Glen Allen, VA

BAN20070114 Bank of Virginia - To open a branch at 906 Branchway Road, Chesterfield County, VA

BAN20070115 Saqib Iqbal d/b/a American Century Mortgage - To open a mortgage broker's office at 7619 Little River Turnpike, Suite 206, Annandale, VA

BAN20070116 Nations Premier Mortgage Inc. - To open a mortgage broker's office at 4080 Lafayette Center, Suite 210A, Chantilly, VA

BAN20070117 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To relocate mortgage broker's office from 4600 South Four Mile Run Drive, Arlington, VA to 7002 Little River Turnpike, Suite M, Annandale, VA

BAN20070118 Community Mortgage, LLC - To relocate mortgage broker's office from 2987 Lake Monticello Road, Palmyra, VA to 70 Joshua Lane, Palmyra, VA

BAN20070119 Bridge Capital Corporation - To relocate mortgage lender broker's office from 27121 Towne Centre Drive, Suite 101, Foothill Ranch, CA to 26691 Plaza Drive, Suite 100, Mission Viejo, CA

BAN20070120 Olde Towne, Inc. - To open a check casher at 3701 Marshall Avenue, Newport News, VA

BAN20070121 Pacificwide Mortgage - For a mortgage broker's license

BAN20070122 Capitol Mortgage Lending, Inc. - For a mortgage broker's license

BAN20070123 Set 2 Go Loans, Inc. - For a mortgage broker's license

BAN20070124 Interfirst Financial Services, Inc. - For a mortgage broker's license

BAN20070125 Forsythe Mortgage and Financial Corporation - For a mortgage broker's license

BAN20070126 Advantage One Mortgage Group, L.L.C. - For a mortgage broker's license

BAN20070127 University of Virginia Community Credit Union, Inc. - To open a credit union service office at 325 Four Leaf Lane, Suite 1, Charlottesville, VA

BAN20070128 New Peoples Bank, Inc. - To open a branch at southeast corner of Maine and Brick Streets, Bramwell, WV

BAN20070129 Virginia Commerce Bank - To open a branch at Dulles 606 Retail Center, 23510 Overland Drive, Dulles, VA

BAN20070130 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 146 East Broadway, Brandenburg, KY

BAN20070131 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 919 Mercury Circle, Littleton, CO

BAN20070132 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 1039 Ingleside Avenue, Cantonsville, MD to 5710 Executive Drive, Suite 107, Catonsville, MD

BAN20070133 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 300 Westage Business Center Drive, Suite 403, Fishkill, NY

BAN20070134 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 6101 Oakbrook Parkway, Norcross, GA

BAN20070135 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 4201 Wilson Boulevard, Arlington, VA

BAN20070136 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 51 Haddonfield Road, Suite 120, Cherry Hill, NJ

BAN20070137 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 4115 Annandale Road, Suite 202, Annandale, VA

BAN20070138 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 1451 Dolley Madison Boulevard, Suite 310, McLean, VA

BAN20070139 Cash Now, LLC - To open a payday lender's office at 115 Mall Drive, Danville, VA

BAN20070140 Cash Now, LLC - To open a payday lender's office at 4018A Wards Road, Lynchburg, VA

BAN20070141 Chase Financial, Inc. - To relocate mortgage broker's office from 817 Hidden Marsh Street, Gaithersburg, MD to 107 Bates Avenue, Gaithersburg, MD

BAN20070142 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 5319 Paylor Lane, Suite 400, Sarasota, FL to 7353 International Place, Suite 309, Sarasota, FL

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070143	AEGIS Wholesale Corporation - To relocate mortgage lender's office from 3333 Welborn Street, Suite 400, Dallas, TX to 14651 Dallas Parkway, Suite 410, Dallas, TX
BAN20070144	Residential Home Loan Centers, LLC - To relocate mortgage lender broker's office from 147 Old Solomon's Island Road, Annapolis, MD to 1610 West Street, Suite 208, Annapolis, MD
BAN20070145	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 37 Pottery Drive, Fancy Gap, VA
BAN20070146	Baltimore American Mortgage Corporation, Inc. - To open a mortgage lender and broker's office at 5252 East State Road 64, Bradenton, FL
BAN20070147	Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 5727 Peter Van Wirt Way, Williamsburg, VA to 355 Crawford Street, Suite 350, Portsmouth, VA
BAN20070148	Mortgage One Solutions, Inc. - To open a mortgage broker's office at 4004 Genesee Place, Suite 101, Woodbridge, VA
BAN20070149	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 3278 Stuarts Draft Highway, Suite 5, Waynesboro, VA
BAN20070150	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 950 S. Pine Island Road, Suite A-150, Plantation, FL
BAN20070151	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 333 Kellam Road, Suite 100, Virginia Beach, VA
BAN20070152	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To relocate mortgage lender broker's office from 2010 Corporate Ridge Drive, Suite 700, McLean, VA to 301 Maple Avenue West, Suite 510, Vienna, VA
BAN20070153	Funding Unlimited, LLC - For a mortgage broker's license
BAN20070154	Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 90 Painters Mill Road, Suites 215-216, Owings Mills, MD
BAN20070155	Summit Community Bank, Inc. - To merge into it Shenandoah Valley National Bank
BAN20070156	Woodco Enterprises LLC d/b/a Payday Express - To open a check casher at 793 West Main Street, Suite 7, Abingdon, VA
BAN20070157	VIP Mortgage Lending Services, Inc. - For a mortgage broker's license
BAN20070158	Building Generations Mortgage, Inc. - For a mortgage broker's license
BAN20070159	United Funding Solutions Inc. - For a mortgage broker's license
BAN20070160	Euronet Payments & Remittance, Inc. - To acquire 25 percent or more of Continental Exchange Solutions, Inc.
BAN20070161	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 111 Savgatuck Avenue, Westport, CT
BAN20070162	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 3055 Peachtree Industrial Boulevard, Suite 100, Duluth, GA
BAN20070163	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 101 Lippincott Avenue, Riverton, NJ
BAN20070164	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 4866 Cooper Road, Suites 103 and 104, Cincinnati, OH
BAN20070165	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 6410 Dobbin Road, Columbia, MD
BAN20070166	Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 24502 Three Notch Road, Hollywood, MD
BAN20070167	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 2726 Washington Boulevard, Baltimore, MD
BAN20070168	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 3700 Woodbine Avenue, Gwynn Oak, MD
BAN20070169	Hathaway Real Estate Services Corp. - To open a mortgage broker's office at 198 Spotnap Road, Suite B-5, Charlottesville, VA
BAN20070170	Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To relocate mortgage lender broker's office from 20281 Birch Street, Suite 207, Newport Beach, CA to 14511 Myford Road, Suite 250, Tustin, CA
BAN20070171	Freedman Capital Group, LLC - To relocate mortgage broker's office from 2901 Smallman Street, Suite 2E, Pittsburgh, PA to 3232 Penn Avenue, Pittsburgh, PA
BAN20070172	Dan & S Corporation d/b/a Bruce Supermarket - To open a check casher at 1641 Commerce Road, Richmond, VA
BAN20070173	New Seasons Financial, LLC - For a mortgage broker's license
BAN20070174	RK Financial Service, Inc. - For a mortgage broker's license
BAN20070175	Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 3102 Tyre Neck Road, Portsmouth, VA
BAN20070176	Mortgage Bankers of Virginia, Inc. - To relocate mortgage broker's office from 7525 Staples Mill Road, Richmond, VA to 2567 Homeview Drive, Richmond, VA
BAN20070177	Fidelity Funding, LLC - To open a mortgage broker's office at 4341 Cox Road, Glen Allen, VA
BAN20070178	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1650 Market Street, 36th Floor, Philadelphia, PA
BAN20070179	Dominion Residential Mortgage, LLC - To open a mortgage broker's office at 116 East Franklin Street, Suite 105, Richmond, VA
BAN20070180	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 152 E. Shadburn Avenue, Buford, GA
BAN20070181	Covenant Mortgage and Investment Group, Ltd. - To open a mortgage broker's office at 9 South Main Street, Shrewsbury, PA
BAN20070182	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 2814 Spring Road, S.E., Suite 205, Atlanta, GA to 4000 Galleria Parkway, Suite 1500, Atlanta, GA
BAN20070183	W.C. Financial, Inc. - To relocate mortgage broker's office from 250 B Market Street, East, Gaithersburg, MD to 1488 Selworthy Road, Potomac, MD
BAN20070184	Network Funding, L.P. - To relocate mortgage lender broker's office from 5109 Eksdale Court, Virginia Beach, VA to 810 Kempsville Road, Suite 2, Virginia Beach, VA
BAN20070185	FMF Capital LLC - To relocate mortgage lender's office from 25800 Northwestern Highway, Suite 525, Southfield, MI to 25800 Northwestern Highway, Suite 500, Southfield, MI
BAN20070186	Ronald G. Taylor - To acquire 25 percent or more of Universal Mortgage & Finance, Inc.
BAN20070187	1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 1650 Chapman Road, Stanardsville, VA
BAN20070188	Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 30101 Agoura Road, Suite 114, Agoura Hills, CA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070189	Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 5955 De Soto Avenue, Suite 125, Woodland Hills, CA
BAN20070190	GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 433 South Main Street, West Hartford, CT
BAN20070191	New Equity Financial Corporation - To open a mortgage lender and broker's office at 771 Corporate Drive, Suite 350, Lexington, KY
BAN20070192	New Equity Financial Corporation - To open a mortgage lender and broker's office at Duluth Technology Village, 11 E. Superior Street, Suite 420, Duluth, MN
BAN20070193	MortgageStar, Inc. - To open a mortgage lender and broker's office at 9304 Leigh Choice Court, Owings Mills, MD
BAN20070194	MortgageStar, Inc. - To open a mortgage lender and broker's office at 8720 Georgia Avenue, Suite 205, Silver Spring, MD
BAN20070195	Priority Financial Services, LLC - To open a mortgage broker's office at 7011 N. Alter Street, Baltimore, MD
BAN20070196	Priority Financial Services, LLC - To open a mortgage broker's office at 9609 Reisterstown Road, Owings Mills, MD
BAN20070197	Priority Financial Services, LLC - To open a mortgage broker's office at 8830 Orchard Tree Lane, Baltimore, MD
BAN20070198	Priority Financial Services, LLC - To relocate mortgage broker's office from 9826 Linwood Avenue, Lanham, MD to 7305 Baltimore Avenue, Suite 103, College Park, MD
BAN20070199	Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - To open a mortgage lender and broker's office at 600 North Bell Avenue, Building 1, Suite 220, Carnegie, PA
BAN20070200	Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - To relocate mortgage lender broker's office from 8441 Belair Road, Suite G1, Baltimore, MD to 8600 LaSalle Road, Suite 300, Towson, MD
BAN20070201	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 206 Riverway Court, Apt. 101, Owings Mills, MD to 2314 Pennyroyal Terrace, Baltimore, MD
BAN20070202	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 3019 Mardel Road, Baltimore, MD to 8817 Harkate Way, Randallstown, MD
BAN20070203	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 8150 Southwest Barnes Road, Portland, OR to 2248 Northeast Wasco Street, Portland, OR
BAN20070204	JC Mortgage & Financial Services, Inc. d/b/a JC Mortgage Corporation - To relocate mortgage broker's office from 6601 Little River Turnpike, Suite 140, Alexandria, VA to 7023 Little River Turnpike, Suite 300, Annandale, VA
BAN20070205	Family Trei, Inc. d/b/a PorchLight - To relocate mortgage broker's office from 13850 Ballantyne Corporate Place, Charlotte, NC to 7810 Ballantyne Commons Parkway, Suite 300, Charlotte, NC
BAN20070206	D&S United Corporation d/b/a USA First Mortgage - To relocate mortgage broker's office from 6231 Leesburg Pike, Suite 204, Falls Church, VA to 6201 Leesburg Pike, Suite 301, Falls Church, VA
BAN20070207	Ocwen Loan Servicing, LLC - To relocate mortgage lender's office from 2650 Warrenville Road, Suite 200, Downers Grove, IL to Lisle Executive Center, 3030 Warrenville Road, Suite 290, Lisle, IL
BAN20070208	ABC Mortgage Funding, Inc. - To relocate mortgage broker's office from 13813 Warwick Boulevard, Newport News, VA to 79 Lucinda Court, Hampton, VA
BAN20070209	American Heritage Capital, L.P. - To relocate mortgage broker's office from 511 E. John Carpenter Freeway, Irving, TX to 2300 Valley View Lane, Suite 1000, Irving, TX
BAN20070210	Southern Star Mortgage Corp. - To relocate mortgage lender broker's office from 29379 Rancho California Road, Suite 101, Temecula, CA to 1936 Deere Avenue, Suite 120, Santa Ana, CA
BAN20070211	Anchor Mortgage LLC - To open a mortgage broker's office at 333 Kellam Road, Suite 100, Virginia Beach, VA
BAN20070212	Fieldstone Mortgage Company - To open a mortgage lender and broker's office at 8200 Preston Court, Jessup, MD
BAN20070213	Lenders Mortgage, LLC - To relocate mortgage broker's office from 7304 Hawkshead Road, Richmond, VA to 5711 S. Laburnum Avenue, Richmond, VA
BAN20070214	First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 5255 E. Williams Circle, Suite 3200, Tucson, AZ to 535 North Wilmot Road, Suite 201, Tucson, AZ
BAN20070215	Power Mortgage & Financial Solutions, Inc. - For a mortgage broker's license
BAN20070216	Merit Financial Corporation - For a mortgage broker's license
BAN20070217	Top Flite Financial, Inc. - For a mortgage broker's license
BAN20070218	America Trust Funding-Mortgage, Bankers LLC - For a mortgage broker's license
BAN20070219	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 7013 Mills Branch Circle, Plano, TX
BAN20070220	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 7124 Suncrest Drive, Lynchburg, VA
BAN20070221	Bank of the Commonwealth - To open a branch at St. Waves Plaza, Unit 126006, NC Highway 12, Waves, NC
BAN20070222	CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 7115 Leesburg Pike, Suite 112, Falls Church, VA
BAN20070223	EZ Mortgage, Inc. - To open a mortgage broker's office at 7611 Little River Turnpike, Suite 101, Annandale, VA
BAN20070224	Home Funding Group, LLC d/b/a 800-345-CASH - To open a mortgage broker's office at 1719 Route 10 East, Suite 122, Parsippany, NJ
BAN20070225	First Guarantee Mortgage, LLC - To open a mortgage broker's office at 30435 Commerce Drive, Suite 102, San Antonio, FL
BAN20070226	Allied Mortgage Group, Inc. - To relocate mortgage lender's office from 6 Park Center Court, Suite 201, Owings Mills, MD to 1517 Reisterstown Road, 2nd Floor, Baltimore, MD
BAN20070227	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 209 10th Avenue, South, Suite 333-D, Nashville, TN to 209 10th Avenue, South, Suite 343, Nashville, TN
BAN20070228	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 8440 Market Street, Suite 10, Boardman, OH to 8440 Market Street, Suite 101, Boardman, OH
BAN20070229	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 11460 Crownridge Drive, Suite 124, Owings Mills, MD to 11460 Crownridge Drive, Suite 124, Owings Mills, MD
BAN20070230	UMG Mortgage, LLC - To relocate mortgage lender broker's office from 1601 North Oak Street, Suite 103, Myrtle Beach, SC to 1521 Highway 17, South, Suite A, North Myrtle Beach, SC
BAN20070231	GF Funding, L.L.C. d/b/a White Stone Mortgage - To relocate mortgage broker's office from 6601 Little River Turnpike, Suite 140, Alexandria, VA to 6601 Little River Turnpike, Suite 200, Alexandria, VA
BAN20070232	Gilani Corporation d/b/a The Market Place #10 - To open a check casher at 3918 Oaklawn Boulevard, Hopewell, VA
BAN20070233	Mesuka Holdings Inc. d/b/a Street Corner News - To open a check casher at 2700 Potomac Mills Circle, Suite 820, Woodbridge, VA
BAN20070234	Paramount Mortgage & Financial, Inc. - For a mortgage broker's license
BAN20070235	Tempus Consulting, Inc. - For a money order license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070236 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 5528-A Hempstead Way, Springfield, VA
 BAN20070237 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 10624 Metromont Parkway, Charlotte, NC
 BAN20070238 Norwestern Mortgage Group, L.L.C. - To relocate mortgage broker's office from 6613 Magnolia Terrace, Lanham, MD to 5409 Richardson Endeavor Drive, Bowie, MD
 BAN20070239 The Mortgage Link, Inc. - To relocate mortgage broker's office from 4209 Evergreen Lane, Annandale, VA to 4115 Annandale Road, Suite 204, Annandale, VA
 BAN20070240 Community Mortgage LLC, a Maryland based LLC (Used in VA by: Community Mortgage, LLC) - To relocate mortgage broker's office from 101 Ridgeside Court, Suite 205, Mt. Airy, MD to 602 Center Street, Unit 103, Mt. Airy, MD
 BAN20070241 Sable Enterprises, Corp. d/b/a City Finance Corp.Com - To relocate mortgage broker's office from 4004 Genesee Place, Suite 5, Woodbridge, VA to 3985 Prince William Parkway, Suite 204, Woodbridge, VA
 BAN20070242 Scott Cole - To acquire 25 percent or more of Prestige Home Mortgage, LLC
 BAN20070243 GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 218 Lakeside Plaza Drive, Horsham, PA
 BAN20070244 Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 98 North Main Street, Suite 201, Kilmarnock, VA
 BAN20070245 Dogor Enterprises LLC - To open a check casher at 4948B Eisenhower Avenue, Alexandria, VA
 BAN20070246 Lady Guadamuz, Inc. - To open a check casher at 235 S. Van Dorn Street, Alexandria, VA
 BAN20070247 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2340 E. Trinity Mills Road, Suite 300, Carrollton, TX
 BAN20070248 Capital Mortgage Finance Corp. - To open a mortgage lender and broker's office at 1921 Gallows Road, Suite 840, Vienna, VA
 BAN20070249 Capital First Lending, Inc. - For a mortgage broker's license
 BAN20070250 American Eagle Mortgage Corporation - To open a mortgage broker's office at 4715 Riverstone Drive, Suite 201, Owings Mills, MD
 BAN20070251 TradeStreet Mortgage, Inc. - For a mortgage broker's license
 BAN20070252 One Mortgage Network, Inc. - For a mortgage lender and broker license
 BAN20070253 Epic Management Group, Inc. d/b/a Epic Financial - For a mortgage broker's license
 BAN20070254 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 1 South 443 Summit Avenue, Suite 204, Oakbrook Terrace, IL
 BAN20070255 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 9085 E. Mineral Circle, Suite 290, Centennial, CO
 BAN20070256 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 25 Braintree Hill Park, Suite 309, Braintree, MA
 BAN20070257 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 23422 Mill Creek Drive, Suite 120, Laguna Hills, CA
 BAN20070258 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 7231 W. Charleston Boulevard, Suite 120, Las Vegas, NV
 BAN20070259 Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 1309 114th Avenue, S.E., Suite 101, Bellevue, WA
 BAN20070260 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 781 Beta Drive, Suite D, Mayfield, OH
 BAN20070261 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 4132 Shoreline Drive, Suite 235, Virginia Beach, VA
 BAN20070262 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 2018 Westwood Terrace, Vienna, VA
 BAN20070263 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 9017 Lake Braddock Drive, Burke, VA
 BAN20070264 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 1577 Spring Hill Road, Suite 210, Vienna, VA
 BAN20070265 M-Point Mortgage Services, LLC - To open a mortgage lender and broker's office at 1655 Crofton Boulevard, Suite 103, Crofton, MD
 BAN20070266 Citizens Trust Mortgage Corporation - To open a mortgage lender's office at 1407 Stephanie Way, Suite B, Chesapeake, VA
 BAN20070267 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 2121 Dove Ridge Drive, Virginia Beach, VA
 BAN20070268 Master Financial, Inc. - To open a mortgage lender's office at 6500 International Parkway, Suite 1500, Plano, TX
 BAN20070269 A+ Financial Corporation d/b/a Allied Home Mortgage Financial Services - To open a mortgage broker's office at Greenbrier Mall, Space #1014, 1401 Greenbrier Parkway, South, Chesapeake, VA
 BAN20070270 New Peoples Bank, Inc. - To relocate office from 2975 Lee Highway, Bristol, VA to 102 Linden Square Drive, Bristol, VA
 BAN20070271 Global One Mortgage, LLC - To relocate mortgage broker's office from 7601 Lewinsville Road, Suite 306-M, McLean, VA to 7601 Lewinsville Road, Suite 307-A, McLean, VA
 BAN20070272 Residential Acceptance Network, Inc. - To relocate mortgage lender broker's office from 12401 South 450 East, Suite F1, Draper, UT to 268 West 400 South, Suite 300, Salt Lake City, UT
 BAN20070273 Believers Mortgage LLC - To relocate mortgage broker's office from 2904 Moore Street, Richmond, VA to 5511 West Marshall Street, Richmond, VA
 BAN20070274 Gold Star Home Mortgage, LLC - For a mortgage broker's license
 BAN20070275 City Line Mortgage, LLC - For a mortgage broker's license
 BAN20070276 Home Equity Direct, L.L.C. - For a mortgage broker's license
 BAN20070277 Equity Vision Mortgage Corp. - For a mortgage broker's license
 BAN20070278 NVR Mortgage Finance, Inc. - To relocate mortgage lender broker's office from 5885 Trinity Parkway, Suite 150, Centreville, VA to 5875 Trinity Parkway, Suite 180, Centreville, VA
 BAN20070279 Ikon Mortgage, Inc. - To open a mortgage broker's office at 101 Lake Forest Boulevard, Suite 270, Gaithersburg, MD
 BAN20070280 Peoples Home Equity, Inc. - To open a mortgage lender and broker's office at 1 Columbus Center, Suite 615, Virginia Beach, VA
 BAN20070281 Apex Financial Services, LLC (Used in VA by: Apex Mortgage Services, LLC) - To open a mortgage broker's office at 17757 U.S. Highway 19, North, Suite 165, Clearwater, FL
 BAN20070282 Apex Financial Services, LLC (Used in VA by: Apex Mortgage Services, LLC) - To open a mortgage broker's office at 3636 North Central Avenue, Suite 400, Phoenix, AZ
 BAN20070283 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 1 John Street, Suite 1B, Babylon, NY
 BAN20070284 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3116 East Oceanview Drive, Suite B, Norfolk, VA
 BAN20070285 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 4420 Sanibel Circle Suite 401, Virginia Beach, VA
 BAN20070286 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 2670 Crain Highway, Suite 203, Waldorf, MD to 2670 Crain Highway, Suite 205, Waldorf, MD

BAN20070287	American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 22 East 25th Street, Baltimore, MD to 806 South Lakewood Avenue, Baltimore, MD
BAN20070288	Bear Stearns Residential Mortgage Corporation d/b/a Encore Credit - To relocate mortgage lender broker's office from 1900 Market Street, Suite 705, Philadelphia, PA to 640 Business Center Drive, Suite 600, King of Prussia, PA
BAN20070289	Nationside Mortgage Inc. - To relocate mortgage broker's office from 3713 S. George Mason Drive, Falls Church, VA to 803 W. Broad Street, Suite 520, Falls Church, VA
BAN20070290	Home123 Corporation - To relocate mortgage lender broker's office from 4530 West 109th Street, Suite 302, Bossier City, LA to 707 Benton Road, Suite 100, Bossier City, LA
BAN20070291	Roca Funding Group, Inc. - For a mortgage broker's license
BAN20070292	Utah Financial, Inc. - For a mortgage lender and broker license
BAN20070293	Liberty Reverse Mortgage Incorporated - For a mortgage lender and broker license
BAN20070294	Village Bank - To open a branch at 1120 Huguenot Road, Midlothian, VA
BAN20070295	PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 306 Garrisonville Road, Suite 101, Stafford, VA
BAN20070296	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 9403 Grant Avenue, Suites 1, 2 and 3, Manassas, VA
BAN20070297	Ohio Lending Solutions, Inc. - To open a mortgage broker's office at 36460 Detroit Road, Avon, OH
BAN20070298	Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 10373 Democracy Lane, Suite B, Fairfax, VA
BAN20070299	Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1437 Pennsylvania Avenue, S.E., Washington, DC
BAN20070300	Premier Mortgage Capital, Inc. - To relocate mortgage lender broker's office from 1450 Mercantile Lane, Suite 137, Largo, MD to 9500 Arena Drive, Suite 474, Largo, MD
BAN20070301	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To relocate mortgage broker's office from 1873 S. Bellaire Street, Suite 1400, Denver, CO to 1873 S. Bellaire Street, Suite 635, Denver, CO
BAN20070302	Edwin Dale Temple d/b/a Southside General Store - To open a check casher at 613 S. Hicks Street, Lawrenceville, VA
BAN20070303	NovaStar Mortgage, Inc. - To relocate mortgage lender broker's office from 783 Old Hickory Boulevard, Suite 106, Brentwood, TN to 616 Marriott Drive, Suite 600, Nashville, TN
BAN20070304	Home Capital, Inc. - To relocate mortgage lender broker's office from 9000 Central Park West, Suite 500, Atlanta, GA to 5909 Peachtree-Dunwoody Road, NE, Suite 200, Atlanta, GA
BAN20070305	Home Capital, Inc. - To relocate mortgage lender broker's office from 9000 Central Park West, Suite 600, Atlanta, GA to 5909 Peachtree-Dunwoody Road, NE, Suite 300, Atlanta, GA
BAN20070306	MortgageStar, Inc. - To open a mortgage lender and broker's office at 15 Cutter Cove Court, Baltimore, MD
BAN20070307	CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 6601 Little River Turnpike, Suite 305, Alexandria, VA
BAN20070308	Century 21 Mortgage Corporation - To open a mortgage lender's office at 5201 Gate Parkway, Jacksonville, FL
BAN20070309	NJ Lenders Corp. - To relocate mortgage lender broker's office from 24 Sheridan Avenue, Ho Ho Kus, NJ to 20 Sheridan Avenue, Ho Ho Kus, NJ
BAN20070310	Equitystars, Inc. - To relocate mortgage lender broker's office from 39 Broad Street, Killingly, CT to 270 East Main Street, Branford, CT
BAN20070311	Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 5715 West Park Drive, Suite 105, Charlotte, NC
BAN20070312	Absolute Mortgage Solutions, LLC - For additional mortgage authority
BAN20070313	International Financial Mortgage Solutions, Inc. - For a mortgage broker's license
BAN20070314	Stecroft Holdings, Inc. - For a mortgage broker's license
BAN20070315	PAC Mortgage Specialists, LLC - For a mortgage broker's license
BAN20070316	American Trust Mortgage Inc. - For a mortgage broker's license
BAN20070317	Community Mortgage Group, Inc. - For a mortgage lender and broker license
BAN20070318	Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 5105-B Backlick Road, Annandale, VA
BAN20070319	Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 6080-C Franconia Road, Alexandria, VA
BAN20070320	Century 21 Mortgage Corporation - To open a mortgage lender's office at 20334 Timberlake Road, Lynchburg, VA
BAN20070321	Coldwell Banker Mortgage Corporation - To open a mortgage lender's office at 5201 Gate Parkway, Jacksonville, FL
BAN20070322	ERA Mortgage Corporation - To open a mortgage lender's office at 5201 Gate Parkway, Jacksonville, FL
BAN20070323	Lawrence R. Lesiger - To acquire 25 percent or more of First Mutual Corp.
BAN20070324	Mortgage Officials, LLC d/b/a Mortgage Officials.com - For a mortgage broker's license
BAN20070325	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at One Columbus Center, Suite 672, Virginia Beach, VA
BAN20070326	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 41960 Ural Drive, Stone Ridge, VA
BAN20070327	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 10999 Red Run Boulevard, Suite 108, Owings Mills, MD
BAN20070328	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 80 Weirton Street, Carnegie, PA
BAN20070329	MSK Investments, Inc. - For a mortgage broker's license
BAN20070330	Premier Processing Solutions, Inc. - For a mortgage broker's license
BAN20070331	Kymco Mortgage, Inc. - For a mortgage broker's license
BAN20070332	Cynthia Renee Tull - For a mortgage broker's license
BAN20070333	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 1275 S. Marlyn Avenue, Essex, MD to 6 Flaxleaf Court, Essex, MD
BAN20070334	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 10970 SW 177th Terrace, Miami, FL to 11400 NW 76th Terrace, Doral, FL
BAN20070335	Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 4700 Rockside Avenue, Suite 510, Independence, OH to 4050 Executive Park Drive, Suite 215, Cincinnati, OH
BAN20070336	Lincoln Mortgage, LLC - To relocate mortgage broker's office from 10806 Reisterstown Road, Suite 3-D, Owings Mills, MD to 2006 Lafayette Boulevard, Suite 203, Fredericksburg, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070337 Monumental Finance, LLC - To relocate mortgage broker's office from 11350 McCormick Road, Executive, Hunt Valley, MD to 3 Court, Cockeysville, MD

BAN20070338 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 633 Planters Court, Virginia Beach, VA

BAN20070339 Stearns Lending, Inc. - To open a mortgage lender and broker's office at 5 Park Plaza, Suite 800, Irvine, CA

BAN20070340 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 3500 Virginia Beach Boulevard, Virginia Beach, VA to 2806 41st Avenue, North, St. Petersburg, FL

BAN20070341 Prutha, LLC d/b/a Quick N Easy - To open a check casher at 4105 West Broad Street, Richmond, VA

BAN20070342 Great Day Lending.Com, Inc. - For a mortgage broker's license

BAN20070343 Nirvana Real Estate & Mortgage Services, Inc. - For a mortgage broker's license

BAN20070344 Metropolitan Home Mortgage, Inc. - For a mortgage lender and broker license

BAN20070345 University of Virginia Community Credit Union, Inc. - To open a credit union service office at State Route 151, Nellysford, VA

BAN20070346 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 14701 Lee Highway, Suite 204, Centreville, VA

BAN20070347 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 6212 Wagner Lane, Bethesda, MD

BAN20070348 Home123 Corporation - To open a mortgage lender and broker's office at 115 North Fairfax Street, Alexandria, VA

BAN20070349 PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 3725 Leonardtown Road, Waldorf, MD

BAN20070350 Secure Mortgage & Investments, LLC - To relocate mortgage broker's office from 397 Little Neck Road, Suite 202, Virginia Beach, VA to 397 Little Neck Road, 3300 Building, Suite 307, Virginia Beach, VA

BAN20070351 Source Financial Group, Inc. - To relocate mortgage broker's office from 4407 Midstone Lane, Fairfax, VA to 24059 Deep Hollow Lane, Aldie, VA

BAN20070352 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 3108 N. Parham Road, Suite 502B, Richmond, VA to 2901 Hungary Spring Road, Suite B, Richmond, VA

BAN20070353 Fusion Home Loans, Inc. - For a mortgage broker's license

BAN20070354 Alternative Financing Corp. - To relocate mortgage lender's office from 3031 Tisch Way, Suite 502, San Jose, CA to 475 El Camino Real, Suite 201, Santa Clara, CA

BAN20070355 Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To open a mortgage lender and broker's office at 5473 Kearny Village Road, Suite 210, San Diego, CA

BAN20070356 Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage lender and broker's office at 1251 Metropolitan Avenue, Thorofare, NJ

BAN20070357 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To relocate mortgage broker's office from 11175 Ridgefield Parkway Suite 108, Richmond, VA to 5366-B Twin Hickory Road, Glen Allen, VA

BAN20070358 Progressive Mortgage Services, LLC - For a mortgage broker's license

BAN20070359 Homecomings Financial, LLC - To relocate mortgage lender's office from 1687 114th Avenue, SE, Suite 100, Bellevue, WA to 188 106th Avenue, NE, Suite 600, Bellevue, WA

BAN20070360 Bullseye Home Loans, Inc. - For a mortgage broker's license

BAN20070361 Affirm Home Loans, LLC - For a mortgage broker's license

BAN20070362 CBM Mortgage, LLC - To open a mortgage broker's office at 54 E. Lee Street, Suite 9A, Warrenton, VA

BAN20070363 Ocean Traders Inc. - To open a check casher at 24328 Lankford Way, Tasley, VA

BAN20070364 New Touch Mortgage LLC - For a mortgage broker's license

BAN20070365 The Mortgage Company of Virginia, LLC (Used in VA by: The Mortgage Company, LLC) - For a mortgage broker's license

BAN20070366 JS Home Financial Mortgage, Inc. - For a mortgage broker's license

BAN20070367 Meridias Capital, Inc. - To open a mortgage lender and broker's office at 1755 Prospector Avenue, Suite 102, Park City, UT

BAN20070368 America's Referral Mortgage Co., Inc. - To relocate mortgage broker's office from 3416 Olandwood Court, Suite 211, Olney, MD to 3416 Olandwood Court, Suite 209, Olney, MD

BAN20070369 FT Express, LLC d/b/a Winchester Express - To open a check casher at 219 Weems Lane, Winchester, VA

BAN20070370 Prestige Capital Mortgage Corporation - For a mortgage broker's license

BAN20070371 NMAC, LLC (Used in VA by: National Mortgage Access Center, LLC) - For a mortgage broker's license

BAN20070372 Merrill Brooks Smith - To acquire 25 percent or more of ITC Financial Licenses, Inc.

BAN20070373 Bank of Essex - To open a branch at 654 Northumberland Highway, Callao, VA

BAN20070374 Bank of Essex - To open a branch at south side of Northumberland Highway 0.1 miles west of Route 644, Burgess, VA

BAN20070375 Clearlight Mortgage Corp. - To open a mortgage lender and broker's office at 2200 Fletcher Avenue, 4th Floor, Fort Lee, NJ

BAN20070376 Citizens Trust Financial Group, Inc. - To open a mortgage lender and broker's office at 1301 York Road, Suite 705, Lutherville, MD

BAN20070377 Leslie A. Wynn d/b/a Anchor Mortgage Company - To open a mortgage broker's office at 205 South Whiting Street, Suite 305, Alexandria, VA

BAN20070378 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 13356 Midlothian Turnpike, Midlothian, VA to 3781 Westerre Parkway, Suite F, Room 106, Richmond, VA

BAN20070379 Citinet Mortgage, Inc. - To relocate mortgage broker's office from 8315 Lee Highway, Suite 301B, Fairfax, VA to 422 Main Street, 2nd Floor, Gaithersburg, MD

BAN20070380 Home Loans by Key Mortgage, LLC (Used in VA by: Key Mortgage, LLC) - For a mortgage broker's license

BAN20070381 Alliance Capital Funding LLC - For a mortgage broker's license

BAN20070382 TrustMor Mortgage Company, LLC d/b/a Members Mortgage Solutions - To relocate mortgage lender broker's office from 2500 East Parham Road, Suite 400, Richmond, VA to 5300 Hickory Park Drive, Suite 200, Glen Allen, VA

BAN20070383 FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 2029 Cedar Barn Way, Windsor Mill, MD to 1500 NE 127th Street, Unit 214, North Miami, FL

BAN20070384 Solstice Capital Group, Inc. - To relocate mortgage lender broker's office from 2630 S. Jones Boulevard, Suites 3 and 4, Las Vegas, NV to 10777 W. Twain Avenue, Suite 120, Las Vegas, NV

BAN20070385 Alcovia Mortgage LLC - To relocate mortgage broker's office from 13455 Booker T. Washington Highway, Moneta, VA to 355 South Main Street, Rocky Mount, VA

BAN20070386 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 1405 Huguenot Road, Suite 103, Midlothian, VA

BAN20070387 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 400 Lanidex Plaza, Parsippany, NJ

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070388 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 825 Gum Branch Road, Suite 119, Jacksonville, NC

BAN20070389 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 9590 E. Ironwood Square Drive, Suite 222, Scottsdale, AZ

BAN20070390 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 4915 Lavista Road, Suite B, Tucker, GA

BAN20070391 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 826 Creel Street, Melbourne, FL

BAN20070392 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 16419-F Northcross Drive, Huntersville, NC

BAN20070393 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 301 East Mountain Street, Suite C, Kernersville, NC

BAN20070394 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 312 W. Millbrook Road, Suite 201, Raleigh, NC

BAN20070395 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 108 North Kerr Avenue, Suite H-1, Wilmington, NC

BAN20070396 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 3401 Healy Drive, Suite C, Winston-Salem, NC

BAN20070397 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 305 W. Pittsburgh Street, Greensburg, PA

BAN20070398 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 429 N. 13th Street, Suite 5B, Philadelphia, PA

BAN20070399 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1255-A Lynnfield Road, Suite 108, Memphis, TN

BAN20070400 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 307 N. Walnut Street, Suite 1, Murfreesboro, TN

BAN20070401 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2206 Hope Mills Road, Fayetteville, NC

BAN20070402 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 12 Riverside Square, Bloomingdale, NJ

BAN20070403 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 112 Bathurst Lane, Simpsonville, SC

BAN20070404 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 16 West Gay Street, Westchester, PA

BAN20070405 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1290 West Road, Suite 314, Weston, FL

BAN20070406 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 7 Beaver Pond Road, Bellingham, MA

BAN20070407 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1120 Randolph Street, Suite 34, Thomasville, NC

BAN20070408 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 10100 West Sample Road, Suites 311 and 319, Coral Springs, FL

BAN20070409 Platinum Funding of Maryland, Inc. (Used in VA by: Platinum Funding, Inc.) - For a mortgage broker's license

BAN20070410 Homefront Lending, LLC - For a mortgage broker's license

BAN20070411 TradeMark Lending, Inc. - For a mortgage broker's license

BAN20070412 Loan Pro LLC - For a mortgage broker's license

BAN20070413 The Mortgage Works, Inc. - For a mortgage broker's license

BAN20070414 Thomas V. Gaffney III - To acquire 25 percent or more of Dominion Mortgage Corporation

BAN20070415 Gerald Lichter - To acquire 25 percent or more of Mortgage Warehouse LLC

BAN20070416 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5120 Stanfield Drive, Zionsville, PA

BAN20070417 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5436 Chatham Hall Drive, Virginia Beach, VA

BAN20070418 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 429 Nissan Drive, Suite 101, Smyrna, TN

BAN20070419 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 101 Duncraig Drive, Suite 114, Lynchburg, VA

BAN20070420 Community Mortgage, LLC - To open a mortgage broker's office at 125 Chapman Street, Orange, VA

BAN20070421 Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage lender and broker's office at 18000 Horizon Way, Suite 100, Mount Laurel, NJ

BAN20070422 Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 324 South Port Circle, Suite 102, Virginia Beach, VA

BAN20070423 TrustMor Mortgage Company, LLC d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 1700 Robin Hood Road, Richmond, VA

BAN20070424 Home Loan Corporation d/b/a Expanded Mortgage Credit - To open a mortgage lender and broker's office at 1100 Boulders Parkway, Suite 101, Richmond, VA

BAN20070425 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 5457 Twin Knolls Road, Suite 101, Columbia, MD to 7016 Holly Springs Lane, Elkridge, MD

BAN20070426 Genesis Financial Group, Inc. - To relocate mortgage broker's office from 4007 Bryanwood Road, Richmond, VA to 5804 Country Manor Way, Richmond, VA

BAN20070427 TriSummit Bank - To open a branch at 425 State Street, Bristol, VA

BAN20070428 Everest Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 363 N. Sam Houston Parkway, Houston, TX

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070429	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2735 Villa Creek, Suite 250, Dallas, TX
BAN20070430	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 6801 McCart Avenue, Suite B3, Fort Worth, TX
BAN20070431	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage lender broker's office from 2915 LBJ Freeway, Suite 170 A, Dallas, TX to 833 E. Arapaho, Suite 206, Richardson, TX
BAN20070432	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage lender broker's office from 14683 Midway Road, Suite 216, Addison, TX to 17000 Preston Road, Suite 140, Dallas, TX
BAN20070433	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage lender broker's office from 2137 Kiowa Court, Little Elm, TX to 4120 International Parkway, Suite 1150, Carrollton, TX
BAN20070434	American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 27070 Detroit Road, Room 205, Westlake, OH
BAN20070435	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 7840 Madison Avenue, Suite 154, Fair Oaks, CA to 5330 Primrose Drive, Suite 200, Fair Oaks, CA
BAN20070436	Capital Center, L.L.C. d/b/a CapCenter Mortgage - To open a mortgage lender and broker's office at 1664 Shady Lane, Columbia, SC
BAN20070437	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 3900 North Croatan Highway, Suite B, Kitty Hawk, NC to 8845 Caratoke Highway, Suite 8, Point Harbor, NC
BAN20070438	Major Financial Services, Inc. - For a mortgage broker's license
BAN20070439	Coast To Coast Mortgage Corp. - For a mortgage broker's license
BAN20070440	Trinity Credit Company, Inc. - For a mortgage lender and broker license
BAN20070441	Rutesha Inc. d/b/a Fast Stop #1 - To open a check casher at 25239 Lankford Highway, Onley, VA
BAN20070442	MegaStar Financial Corp. - To open a mortgage lender's office at 1637 Pearl Street, Suite 203, Boulder, CO
BAN20070443	Home Lending Partners L.L.C. - To open a mortgage broker's office at 8374 Veterans Highway, Millersville, MD
BAN20070444	TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 1125 Route 22, West, Bridgewater, NJ
BAN20070445	TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 3 Neshaminy Interplex, Suite 301, Trevoese, PA
BAN20070446	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 828 Main Street, 15th. Floor, Lynchburg, VA
BAN20070447	New Star Funding Corp. - To open a mortgage broker's office at 423 St. John Street, Harve De Grace, MD
BAN20070448	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To open a mortgage lender and broker's office at 800 West Cummings Park, Suite 1650, Woburn, MA
BAN20070449	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 115 Atrium Way, Suite 100, Columbia, SC
BAN20070450	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 600 Wilson Lane, Suite 300, Mechanicsburg, PA
BAN20070451	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 1210 Pennsylvania Avenue, SE, Washington, DC to 743-B Park Road, NW, Washington, DC
BAN20070452	Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To relocate mortgage lender broker's office from 22982 La Cadena, Suite 223, Laguna Hills, CA to 23591 El Toro Road, Suite 292, Lake Forest, CA
BAN20070453	Tranquil International Inc. d/b/a Super Video Palace Check Cashing - To open a check casher at 8 S. Jordan Street, Alexandria, VA
BAN20070454	Ibanez Mortgage Group, LLC d/b/a USA Loans - For a mortgage broker's license
BAN20070455	United Mortgage Corporation of Florida (Used in VA by: United Mortgage Corporation) - For a mortgage lender and broker license
BAN20070456	Hestia Mortgage, LLC - For a mortgage lender and broker license
BAN20070457	Synergy Financial Management Corporation - For a mortgage lender and broker license
BAN20070458	City First Mortgage Services, LLC - For a mortgage lender and broker license
BAN20070459	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 9719 Eustick Road, Randallstown, MD
BAN20070460	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 1203 Tillerman Place, Curtis Bay, MD
BAN20070461	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 9401 White Cedar Drive, Apt. 402, Owings Mills, MD
BAN20070462	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 11 Roberts Street, Burlington, MA
BAN20070463	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 150 Southeast 105th Avenue, Apt. 81, Portland, OR to 4829 Parkview Drive, Apt. B, Lake Oswego, OR
BAN20070464	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 4487 Mountain Road, Suite 103, Pasadena, MD
BAN20070465	Epix Funding Group, Inc. - To open a mortgage broker's office at 21029 Verlaine Court, Ashburn, VA
BAN20070466	The Mortgage Link, Inc. - To open a mortgage broker's office at 11263 Air Park Road, Building D, Ashland, VA
BAN20070467	Home Town Community Credit Union - To relocate credit union office from 938-C South Church Street, Smithfield, VA to 1921 South Church Street, Unit 6, Smithfield, VA
BAN20070468	Abba Mortgage Company, LLC - To open a mortgage broker's office at 205 South Whiting Street, Suite 305, Alexandria, VA
BAN20070469	Statewide Bancorp Inc. - To open a mortgage lender and broker's office at 3240 El Camino Real, Suite 120, Irvine, CA
BAN20070470	Statewide Bancorp Inc. - To open a mortgage lender and broker's office at 2731 S.W. Airport Way, Suite 240, Redmond, OR
BAN20070471	Advanced Home Loans Corp. - To open a mortgage broker's office at 9113 Church Street, Suite 117, Manassas, VA
BAN20070472	Archway Mortgage Services, Inc. - To relocate mortgage broker's office from 510-A Summit Avenue, Greensboro, NC to 241 Summit Avenue, Suite 102, Greensboro, NC
BAN20070473	Network Funding, L.P. - To relocate mortgage lender broker's office from 8601 LaSalle Road, Suite 102, Towson, MD to 8601 LaSalle Road, Suite 101, Towson, MD
BAN20070474	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 3209 Gresham Lake Road, Suite 115, Raleigh, NC to 111 Windel Drive, Suite 205, Raleigh, NC
BAN20070475	Amerifund Home Mortgage LLC - To relocate mortgage lender broker's office from 420 Lexington Avenue, Suite 2633, New York, NY to 51 East 42nd Street, Suite 304, New York, NY
BAN20070476	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 10713-A Birmingham Way, Woodstock, MD to 2490 Longstone Lane, Woodstock, MD

BAN20070477	Paula Reynolds Haynes d/b/a Colonial Mortgage Company of Virginia - To relocate mortgage broker's office from 6508 Suite C, Woodlake Village Court, Midlothian, VA to 635 Main Street, Danville, VA
BAN20070478	Tripoint Mortgage Group, Inc. - To relocate mortgage broker's office from 637 Third Avenue, Suite H, Chula Vista, CA to 8899 University Center Lane, Suite 385, San Diego, CA
BAN20070479	Dennis L. Mattingly - To acquire 25 percent or more of First Commonwealth Mortgage Corp.
BAN20070480	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 1061-C South High Street, Harrisonburg, VA
BAN20070481	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 3625 Virginia Beach Boulevard, Virginia Beach, VA to 3637 Virginia Beach Boulevard, Virginia Beach, VA
BAN20070482	Lincoln Mortgage, LLC - To open a mortgage broker's office at 108 Fourth Street, Farmville, VA
BAN20070483	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 7904 Badenloch Way, Suite 203, Gaithersburg, MD
BAN20070484	Epix Funding Group, Inc. - To open a mortgage broker's office at 464 Herndon Parkway, Suite 216, Herndon, VA
BAN20070485	EZ Mortgage, Inc. - To open a mortgage broker's office at 100 N. Washington Street, Suite 231, Falls Church, VA
BAN20070486	West Coast Processing, L.L.C. d/b/a West Coast Financial - For a mortgage broker's license
BAN20070487	John H. Taylor - For a mortgage broker's license
BAN20070488	First National Lending Corporation d/b/a FNLC, Inc. - For a mortgage broker's license
BAN20070489	Signature Home Funding, LLC - For a mortgage broker's license
BAN20070490	Trust Mortgage Capital, Inc. - For a mortgage broker's license
BAN20070491	Andy Ross Group, LLC - For a mortgage broker's license
BAN20070492	FNRES Holdings, Inc. - To acquire 25 percent or more of Stecroft Holdings, Inc.
BAN20070493	Masters Home Mortgage LLC - For a mortgage broker's license
BAN20070494	Chae's Enterprises, Inc. d/b/a Craig Ave. Superette - To open a check casher at 700 Craig Avenue, Salem, VA
BAN20070495	John M. Cushwa - To acquire 25 percent or more of Fredericktown Mortgage, LLC
BAN20070496	Elizabeth River Mortgage Group LLC - To open a mortgage broker's office at 4425 Portsmouth Boulevard, Suite 200, Chesapeake, VA
BAN20070497	Virginia Mortgage Services, Inc. - To open a mortgage broker's office at 3210 Peoples Drive, Suite 120, Harrisonburg, VA
BAN20070498	Virginia Mortgage Services, Inc. - To relocate mortgage broker's office from 8191 Brook Road, Suite J, Richmond, VA to 5408 Chamberlayne Road, Richmond, VA
BAN20070499	Alcova Mortgage LLC - To open a mortgage broker's office at 14117 Robert Paris Court, Chantilly, VA
BAN20070500	First Ohio Banc & Lending, Inc. - To relocate mortgage lender broker's office from 324 E. Main Street, Northville, MI to 21333 Haggerty Road, Novi, MI
BAN20070501	Equity Mortgage Group, Inc. - To relocate mortgage broker's office from 2431 Solomons Island Road, Suite 304, Annapolis, MD to 1410 Forest Drive, Suite 26, Annapolis, MD
BAN20070502	Mortgage Bancorp, LLC - To relocate mortgage lender broker's office from 3843 Farragut Avenue, Kensington, MD to 604 South Frederick Road, Suite 411, Gaithersburg, MD
BAN20070503	The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 3082 Shawnee Drive, Unit 246S, Winchester, VA
BAN20070504	Heritage Lending Corp. (Used in VA by: Heritage Funding Corp.) - For a mortgage broker's license
BAN20070505	Atlantic Mortgage Direct LLC - For a mortgage broker's license
BAN20070506	Capitol Mortgage Solutions, Inc. - For a mortgage broker's license
BAN20070507	Coinstar E-Payment Services Inc. d/b/a Coinstar Money Transfer - For a money order license
BAN20070508	Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 539 Keisler Drive, Suite 203, Cary, NC
BAN20070509	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 636 Bushytail Drive, Frederick, MD
BAN20070510	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1736 North Queens Lane, Suite 195, Arlington, VA
BAN20070511	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 4320 Fulton Drive, NW, Suite 200, Canton, OH
BAN20070512	J & H Mortgage Consultants, Inc. d/b/a Creative Lending Solutions - To open a mortgage broker's office at 18478 Forest Road, Suite 3, Forest, VA
BAN20070513	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 9426 Battle Street, Suite 201, Manassas, VA to 9426 Battle Street, Suite 202, Manassas, VA
BAN20070514	AEGIS Wholesale Corporation - To relocate mortgage lender's office from 3250 Briarpark Drive, Suite 400A, Houston, TX to 9990 Richmond Avenue, Suite 271, Houston, TX
BAN20070515	Golden Trust Mortgage Group, LLC - To relocate mortgage broker's office from 136-4 Creekside Lane, Winchester, VA to 21 South Kent Street, Suite 301, Winchester, VA
BAN20070516	Encore Credit Corp. - To relocate mortgage lender broker's office from 1833 Alton Parkway, Irvine, CA to 1733 Alton Parkway, Suite 100, Irvine, CA
BAN20070517	M-Point Mortgage Services, LLC - To relocate mortgage lender broker's office from 110 Franklin Street, Denton, MD to 601 North Sixth Street, Suite G, Denton, MD
BAN20070518	Dreams to Reality, LLC d/b/a Dreams to Reality Mortgage - To relocate mortgage broker's office from 101 Washington Street, Suite 301, Falmouth, VA to 6557 Fairview Drive, Watauga, TX
BAN20070519	Westmoreland Financial Services of Pennsylvania, Inc. - For a mortgage broker's license
BAN20070520	Gulf States Mortgage Corporation - For a mortgage broker's license
BAN20070521	TMG Real Estate and Financial Services, LLC d/b/a First Omni Mortgage Lending - For additional mortgage authority
BAN20070522	Helen P. Segars - To acquire 25 percent or more of Century Financial Services, LLC
BAN20070523	Archstone Mortgage Group, Inc. - For a mortgage broker's license
BAN20070524	Raymond Louis Smith - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.
BAN20070525	Bani-Issa Enterprises, Inc. - To open a check casher at 2700 West Cary Street, Richmond, VA
BAN20070526	R.E.A. Incorporated d/b/a Plaza Latina Market - To open a check casher at 2190 Pimmit Drive, Suite N, Falls Church, VA
BAN20070527	Bank of the Commonwealth - To open a branch at 562 Carotoke Highway, Moyock, NC
BAN20070528	Bank of the Commonwealth - To open a branch at 1304 Greenbrier Parkway, Chesapeake, VA
BAN20070529	Fidelity Funding, LLC - To open a mortgage broker's office at 21 Buford Road, Suite C, Richmond, VA
BAN20070530	EVB Mortgage, LLC - To open a mortgage lender and broker's office at 9495 Charter Gate Drive, Mechanicsville, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070531 Citizens Trust Financial Group, Inc. - To open a mortgage lender and broker's office at 821 Oregon Avenue, Suite I-J, Linthicum, MD
 BAN20070532 W F Financial Corp. - To open a mortgage broker's office at 2100 Reston Parkway, Suite 111, Reston, VA
 BAN20070533 Spectrum Mortgage Group LLC - To open a mortgage broker's office at 966 Hungerford Drive, Suite 6B, Rockville, MD
 BAN20070534 Nations Lending, L.L.C. - To open a mortgage broker's office at 45 Q Street, S.W., Washington, DC
 BAN20070535 Colonial Financial, Inc. - To relocate mortgage broker's office from 4020 Williamsburg Court, Fairfax, VA to 7212 Hadlow Drive, Springfield, VA
 BAN20070536 Mortgage Select Services Inc. - To relocate mortgage broker's office from Coopertown Plaza, Burlington Township, NJ to 9 Longwood Lane, Columbus, NJ
 BAN20070537 GMAC Mortgage, LLC d/b/a Ditech - To relocate mortgage lender broker's office from 560 Neff Avenue, Harrisonburg, VA to 590 Neff Avenue, Harrisonburg, VA
 BAN20070538 California Loan Servicing, LLC - To relocate mortgage broker's office from 3017 Douglas Boulevard, Suite 250, Roseville, CA to 1455 Response Road, Suite 199, Sacramento, CA
 BAN20070539 GSF Mortgage Corporation - To relocate mortgage lender broker's office from 140 St. John Street, Havre de Grace, MD to 138 Industry Lane Suite 1, Forest Hill, MD
 BAN20070540 LDS Financial LLC - For a mortgage broker's license
 BAN20070541 Your Home Loan Solutions Team LLC - For a mortgage broker's license
 BAN20070542 American Benefit Mortgage, Inc. - For a mortgage lender and broker license
 BAN20070543 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 905 Broadway, Hopewell, VA
 BAN20070544 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1200 Abernathy Road, Suite 1700, North Park Center, Atlanta, GA
 BAN20070545 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 509 Wharf Court, Virginia Beach, VA
 BAN20070546 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1630 Ben Lomond Drive, Glendale, CA
 BAN20070547 Credit Suisse Financial Corporation - To open a mortgage lender's office at 6 Pointe Drive, Brea, CA
 BAN20070548 Credit Suisse Financial Corporation - To open a mortgage lender's office at 1000 E. Woodfield Road, Suite 240, Schaumburg, IL
 BAN20070549 Credit Suisse Financial Corporation - To open a mortgage lender's office at 1580 Sawgrass Corporate Parkway, Suite 100, Sunrise, FL
 BAN20070550 City Lending Group LLC - To relocate mortgage broker's office from 33919 9th Avenue, South, Suite 202, Federal Way, WA to 3820 S. Ferdinand Street, Suite 201, Seattle, WA
 BAN20070551 Gold Key Mortgage L.L.C. - To relocate mortgage broker's office from 26 N. Main Street, Lexington, VA to 14 E. Nelson Street, Suite 100, Lexington, VA
 BAN20070552 Check First, Inc. - To relocate payday lender's office from 1020 N. Battlefield Boulevard, Unit E, Chesapeake, VA to 703 B 9th Street, SE, Roanoke, VA
 BAN20070553 Homeowners Mortgage Corporation - For a mortgage lender and broker license
 BAN20070554 EZ Mortgage Banc, Inc. - For a mortgage broker's license
 BAN20070555 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 211 Sea Cliff Drive, Ruther Glen, VA
 BAN20070556 Infiniti Mortgage, LLC - To open a mortgage broker's office at 11262 Georgia Avenue, Silver Spring, MD
 BAN20070557 Araminta Financial Group, LLC - To relocate mortgage broker's office from 4601 Presidents Drive, Suite 380, Lanham, MD to 4351 Garden City Drive, Suite 350, Landover, MD
 BAN20070558 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) d/b/a Champion Mortgage Company - To relocate mortgage lender broker's office from 200 East State Street, Suite 100, Media, PA to 150 S. Warnder Road, King of Prussia, PA
 BAN20070559 Professional Mortgage Group, LLC - To relocate mortgage broker's office from 3907 Old William Penn Highway, Murrysville, PA to 7940 Saltsburg Road, Pittsburgh, PA
 BAN20070560 Bills.com, LLC - For a mortgage broker's license
 BAN20070561 Ascent Home Loans, Inc. - For additional mortgage authority
 BAN20070562 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6132 N. Tryon Street, Suite A, Charlotte, NC
 BAN20070563 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 10115 Kinsey Avenue in the Park, Suite 140, Huntersville, NC
 BAN20070564 Home Mortgage Corporation - To open a mortgage broker's office at 2010 Corporate Ridge, Suite 700, McLean, VA
 BAN20070565 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 6575 Edsall Road, Springfield, VA
 BAN20070566 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 10475 Perry Highway, Suite G101, Wexford, PA
 BAN20070567 Peoples Home Equity, Inc. - To relocate mortgage lender broker's office from 12 Music Circle, South, Nashville, TN to 4300 Sidco Drive, Suite 200, Nashville, TN
 BAN20070568 HSBC National Bank USA - To open a branch at 1800 Tysons Boulevard, McLean, VA
 BAN20070569 Integrated Financial Group, Inc. - For a mortgage lender and broker license
 BAN20070570 Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 761 Old Hickory Boulevard, Suite 303, Brentwood, TN
 BAN20070571 Imperial Lending, LLC - For a mortgage lender's license
 BAN20070572 Jacob Dean Mortgage, Inc. - To open a mortgage broker's office at 12310 Pinecrest Road, Suite 304, Reston, VA
 BAN20070573 Lake Mortgage, Inc. - For a mortgage broker's license
 BAN20070574 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at HC 70, Box 196, Davis, WV
 BAN20070575 Amwest Capital Mortgage Inc. - For a mortgage broker's license
 BAN20070576 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 11 N. Washington Street, Suite 310, Rockville, MD
 BAN20070577 Order Express, Inc. - To open a check casher at 1600 S. Main Street, Harrisburg, VA
 BAN20070578 Preferred Mortgage Group, LLC d/b/a Preferred Service Mortgage - To open a mortgage lender and broker's office at 310 King Street, Alexandria, VA
 BAN20070579 Preferred Mortgage Group, LLC d/b/a Preferred Service Mortgage - To relocate mortgage lender broker's office from 6858 Old Dominion Drive, McLean, VA to 6832 Old Dominion Drive, McLean, VA
 BAN20070580 Preferred Mortgage Group, LLC d/b/a Preferred Service Mortgage - To relocate mortgage lender broker's office from 11890 Sunrise Valley Drive, Reston, VA to 1801 Reston Parkway, Reston, VA
 BAN20070581 GMAC Mortgage, LLC d/b/a Ditech - To relocate mortgage lender broker's office from 3420 Toringdon Way, Charlotte, NC to 3436 Toringdon Way, Charlotte, NC

BAN20070582 Dominion Capital Mortgage Inc. - To relocate mortgage broker's office from 15265 Woodman Hall Road, Montpelier, VA to 11520 Nuckols Road, Suite 100, Glen Allen, VA

BAN20070583 Generation Mortgage Company - For a mortgage lender's license

BAN20070584 Capitol Mortgage Services, Inc. d/b/a Unlimited Loan Resources - For additional mortgage authority

BAN20070585 Net Equity Financial, Inc. - For a mortgage broker's license

BAN20070586 Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 10338 Festival Lane, Manassas, VA

BAN20070587 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 10617 Jones Street, Suite 201, Fairfax, VA

BAN20070588 Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 1707 Laskin Road, Virginia Beach, VA

BAN20070589 Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 10600 York Road, Suite 105-106, Hunt Valley, MD

BAN20070590 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 370 South Main Street, Jefferson, NC

BAN20070591 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 805 State Farm Road, Suite 203, Boone, NC

BAN20070592 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 4900 Leesburg Pike, Suite 307, Alexandria, VA to 8150 Leesburg Pike, Suite 1230, Vienna, VA

BAN20070593 Priority Financial Services, LLC - To relocate mortgage broker's office from 2737 Dillon Street, Baltimore, MD to 2801 O'Donnell Street, Baltimore, MD

BAN20070594 Second Bank & Trust - To relocate office from 4700 Harrison Road, Spotsylvania County, VA to 4805 Lassen Lane, Spotsylvania County, VA

BAN20070595 William W. Guadalupe - To acquire 25 percent or more of Fusion Financial Group Limited Liability Company

BAN20070596 D and D Home Loans Corporation d/b/a Terry Mortgage Group (348 Southport Circle Only) - To relocate mortgage lender broker's office from 6147 Jefferson Avenue, Suite D, Newport News, VA to 603 Pilot House Drive, Newport News, VA

BAN20070597 Realty Mortgage Corporation - To open a mortgage lender's office at 7830 West Sahara, Suite 100, Las Vegas, NV

BAN20070598 Nationside Mortgage Inc. - To open a mortgage broker's office at 50 South Pickett Street, Suite 214, Alexandria, VA

BAN20070599 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 8458 Seminole Trail, Suite 3, Ruckersville, VA

BAN20070600 NJ Lenders Corp. - To open a mortgage lender and broker's office at 40 S. Main Street, Suite 6, Yardley, PA

BAN20070601 NationsPlus Mortgage Corporation - To relocate mortgage broker's office from 4919 Brambleton Avenue, Roanoke, VA to 3214 Electric Road, S.W., Suite 311, Roanoke, VA

BAN20070602 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 20 Academy Lane, Suite 4, Falmouth, MA

BAN20070603 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1711 Ducatus Drive, Midlothian, VA

BAN20070604 MortgageStar, Inc. - To open a mortgage lender and broker's office at 12331 Sir James Court, Richmond, VA

BAN20070605 Homefield Financial, Inc. - To open a mortgage lender and broker's office at Iron Mountain, 5911 Fresca Drive, La Palma, CA

BAN20070606 Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To open a mortgage lender's office at 520 South Main Street, Suite 2511, Akron, OH

BAN20070607 Smart Funding Corp. - For a mortgage lender and broker license

BAN20070608 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 2513 Chamberlayne Avenue, Richmond, VA to 3408 Hermitage Road, Richmond, VA

BAN20070609 Abacus Mortgage Corporation - For a mortgage broker's license

BAN20070610 BTK Funding Group, LLC d/b/a A Plus Lending, LLC - For a mortgage broker's license

BAN20070611 Monarch Bank - To open a branch at 3708 Croatan Highway N., Unit 1, Kitty Hawk, NC

BAN20070612 Omega Mortgage Acceptance Corp. - For a mortgage lender and broker license

BAN20070613 Amber Financial Group, LLC - For a mortgage lender and broker license

BAN20070614 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 105 N Washington Street, Unit 201, Alexandria, VA

BAN20070615 Homefield Financial, Inc. - To open a mortgage lender and broker's office at Iron Mountain, 13379 Jurupa Avenue, Fontana, CA

BAN20070616 MortgageStar, Inc. - To open a mortgage lender and broker's office at 12410 Hillmeade Station Drive, Bowie, MD

BAN20070617 Coldwater Canyon Capital, LLC - For a mortgage broker's license

BAN20070618 Home Sure Mortgage, Inc. - For a mortgage broker's license

BAN20070619 Infinity Financial Group, Inc. - For a mortgage broker's license

BAN20070620 Parsec Interact Inc. - For a mortgage broker's license

BAN20070621 Heritage Mortgage, LLC - For additional mortgage authority

BAN20070622 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1405 Thomas Nelson Highway, Suite B, Arrington, VA

BAN20070623 Quicken Loans Inc. - To open a mortgage lender's office at 3252 University Drive, Suite 130, Auburn Hills, MI

BAN20070624 Mortgage Source LLC - To open a mortgage lender and broker's office at 6601 Iron Gate Square, Suite CZ, Richmond, VA

BAN20070625 Home123 Corporation - To open a mortgage lender and broker's office at 4700 Rockside Drive, Suite 310, Independence, OH

BAN20070626 First Choice Mortgage Inc. - To relocate mortgage broker's office from 5 South Adams Street, Suite 200, Richmond, VA to 4914 Radford Avenue, Suite 303A, Richmond, VA

BAN20070627 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 13895 Hedgewood Drive, Woodbridge, VA

BAN20070628 Mortgage One Solutions, Inc. - To open a mortgage lender and broker's office at 11510 Georgia Avenue, Suite 211, Silver Spring, MD

BAN20070629 Mortgage One Solutions, Inc. - To open a mortgage lender and broker's office at 1400 Spring Street, Suite 350, Silver Spring, VA

BAN20070630 Equitable Trust Mortgage Corporation - To relocate mortgage lender broker's office from 4900 Leesburg Pike, Suite 307, Alexandria, VA to 849 Quince Orchard Boulevard, Suite C, Gaithersburg, MD

BAN20070631 Equitable Trust Mortgage Corporation - To relocate mortgage lender broker's office from 5640 Nicholson Lane, Suite 6, Rockville, MD to 306 N. Main Street, Bel Air, MD

BAN20070632 HomeSouth Mortgage Services, Inc. - To relocate mortgage broker's office from 1995 South Main Street, Suite 901, Blacksburg, VA to 6167 Ebb Hall Road, Dublin, VA

BAN20070633 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 11 Pearl Street, Suite 206, Essex Junction, VT to 145 Pine Haven Shores Road, Suite 2094, Shelburne, VT

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070634	F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To relocate payday lender's office from 2711 West Broad Street, Richmond, VA to 1424 Chamberlayne Avenue, Richmond, VA
BAN20070635	NORAA Mortgage and Financial Services LLC - To relocate mortgage broker's office from 4810 Nash Drive, Fairfax, VA to 1984 Isaac Newton Square, Suite 202, Reston, VA
BAN20070636	Alcova Mortgage LLC - To relocate mortgage broker's office from 212 North Monroe Avenue, Covington, VA to 501 East Dolly Ann Drive, Suite B, Covington, VA
BAN20070637	Creative Mortgages LLC - To relocate mortgage broker's office from One East Diamond Avenue, Suite C, Gaithersburg, MD to 8002 Boulder Ridge Way, Suite 200B, Gaithersburg, MD
BAN20070638	1st Solution Mortgage, Inc. - For a mortgage broker's license
BAN20070639	Federated Check Cashing Inc. - To open a check casher at 44 Mine Road, Suite 2-181, Stafford, VA
BAN20070640	Kelly Mortgage and Realty, Inc. - For a mortgage broker's license
BAN20070641	B and B Mortgage Group LLC - For a mortgage broker's license
BAN20070642	Envios El Cid, Inc. - For a money order license
BAN20070643	Michael E. Cantey - To acquire 25 percent or more of Foundation Financial Group, LLC
BAN20070644	McLean Financial Mortgage Corporation - To open a mortgage broker's office at 21598 Atlantic Boulevard, Suite 130, Dulles, VA
BAN20070645	McLean Financial Mortgage Corporation - To relocate mortgage broker's office from 1401 Chain Bridge Road, Suite 300, McLean, VA to 6000 Marina Drive, Holmes Beach, FL
BAN20070646	First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at One Fulton Avenue, Suite 17, Hempstead, NY
BAN20070647	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 33575 Austin Grove Road, Bluemont, VA
BAN20070648	EquiPoint Financial Network, Inc. - To open a mortgage lender and broker's office at 3256 Penryn Road, Suite 100, Penryn, CA
BAN20070649	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 4590 MacArthur Boulevard, Suite 350, Newport Beach, CA
BAN20070650	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 2335 American River Drive, Suite 404, Sacramento, CA
BAN20070651	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 2335 American River Drive, Suite 303, Sacramento, CA
BAN20070652	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 11500 W. Olympic Boulevard, Suite 535, Los Angeles, CA
BAN20070653	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 2335 American River Drive, Suite 200, Sacramento, CA
BAN20070654	First Savings Mortgage Corporation d/b/a Portfolio Funding Group - To open a mortgage lender and broker's office at 11325 Random Hills Road, Suite 100, Fairfax, VA
BAN20070655	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 5355 Red Lake Court, Columbia, MD
BAN20070656	Mortgage Lenders of America, L.L.C. - To relocate mortgage lender broker's office from 480 B Piney Forest Road, Danville, VA to 625 Piney Forest Road, Suite 303A, Danville, VA
BAN20070657	Mortgage Lenders of America, L.L.C. - To relocate mortgage lender broker's office from 5210 Maryland Way, Suite 203, Brentwood, TN to 3333 Aspen Grove Drive, Suite 100, Franklin, TN
BAN20070658	Mortgage Lenders of America, L.L.C. - To open a mortgage lender and broker's office at 217 Jamestown Park Road, Suite 8, Brentwood, TN
BAN20070659	Homestead Financial, Inc. - To relocate mortgage broker's office from 2154 Blue Spruce Drive, Culpeper, VA to 810 Beverley Drive, Suite 304, Charlottesville, VA
BAN20070660	Greenlight Financial Services, Inc. (Used in VA by: Greenlight Financial Services) - To relocate mortgage lender's office from 239 Route 22, 2nd Floor, Green Brook, NJ to 3371 Route 1, Suite 205, Lawrenceville, NJ
BAN20070661	Network Funding, L.P. - To relocate mortgage lender broker's office from 11719 Bee Caves Road, Suite 301, Austin, TX to 6836 Bee Caves Road, Suite 276, Austin, TX
BAN20070662	1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 9522 Lee Highway Suite C, Fairfax, VA
BAN20070663	1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 11613 Leiden Lane, Midlothian, VA
BAN20070664	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 1539 Crescent Road, Clifton Park, NY
BAN20070665	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 11 Davis Keats Drive, Greenville, SC
BAN20070666	Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 1900 Elkin Street, Suite 200, Alexandria, VA
BAN20070667	Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 20001 Gulf Boulevard, Suite 1, Indian Shores, FL
BAN20070668	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 299 Market Street, Suite 470, Saddlebrook, NJ
BAN20070669	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 696 2nd. Street Pike, Suite 200, Richboro, PA
BAN20070670	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 154 Main Street, Suite 105, Matawan, NJ
BAN20070671	Nationside Mortgage Inc. - To relocate mortgage broker's office from 4920 Niagara Road, Suite 406, College Park, MD to 4920 Niagara Road, Suite 404, College Park, MD
BAN20070672	Nationside Mortgage Inc. - To relocate mortgage broker's office from 16045 Comprint Circle, Gaithersburg, MD to 11300 Rockville Pike, Suite 408, Rockville, MD
BAN20070673	Advantage Capital Mortgage Corporation - To relocate mortgage broker's office from 66 Painters Mill Road, Suite 110, Owings Mills, MD to 79 E. Main Street, Suite 301, Westminster, MD
BAN20070674	Provident Capital Mortgage, Inc. - To relocate mortgage broker's office from 2424 North Federal Highway, Boca Raton, FL to 2424 North Federal Highway, Suite 307, Boca Raton, FL
BAN20070675	Security First Funding Corporation - To relocate mortgage broker's office from 8157 Old Calvary Drive, Suite 206, Mechanicsville, VA to 4341 Cox Road, Glen Allen, VA
BAN20070676	Kartoudi Enterprises, Inc. d/b/a 208 Variety Store - To open a check casher at 6274 Courthouse Road, Spotsylvania, VA

BAN20060677 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To conduct payday lending business where on line payday loans will be made

BAN20070678 Interflorida Capital Corporation - For a money order license

BAN20060679 American Cash Center, Inc. - To conduct payday lending business where open end credit business will be conducted

BAN20060680 American Cash Center, Inc. - To conduct payday lending business where credit improvement services will be sold

BAN20070681 Said Malin - To acquire 25 percent or more of Amaana Money Transfer Co.

BAN20070682 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To relocate payday lender's office from 203 East Third Street, Suite B, Farmville, VA to Longwood Village Shopping Center, 1506 South Main Street, Suite 6, Farmville, VA

BAN20070683 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To relocate payday lender's office from 1205 Main Street, Unit B, Altavista, VA to Turn One Centre, 2600 Dearing Ford Road, Suite K, Altavista, VA

BAN20070684 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 661 Piney Forest Road, Danville, VA

BAN20070685 Michael R. Adams - To acquire 25 percent or more of Highland Banc, Inc.

BAN20070686 Plaza Home Mortgage, Inc. - To open a mortgage lender's office at 7077 Bonneval Road, Suite 410, Jacksonville, FL

BAN20070687 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 380 Town Line Road, Suite 170, Hauppauge, NY

BAN20070688 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at Valley Park Center, Route 35, Allenwood Road, Manasquan, NJ

BAN20070689 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 3033 Brookwood Drive, Edgewood, KY

BAN20070690 Ascent Home Loans, Inc. - To open a mortgage lender's office at 2665 Prosperity Avenue, Suite 231, Fairfax, VA

BAN20070691 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 3960 Oak Street, Fairfax, VA

BAN20070692 American Freedom Group, Inc. - To relocate mortgage broker's office from 1326 5th Street, Suite B3, Marysville, WA to 2731 Wetmore Avenue, Suite 305, Everett, WA

BAN20070693 City Wide Mortgage Limited Liability Company - To relocate mortgage broker's office from 2035 Gallows Road, Vienna, VA to 8200 Greensboro Drive, Suite 900, McLean, VA

BAN20070694 HSBC National Bank USA - To open a branch at 11842 Spectrum Center, Reston, VA

BAN20070695 Benchmark Community Bank - To relocate office from 1320 Seymour Drive, Suite B, South Boston, VA to 1135 Huell Matthews Highway, South Boston, VA

BAN20070696 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 11736 Chanceford Drive, Woodbridge, VA to 4305 Windermere View Place, Woodbridge, VA

BAN20070697 1st Choice Mortgage Equity Corporation - For a mortgage lender and broker license

BAN20070698 Payday Today, LLC - To conduct payday lending business where retail business will also be conducted

BAN20070699 Payday Today, LLC - For a payday lender license

BAN20070700 First-Citizens Bank & Trust Company - To open a branch at 2013 Abbey Road, Albemarle County, VA

BAN20070701 John A. Belford t/a First Virginia Financial - To relocate mortgage broker's office from 1901 East Franklin Street, Suite 110, Richmond, VA to 2112 Rocky Point Parkway, Richmond, VA

BAN20070702 Southern Home Equity, Inc. - For a mortgage broker's license

BAN20070703 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 704 South King Street, Suite 6, Leesburg, VA to 28 West Market Street, Leesburg, VA

BAN20070704 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 400 North Robinson Street, Suite A, Richmond, VA

BAN20070705 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean and Virginia Beach) - To open a mortgage lender and broker's office at 224 Methow Street, Wenatchee, WA

BAN20070706 East West Mortgage Company, Inc. d/b/a Mortgage Options - To relocate mortgage lender broker's office from 1568 Spring Hill Road, McLean, VA to 1604 Spring Hill Road, Vienna, VA

BAN20070707 Maycor Financial Group, Inc. - To open a mortgage broker's office at 2316 Atherholt Road, Suite 210, Lynchburg, VA

BAN20070708 Maycor Financial Group, Inc. - To open a mortgage broker's office at 3721 Westerre Parkway, Suite A, Richmond, VA

BAN20070709 P.V. Home Lending LLC - To open a mortgage broker's office at 11751 Rock Landing Drive, Suite H-2, Newport News, VA

BAN20070710 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 6767 Forest Hill Avenue, Suite 105, Richmond, VA

BAN20070711 Maryland Mortgage, LLC - To relocate mortgage broker's office from 462 Herndon Parkway, Suite 108B, Herndon, VA to 13683 Baltimore Avenue, Laurel, MD

BAN20070712 United Capital Financial of Atlanta, L.L.C. - To relocate mortgage broker's office from 1356 Bluegrass Lakes Parkway, Alpharetta, GA to 5860 Charlotte Lane, Cumming, GA

BAN20070713 JC Mortgage & Financial Services, Inc. d/b/a JC Mortgage Corporation - To relocate mortgage broker's office from 7023 Little River Turnpike, Annandale, VA to 7617 Little River Turnpike, Suite 520, Annandale, VA

BAN20070714 Maria Angelica Quintero d/b/a La Estrella Latina - To open a check casher at 3728 Williamson Road, Roanoke, VA

BAN20070715 Colonial Mortgage Group, L.L.C. - For a mortgage broker's license

BAN20070716 Cal Coast Financial Corp. - For a mortgage lender and broker license

BAN20070717 Fidelity Mortgage Direct Corp. - For a mortgage broker's license

BAN20070718 Franklin American Mortgage Company - To relocate mortgage lender broker's office from 6565 North MacArthur Boulevard, Suite 550, Irving, TX to 5221 North O'Connor Boulevard, Suite 900, Irving, TX

BAN20070719 Morris, Boniface & Associates Incorporated - To relocate mortgage broker's office from 510 Kenmore Avenue, Fredericksburg, VA to 1002 Princess Anne Street, Fredericksburg, VA

BAN20070720 First Equitable Financial Corp. - To relocate mortgage broker's office from 13079 Worldgate Drive, Herndon, VA to 13001 Worldgate Drive, Herndon, VA

BAN20070721 Frank J. Damiano d/b/a A Discount Mortgage Lending Company - To relocate mortgage broker's office from 186 Inlets Boulevard, Nokomis, FL to 3510 Oaks Way, Suite 707, Pompano Beach, FL

BAN20070722 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3781 Westerre Parkway, Richmond, VA

BAN20070723 Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To open a mortgage lender and broker's office at 385 Garrisonville Road, Suite 120, Stafford, VA

BAN20070724 Eastern Residential Mortgage, LLC - To open a mortgage lender and broker's office at 110 E. State Street, Suite 14, Kennett Square, PA

BAN20070725 PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 8076 Knightshayes Drive, Manassas, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070726	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2459-D Corporate Parkway, Burlington, NC
BAN20070727	Firstline Mortgage, Inc. - To open a mortgage broker's office at 60 Technology Drive, Suite A, Irvine, CA
BAN20070728	Finance USA Corporation - To open a mortgage broker's office at 7297 Moss Lane, Warrenton, VA
BAN20070729	Virginia Mortgage Bankers, LLC - To relocate mortgage broker's office from 7525 Staples Mill Road, Suite 200, Richmond, VA to 2567 Homeview Drive, Suite 101, Richmond, VA
BAN20070730	Allied Capital Mortgage Company - To open a mortgage broker's office at 11935 Fairview Lakes Drive, Ft. Meyers, FL
BAN20070731	Allied Capital Mortgage Company - To open a mortgage broker's office at 2600 Lake Lucien Drive, Suite 115, Maitland, FL
BAN20070732	Allied Capital Mortgage Company - To open a mortgage broker's office at 1675 Palm Beach Lakes Boulevard, Suite 410, West Palm Beach, FL
BAN20070733	Allied Capital Mortgage Company - To open a mortgage broker's office at 3507 East Frontage Road, Suite 150, Tampa, FL
BAN20070734	1st Nationwide Mortgage Corporation - For a mortgage broker's license
BAN20070735	EZ Cash Services, L.L.C. - For a payday lender license
BAN20070736	Allied Mortgage Group, Inc. - For additional mortgage authority
BAN20070737	F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To conduct payday lending business where bill payment services business will be conducted
BAN20070738	Lendmark Financial Services, Inc. - To conduct consumer finance business where auto gap insurance will be sold
BAN20070739	Grand Colonial Mortgage Corporation - To open a mortgage broker's office at 11621 Mapsico Road, Charles City, VA
BAN20070740	Grand Colonial Mortgage Corporation - To relocate mortgage broker's office from 1769-120 Jamestown Road, Williamsburg, VA to 1318 Jamestown Road, Suite 203, Williamsburg, VA
BAN20070741	AmeriSouth Mortgage Company - To relocate mortgage lender broker's office from 2101 Sardis Road North, Suite 115, Charlotte, NC to 2101 Sardis Road North, Suite 120, Charlotte, NC
BAN20070742	JRS Funding, Inc. d/b/a Direct Mortgage Source - To relocate mortgage broker's office from 1412 Crain Highway N, Suite 2B, Glen Burnie, MD to 7871 WB and A Road, Severn, MD
BAN20070743	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 1300 Piccard Drive, Suite 103, Rockville, MD to 1370 Piccard Drive, Suite 240, Rockville, MD
BAN20070744	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3225 Austin Bluffs Parkway Suite 150, Colorado Springs, CO
BAN20070745	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2604 N. Parham Road, Suite 300, Richmond, VA
BAN20070746	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 111 Caratoke Commercial Drive, Moyock, NC
BAN20070747	Realty Mortgage Corporation - To open a mortgage lender's office at 580 West Crossville Road, Suites 103 and 104, Roswell, GA
BAN20070748	USA Home Loans, Inc. - To open a mortgage lender and broker's office at 2309 Belair Road, Fallston, MD
BAN20070749	Network Funding, L.P. - To open a mortgage lender and broker's office at 397 Little Neck Road, 3300 Building, Suite 307, Virginia Beach, VA
BAN20070750	HSBC National Bank USA - To open a branch at 415 John Carlyle Street, Alexandria, VA
BAN20070751	WashingtonFirst Bank - To open a branch at 9851 Georgetown Pike, Great Falls, VA
BAN20070752	Virginia Residential Funding L.L.C. - For a mortgage broker's license
BAN20070753	SanAnn's Mortgage Solutions Inc. - For a mortgage broker's license
BAN20070754	Performance Mortgage Group, Inc. - For a mortgage broker's license
BAN20070755	U.S.A. Financial Services, Inc. d/b/a Progressive Mortgage - To open a mortgage lender and broker's office at 4827 Dashiell Place, Woodbridge, VA
BAN20070756	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2941 North Power Road, Suite 101, Mesa, AZ
BAN20070757	Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 310 Whitfield Avenue, Sarasota, FL to 3001 Executive Drive, Suite 330, Clearwater, FL
BAN20070758	Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 8136 Old Keene Mill Road, Springfield, VA to 8136 Old Keene Mill Road Suite B-212, Springfield, VA
BAN20070759	Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 875 Walnut Street, Suite 310, Cary, NC to 102 New Edition Court, Cary, NC
BAN20070760	Investment One, L.L.C. - To relocate mortgage broker's office from 45 Connair Road, Orange, CT to 300 Racebrook Road, Orange, CT
BAN20070761	First Lincoln Mortgage Corp. - To relocate mortgage lender broker's office from 33 Walt Whitman Road, Suite LL2, Huntington Station, NY to 33 Walt Whitman Road, Suite 200A, Huntington Station, NY
BAN20070762	Mexico Lindo Plaza, LLC - To open a check casher at 8630 Mathis Avenue, Manassas, VA
BAN20070763	M.A.A., Inc. d/b/a Video Mexico Lindo Market - To open a check casher at 8084 Sudley Road, Manassas, VA
BAN20070764	M.A.A., INC. - To open a check casher at 9610 Grant Avenue, Manassas, VA
BAN20070765	Top 21 Tobacco Plus, Inc. - To open a check casher at 3201 B Brambleton Avenue, SW, Roanoke, VA
BAN20070766	Glacier Mortgage LLC - For a mortgage broker's license
BAN20070767	Choice Financial Inc. (Used in VA by: Abby Inc.) - For a mortgage broker's license
BAN20070768	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 3906 Hull Street Road, Richmond, VA
BAN20070769	1st Chesapeake Home Mortgage, LLC - To open a mortgage lender and broker's office at 1100 Mercantile Lane, Suite 119, Largo, MD
BAN20070770	Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 1580 Crossways Boulevard, Chesapeake, VA
BAN20070771	Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 501 South Independence Boulevard, Virginia Beach, VA
BAN20070772	Mortgage Access Corp. d/b/a Weichert Financial Services - To relocate mortgage lender's office from 13079 Worldgate Drive, Herndon, VA to 13001 Worldgate Drive, Herndon, VA
BAN20070773	HomeBridge Mortgage Bankers Corp. d/b/a Refinance.com - To relocate mortgage lender broker's office from 444 Madison Avenue, 2nd Floor, New York, NY to 55 East 59th Street, Fourth Floor, New York, NY
BAN20070774	NFS Loans, Inc. - To relocate mortgage broker's office from 9500 Toledo Way, Irvine, CA to 18301 Von Karman, Suite 920, Irvine, CA

BAN20070775 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 6101 Oakbrook Parkway, Norcross, GA to 6107 B Oakbrook Parkway, Norcross, GA

BAN20070776 National Lending Corporation d/b/a NLC - To open a mortgage lender and broker's office at 1320 Central Park Boulevard, Suite 201, Fredericksburg, VA

BAN20070777 Motion Mortgage Inc. - To relocate mortgage broker's office from 3030 Clancy Drive, Dumfries, VA to 15363 Bald Eagle Lane, Woodbridge, VA

BAN20070778 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 9314 Standerwick Lane, Huntersville, NC

BAN20070779 Bazar Y Tienda Anabely LLC - For a money order license

BAN20070780 Citizens Residential Mortgage Corp. - For a mortgage broker's license

BAN20070781 Corridor Mortgage Group, Inc. - To open a mortgage lender and broker's office at 11130 Sunrise Valley Dr., Suite 205, Reston, VA

BAN20070782 Community Financial Mortgage, LLC - For a mortgage lender and broker license

BAN20070783 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 1548 Holland Road, Building A, Suffolk, VA

BAN20070784 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 8206 Leesburg Pike, Suite 409, Vienna, VA

BAN20070785 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 23438 Ford Road, Dearborn Heights, MI

BAN20070786 Solutions Funding, Inc. - For a mortgage lender and broker license

BAN20070787 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 3105 W. Marshall Street, Suite 211, Richmond, VA

BAN20070788 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 3100 Midlothian Turnpike, Richmond, VA

BAN20070789 Bank of Botetourt - To open a branch at the west side intersection of Booker T. Washington Highway and Firstwatch Dr., Moneta, VA

BAN20070790 Global Financial Mortgage Inc. (Used in VA by: Global Financial Services Inc.) - To open a mortgage broker's office at 821 Oregon Avenue, Suite I-J, Linthicum, MD

BAN20070791 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage lender broker's office from 901 Route 168, Suite 109, Turnersville, NJ to 900 Route 168, Suite H, Turnersville, NJ

BAN20070792 Advance 'Til Payday, LLC (Used in VA by: Advance, LLC) - To open a check casher at 4311 Nine Mile Road, Richmond, VA

BAN20070793 Brite House Financial Solutions LLC - For a mortgage broker's license

BAN20070794 AGM Group Mortgage, LLC - For a mortgage broker's license

BAN20070795 Provident Bank of Maryland - To open a branch at 10791 W. Broad Street, Henrico County, VA

BAN20070796 Cash Express of Virginia, Inc. - To open a payday lender's office at 233 South County Drive, Unit B, Waverly, VA

BAN20070797 Precision Funding Group LLC - For a mortgage lender and broker license

BAN20070798 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 31536 Schoolcraft, Livonia, MI

BAN20070799 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 4487 Mountain Road, Suite 103, Pasadena, MD to 48031 Ritchie Highway, Suite 204, Pasadena, MD

BAN20070800 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 6132 N. Tryon Street, Suite A, Charlotte, NC to 4801 E. Independence Boulevard, Suite 501, Charlotte, NC

BAN20070801 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3637 Medina Road, Suite 334, Medina, OH

BAN20070802 Valiant Lending Corporation - For a mortgage broker's license

BAN20070803 New Start Home Loans, Inc. d/b/a New Start - To open a mortgage broker's office at 205 West First Street, Suite 204, Tustin, CA

BAN20070804 New Start Home Loans, Inc. d/b/a New Start - To open a mortgage broker's office at 1954 Placentia Avenue, Suite 210, Costa Mesa, CA

BAN20070805 1st Republic Mortgage Bankers, Inc. - For a mortgage lender and broker license

BAN20070806 Optima Funding Group, Inc. d/b/a Potomac Lending Group (at 1 office) - To open a mortgage broker's office at 7202 Poplar Street, Suite D, Annandale, VA

BAN20070807 Optima Funding Group, Inc. d/b/a Potomac Lending Group (at 1 office) - To open a mortgage broker's office at 10807 Main Street, Suite 700, Fairfax, VA

BAN20070808 Americor Lending Group, Inc. - To open a mortgage lender and broker's office at 20700 Civic Center Drive, Suite 390, Southfield, MI

BAN20070809 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 5323 Joshua Tree Circle, Fredericksburg, VA to 714 Westwood Office Park, Fredericksburg, VA

BAN20070810 Trendstar Mortgage L.L.C. - For a mortgage lender and broker license

BAN20070811 InHome Capital, LLC - For a mortgage broker's license

BAN20070812 Gold Home Mortgage, Inc. - For a mortgage broker's license

BAN20070813 Maccon Mortgage Corp. - For a mortgage broker's license

BAN20070814 MC Marketing Inc. d/b/a City Mortgage Corp.Com - For a mortgage broker's license

BAN20070815 Avishka, Inc. d/b/a Prime Mart - To open a check casher at 4300 Chantilly Shopping Centre, Suite 1B, Chantilly, VA

BAN20070816 Ikhlas Enterprises LLC d/b/a Courthouse Road Texaco - To open a check casher at 10833 Courthouse Road, Fredericksburg, VA

BAN20070817 Second Bank & Trust - To open a branch at 4805 Lassen Lane, Spotsylvania County, VA

BAN20070818 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 1725 Eye Street, N.W., Suite 300, Washington, DC

BAN20070819 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 151 Solo Lane, Knotts Island, NC

BAN20070820 Realty Mortgage Corporation - To open a mortgage lender's office at 31 Journey, Suite 120, Aliso Viejo, CA

BAN20070821 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 512 Meadow Lane, Vienna, VA

BAN20070822 Tan D. Nguyen d/b/a TITAN Mortgage Group - To relocate mortgage broker's office from 6051 Arlington Boulevard, Suite D, Falls Church, VA to 9420 Braymore Circle, Fairfax Station, VA

BAN20070823 World Group Mortgage, L.L.C. - To relocate mortgage lender broker's office from 10430-A Harris Oaks Boulevard, Charlotte, NC to 19600 W. Catawba, Suite 202-B, Cornelius, NC

BAN20070824 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 5415 King Arthur Circle, Baltimore, MD

BAN20070825 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 1110 South Avenue, Suite 302, Staten Island, NY

BAN20070826 Lendmark Financial Services, Inc. - To relocate consumer finance office from 3032 South Crater Road, Petersburg, VA to 1851 Southpark Boulevard, Colonial Heights, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070827 Millenium Mortgage LLC - To relocate mortgage broker's office from 1758 Wilcox Lane, Silver Spring, MD to 915 E Street, N.W., Suite 405, Washington, DC

BAN20070828 Sahnoun Gzara d/b/a Fast Stop Market - To open a check casher at 2502 Shenandoah Avenue, NW, Roanoke, VA

BAN20070829 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 157 Oak Lane, Luray, VA

BAN20070830 Linbet Corp. d/b/a Equity 1 Mortgage and Financial Services - For a mortgage broker's license

BAN20070831 Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To open a mortgage lender and broker's office at 2 Professional Drive, Suite 237, Gaithersburg, MD

BAN20070832 2nd Chance Home Loans Inc. - For a mortgage broker's license

BAN20070833 Avan Mortgage, LLC - For a mortgage broker's license

BAN20070834 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 314 Clematis Street, Suite 202, West Palm Beach, FL

BAN20070835 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 4120 Enterprise Avenue, Suite 108, Naples, FL

BAN20070836 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 6520 Glenridge Park Place, Suite 1, Louisville, KY

BAN20070837 Kentwood Mortgage, Inc. - For a mortgage broker's license

BAN20070838 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 43072 Zander Terrace, Ashburn, VA

BAN20070839 Lexington Capital Corporation - For a mortgage broker's license

BAN20070840 Beneficial Discount Co. of Virginia - To relocate mortgage lender's office from 1979 Daniel Stuart Square, Woodbridge, VA to 2218 Tackett's Mill Drive, Lake Ridge, VA

BAN20070841 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 1979 Daniel Stuart Square, Woodbridge, VA to 2218 Tackett's Mill Drive, Lake Ridge, VA

BAN20070842 Beneficial Virginia Inc. - To relocate consumer finance office from 1979 Daniel Stuart Square, Woodbridge, VA to 2218 Tackett's Mill Drive, Lake Ridge, VA

BAN20070843 MBS Mortgage Company, LLC - For a mortgage lender's license

BAN20070844 Preferred Lending Solutions, LLC - To relocate mortgage broker's office from 1615 Heritage Drive, Cumming, GA to 572 Peachtree Parkway, Suite 102, Cumming, GA

BAN20070845 Golfside Lending, Inc. - For a mortgage broker's license

BAN20070846 ABC Financial Group, Inc. - For a mortgage broker's license

BAN20070847 IBM Lender Business Process Services, Inc. - For a mortgage lender and broker license

BAN20070848 Beneficial Virginia Inc. - To conduct consumer finance business where whole life insurance will be sold

BAN20070849 Beneficial Virginia Inc. - To conduct consumer finance business where auto club memberships will be sold

BAN20070850 Beneficial Virginia Inc. - To conduct consumer finance business where cancer insurance will be sold

BAN20070851 Beneficial Virginia Inc. - To conduct consumer finance business where credit keeper memberships will be sold

BAN20070852 Beneficial Virginia Inc. - To conduct consumer finance business where quality life insurance will be sold

BAN20070853 Beneficial Virginia Inc. - To conduct consumer finance business where critical illness insurance will be sold

BAN20070854 Beneficial Virginia Inc. - To conduct consumer finance business where emergency care insurance will be sold

BAN20070855 Beneficial Virginia Inc. - To conduct consumer finance business where term life insurance business will also be conducted

BAN20070856 Beneficial Virginia Inc. - To conduct consumer finance business where home security plans will be sold

BAN20070857 International A&B Mortgage, Inc. - For a mortgage broker's license

BAN20070858 La Bodega, LLC - To open a check casher at 7559 Midlothian Turnpike, Richmond, VA

BAN20070859 Equity One Consumer Loan Company, Inc. - To relocate consumer finance office from 202 South Clark Street, Suite 3, Farmville, VA to 225 Sunchase Boulevard, Building B-1, Farmville, VA

BAN20070860 Dominion Home Mortgage Corp. - To relocate mortgage broker's office from 800 W. 5th Avenue, Suite 108 A, Naperville, IL to 622B W. 5th Avenue, Naperville, IL

BAN20070861 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 6 Xavier Drive, Suite 306, Yonkers, NY

BAN20070862 Jim Yun, Inc. d/b/a Prime Funding - For a mortgage broker's license

BAN20070863 Affordable Financial Services Ltd. - For a mortgage broker's license

BAN20070864 Star Quality Mortgage Limited Liability Company - For a mortgage broker's license

BAN20070865 Admiral Mortgage, Inc. - For a mortgage lender and broker license

BAN20070866 Nations Premier Financial Services Inc. - To open a consumer finance office

BAN20070867 Nations Premier Financial Services Inc. - To conduct consumer finance business where sales finance business will also be conducted

BAN20070868 The Trust Company of Virginia - To open a new independent trust company branch at 203 Archway Court, Suite B, Lynchburg, VA

BAN20070869 Wakefield Lending Company, LLC - To relocate mortgage broker's office from 7320 Six Forks Road, Suite 100, Raleigh, NC to 8315 Six Forks Road, Suite 101, Raleigh, NC

BAN20070870 Sigma Mortgage Corporation - To relocate mortgage lender broker's office from 8493 Lanier Overlook Court, Bristow, VA to 9525 Georgia Avenue, Suite 207, Silver Spring, MD

BAN20070871 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To relocate mortgage lender broker's office from 6231 Leesburg Pike, Suite 104, Falls Church, VA to 2915 Hunter Mill Road, Suite 22, Oakton, VA

BAN20070872 Sterling Mortgage Corporation - To relocate mortgage lender broker's office from 6549 Main Street, Village Trade, Gloucester, VA to 6602 Main Street, Gloucester, VA

BAN20070873 CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 2788 Hydraulic Road, Charlottesville, VA to 285 Hydraulic Ridge Road, Charlottesville, VA

BAN20070874 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 176 Thomas Johnson Drive, Suite 104, Frederick, MD to 5235 Westview Drive, Suite 100, Frederick, MD

BAN20070875 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 8931 Conference Drive, Suite 2, Fort Myers, FL

BAN20070876 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 9505 Hull Street, Suite C, Richmond, VA

BAN20070877 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 4008 Genesse Place, Suite 101, Woodbridge, VA

BAN20070878 AEGIS Wholesale Corporation - To open a mortgage lender's office at 151 Southhall Lane, Suite 330, Maitland, FL

BAN20070879 Community Capital Bank of Virginia - To open a bank at 990 Cambria Street, N.E., Christiansburg, VA

BAN20070880 First Preferred Financial, Inc. - For a mortgage broker's license
 BAN20070881 KCP Corporation d/b/a Virginia Community Lending Group - For a mortgage broker's license
 BAN20070882 Private Client Mortgage, LLC - For a mortgage broker's license
 BAN20070883 Nicholas R. Garofalo, Jr. - To acquire 25 percent or more of American Mortgage Professionals LLC
 BAN20070884 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 811A Shore Road, Somers Point, NJ
 BAN20070885 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 637 East Big Beaver Road, Suite 105, Troy, MI
 BAN20070886 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 156 Newtown Road, Suite A4, Virginia Beach, VA
 BAN20070887 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 1800 Diagonal Road, Alexandria, VA
 BAN20070888 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6909 West Ray Road, Building 15, Chandler, AZ
 BAN20070889 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 114 2nd. Street, Elkins, WV
 BAN20070890 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 2700 Proctor Lane, Baltimore, MD to 47 Tudor Court, Lutherville, MD
 BAN20070891 Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 10900 E. 183rd Street, Suite 300A, Cerritos, CA to 18000 Studebaker Road, Suite 700, Cerritos, CA
 BAN20070892 Gateway Financial Holdings, Inc. - To acquire Bank of Richmond, National Association
 BAN20070893 Howard Frand d/b/a Alef Mortgage - For a mortgage broker's license
 BAN20070894 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 8167 Main Street, Suite 201, Ellicott City, MD
 BAN20070895 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 221 East Lake Street, Suite 111, Addison, IL
 BAN20070896 Premier Investments Mortgage L.L.C. - For a mortgage lender and broker license
 BAN20070897 Cannondale Financial LLC - For a mortgage broker's license
 BAN20070898 Thomas Irving Hill - For a mortgage broker's license
 BAN20070899 Kimberly Love d/b/a Hunt Country Mortgages - For a mortgage broker's license
 BAN20070900 Consumers Real Estate Finance Co. - For a mortgage broker's license
 BAN20070901 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To conduct payday lending business where open end credit business will be conducted
 BAN20070902 New Wave Lending Corp. - For a mortgage broker's license
 BAN20070903 Membreno & Amaya Corporation - To open a check casher at 2836 Valley Avenue, Winchester, VA
 BAN20070904 Shreenathji Enterprises, Inc. - To open a check casher at 1008 Great Bridge Boulevard, Chesapeake, VA
 BAN20070905 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 2933 Rayshire Road, Baltimore, MD
 BAN20070906 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 1855 Saint Francis Street, Apt. 514, Reston, VA
 BAN20070907 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 3212 Sperl Court, Baltimore, MD
 BAN20070908 Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 1380 Central Park Boulevard, Suite 202, Fredericksburg, VA
 BAN20070909 Easyhome Mortgage, LLC d/b/a Waterfront Capital Partners - To open a mortgage broker's office at 222 Severn Avenue, Suite 8, Annapolis, MD
 BAN20070910 America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 6721 Rosewood Street, Annandale, VA
 BAN20070911 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 30 Harris Road, Portsmouth, VA
 BAN20070912 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 18085 Muddy Cross Road, Smithfield, VA
 BAN20070913 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 115 Eileen Way, Syosset, NY
 BAN20070914 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 2851 Duke Street, Alexandria, VA
 BAN20070915 Baypointe Mortgage Consultants LLC - To open a mortgage broker's office at 566 Denbigh Boulevard, Suite B, Newport News, VA
 BAN20070916 Anchor Lending, Inc. (Used in VA by: Anchor Financial Mortgage Company, Inc.) - To open a mortgage lender and broker's office at 3200 Douglas Boulevard, Suite 210, Roseville, CA
 BAN20070917 Anchor Lending, Inc. (Used in VA by: Anchor Financial Mortgage Company, Inc.) - To open a mortgage lender and broker's office at 961 N. Emerald Avenue, Suite C, Modesto, CA
 BAN20070918 Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To open a mortgage lender and broker's office at 6350 Angel Run Road, Suite LL, Georgetown, IN
 BAN20070919 Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To open a mortgage lender and broker's office at 750 The City Drive, South, Suite 350, Orange, CA
 BAN20070920 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 5440 Peters Creek Road, Suite 102, Roanoke, VA
 BAN20070921 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 1801 Reston Parkway, Suite 102, Reston, VA
 BAN20070922 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 485 S Independence Boulevard, Suite 113, Virginia Beach, VA
 BAN20070923 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage broker's office from 450 Maple Avenue East, Suite 304, Vienna, VA to 243 Church Street N.W., Suite 100 D, Vienna, VA
 BAN20070924 Jardon Mortgage, Inc. - To relocate mortgage broker's office from 555 Metro Place, North, Suite 200, Dublin, OH to 555 Metro Place North, Suite 525, Dublin, OH
 BAN20070925 Capital Financial Home Equity, LLC - To relocate mortgage lender broker's office from 2017 Cunningham Drive, Suite 401, Hampton, VA to 2006 Lafayette Boulevard, Suite 201, Fredericksburg, VA
 BAN20070926 ARBC Financial Mortgage Corp. - To relocate mortgage broker's office from 800 West Cummings Park, Suite 6800, Woburn, MA to 3 Baldwin Green Common, Suite 108, Woburn, MA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20070927	Nations Lending Corporation of Ohio (Used in VA By: Nations Lending Corporation) - To relocate mortgage broker's office from 12000 Snow Road, Suite 7, Parma, OH to 12100 Snow Road, Suites 10 and 11, Parma, OH
BAN20070928	First Equitable Financial Corp. - To relocate mortgage broker's office from 8401 Old Courthouse Road, Vienna, VA to 156 East Maple Avenue, Vienna, VA
BAN20070929	Mortgage Access Corp. d/b/a Weichert Financial Services - To relocate mortgage lender's office from 8401 Old Courthouse Road, Vienna, VA to 156 East Maple Avenue, Vienna, VA
BAN20070930	Lender's Investment Corp. - To relocate mortgage lender broker's office from 18101 Von Karman, Suite 400, Irvine, CA to 20101 S.W. Birch Street, Suite 120, Newport Beach, CA
BAN20070931	Low Rate Mortgage Inc. - For a mortgage broker's license
BAN20070932	Virginia Commerce Bank - To open a branch at Centre Lee Business Park Condominium, 14701 Lee Highway, Units A107 and 108, Centreville, VA
BAN20070933	Virginia Commerce Bank - To open a branch at Central Park Town Center, Central Park Boulevard, Fredericksburg, VA
BAN20070934	PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To open a mortgage lender and broker's office at 5700 Coastal Highway, Suite 200, Ocean City, MD
BAN20070935	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 400 Red Brook Drive, Suite 220, Owings Mills, MD
BAN20070936	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 2 Holly Lane, Stafford, VA
BAN20070937	Bridge Capital Corporation - To open a mortgage lender and broker's office at 3210 S. Standard Avenue, Santa Ana, CA
BAN20070938	1st United Mortgage, Inc. - To relocate mortgage broker's office from 17 West Jefferson Street, Suite 203, Rockville, MD to 15867-A Crabbs Branch Way, Rockville, MD
BAN20070939	Thomas James Capital, Inc. - To relocate mortgage broker's office from 30011 Ivy Glenn Drive, Suite 209, Laguna Niguel, CA to 31501 Rancho Viejo Road, Suite 101, San Juan Capistrano, CA
BAN20070940	Preferred Mortgage Corporation - To relocate mortgage broker's office from 10206D Willow Mist Court, Oakton, VA to 11130 Fairfax Boulevard, Suite 110, Fairfax, VA
BAN20070941	RMC Mortgage Holdings LLC - To acquire 25 percent or more of ResMAE Mortgage Corporation
BAN20070942	Prospect Mortgage Company, LLC - To acquire 25 percent or more of Metrocities Mortgage, LLC
BAN20070943	Woodforest National Bank - To open a branch at 1126 East Lynchburg Salem Turnpike, Bedford County, VA
BAN20070944	Woodforest National Bank - To open a branch at 197 Madison Heights Square, Madison Heights, VA
BAN20070945	Woodforest National Bank - To open a branch at 145 Hill Carter Parkway, Ashland, VA
BAN20070946	Woodforest National Bank - To open a branch at 7430 Bell Creek Road, Mechanicsville, VA
BAN20070947	Gravely Oil, LLC d/b/a Go-Co - Gas & Check Cashing - To open a check casher at 3335 A Campbell Avenue, Lynchburg, VA
BAN20070948	Mortgage-Partners Financial Services, Inc. (Used in VA by: Mortgage-Partners Financial Services) - For a mortgage broker's license
BAN20070949	North American Home Loans, Inc. - To open a mortgage broker's office at 6201 Leesburg Pike, Falls Church, VA
BAN20070950	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 189 Main Street, Milford, MA
BAN20070951	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 10 Lincoln Place, Suite 110, Foxboro, MA
BAN20070952	Ensign Mortgage, LLC - To open a mortgage broker's office at 25 Stone Ridge Drive, Suite 2, Waynesboro, VA
BAN20070953	Breakwater Mortgage Corp. - To open a mortgage broker's office at 5103 George Washington Memorial Highway, White Marsh, VA
BAN20070954	Breakwater Mortgage Corp. - To open a mortgage broker's office at 9184 Buckley Hall Road, Mathews, VA
BAN20070955	Flagship Financial Group, LLC - To open a mortgage broker's office at 545 West State Street, Suite 9, Hurricane, UT
BAN20070956	United Financial Mortgage Corp. of Virginia - To open a mortgage lender and broker's office at 10411 Motor City Drive, Suite 670, Bethesda, MD
BAN20070957	Realty Mortgage Corporation - To open a mortgage lender's office at 15451 San Fernando Mission Boulevard, Suite 205, Mission Hills, CA
BAN20070958	The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 9328 Crossover Drive, Mechanicsville, VA
BAN20070959	Cortson Mortgage, Ltd. - To relocate mortgage broker's office from 18786 Granite Falls Lane, Leesburg, VA to 108 Center Street North, Suite 125, Vienna, VA
BAN20070960	The Lending Club, LLC - To relocate mortgage broker's office from 6303 Little River Turnpike, Suite 230, Alexandria, VA to 205 S. Whiting Street, Suite 200, Alexandria, VA
BAN20070961	MLI Capital Group, Inc. - To open a mortgage broker's office at 14860 Lee Highway, Buchanan, VA
BAN20070962	New Millennium Financial, Inc. - To relocate mortgage broker's office from 500 S. Main Street, Suite 800, Orange, CA to One Spectrum Pointe Drive, Suite 210, Lake Forest, CA
BAN20070963	First Mortgage of America, Inc. - To relocate mortgage lender broker's office from 2823 S. Bristol Street, Santa Ana, CA to 2911 South Bristol Street, Santa Ana, CA
BAN20070964	First Liberty Inc. - For a mortgage broker's license
BAN20070965	Meridias Capital, Inc. - To open a mortgage lender and broker's office at 3000 Town Center Drive, Suite 2650, Southfield, MI
BAN20070966	Meridias Capital, Inc. - To open a mortgage lender and broker's office at 6910 N. Main Street, Building 18, Suite A, Box 42, Granger, IN
BAN20070967	Meridias Capital, Inc. - To open a mortgage lender and broker's office at 9988 Hibert Street, San Diego, CA
BAN20070968	Meridias Capital, Inc. - To open a mortgage lender and broker's office at 9555 Del Webb Boulevard, Las Vegas, NV
BAN20070969	Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 20 Parkway Avenue, Cincinnati, OH
BAN20070970	Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 1705 Palm Cove Boulevard, Suite 306, Delray Beach, FL
BAN20070971	Priority Financial Services, LLC - To open a mortgage broker's office at 3701 Bank Street, Suite A, Baltimore, MD
BAN20070972	Nations Funding Source, Inc. - To open a mortgage broker's office at 1549 Old Bridge Road, Suite 202, Woodbridge, VA
BAN20070973	Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 1400 Mercantile Lane, Suite 240, Upper Marlboro, MD to 1300 Mercantile Lane, Suite 139 WW, Largo, MD
BAN20070974	Severn Mortgage Corporation - To relocate mortgage lender broker's office from 521C East Market Street, Leesburg, VA to 521 E East Market Street, Leesburg, VA
BAN20070975	G. S. Group, Inc. - To relocate mortgage broker's office from 194 E. Wallings Road, Suite 202, Broadview Heights, OH to 60 Shiawassee Avenue, Suite E, Fairlawn, OH

BAN20070976 New Star Funding Corp. - To relocate mortgage broker's office from 109 White Oak Lane, Suite 200-N, Old Bridge, NJ to 200 Perrine Road, Suite 225, Old Bridge, NJ

BAN20070977 Security Trust Mortgage, L.L.C. - To open a mortgage broker's office at 112-B East Main Street, Orange, VA

BAN20070978 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 9550 Midlothian Turnpike, Suite 106, Richmond, VA

BAN20070979 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1001 South Marshall Street, Suite 22, Winston-Salem, NC

BAN20070980 1st Security Mortgage, Inc. - To open a mortgage broker's office at 12551 Lemaster Drive, Nokesville, VA

BAN20070981 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2005 Venture Park, Suite 12, Kingsport, TN

BAN20070982 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 355 Crawford Parkway, Suite 320, Portsmouth, VA

BAN20070983 New Day Financial, LLC - To open a mortgage lender and broker's office at 13861 Sunrise Valley Drive, Suite 100, Herndon, VA

BAN20070984 Equihome Mortgage, Corp. - To relocate mortgage lender broker's office from 101 Larry Holmes Drive, Suite 510, Easton, PA to 2459 Baglyos Circle, Bethlehem, PA

BAN20070985 Deri Financial, LLC - For a mortgage broker's license

BAN20070986 PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To open a mortgage lender and broker's office at 7290 McDonogh Road, Owings Mills, MD

BAN20070987 Flagship Mortgage Corporation - For a mortgage lender and broker license

BAN20070988 Integrity First Financial, LLC - For a mortgage broker's license

BAN20070989 Rochester Equity Group, LLC - For a mortgage broker's license

BAN20070990 Universal Mortgage & Lending Services, LLC - For a mortgage broker's license

BAN20070991 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 875 Greentree Road, Building 7, Suite 870, Pittsburgh, PA

BAN20070992 Advanced Home Loans Corp. - To open a mortgage broker's office at 11350 Random Hills Road, Fairfax, VA

BAN20070993 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 103 Baywood Drive, Monongahela, PA

BAN20070994 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 916 West Broad Street, Falls Church, VA

BAN20070995 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 100 Enterprise Drive, Suite 110, Rockaway, NJ

BAN20070996 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 916 Brookdale Road, Martinsville, VA

BAN20070997 New Peoples Bank, Inc. - To open a branch at 155 East Lee Highway, Chilhowie, VA

BAN20070998 H&R Block Mortgage Corporation - To relocate mortgage lender broker's office from 4601 Touchton Road, East, Suite 4200, Jacksonville, FL to 4600 Touchton Road, East, Building 200, Suite 300, Jacksonville, FL

BAN20070999 Atlas Mortgage & Financial Services, Inc. - To relocate mortgage broker's office from 5312 Hillshire Way, Glen Allen, VA to 9825 Marsh Pointe Drive, Orlando, FL

BAN20071000 American Prosperity Mortgage, LLC - To relocate mortgage broker's office from 9815 Pulham Road, Burke, VA to 205 S. Whiting Street, Suite 608B, Alexandria, VA

BAN20071001 Huntlyer Enterprises, Inc. d/b/a Ross Mortgage Corporation - To relocate mortgage broker's office from 2700 Glades Circle, Suite C-123, Weston, FL to 7450 Griffin Road, Suite 210, Davie, FL

BAN20071002 James B. Luke, Sr. - To acquire 25 percent or more of Atlantic Home Loans, Inc.

BAN20071003 Mountain View Financial Solutions, LLC - For a mortgage broker's license

BAN20071004 Vineyard Int'l Financial Group LLC - For a mortgage broker's license

BAN20071005 First Greensboro Home Equity, Inc. - To relocate mortgage lender broker's office from 229 Parker Road, Danville, VA to 708 Mount Cross Road, Suite C, Danville, VA

BAN20071006 Transcontinental Lending Group, Inc. - To relocate mortgage lender broker's office from 6555 North Powerline Road, Suite 114, Fort Lauderdale, FL to 401 Fairway Drive, Deerfield Beach, FL

BAN20071007 2020 Mortgage, Inc. - To open a mortgage lender and broker's office at 11035 Technology Place, Suite 500, San Diego, CA

BAN20071008 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 718 Bridge Avenue, Suite 5, Davenport, IA

BAN20071009 Profolio Home Mortgage Corp. - For a mortgage lender and broker license

BAN20071010 J. Todd Rawle - To acquire 25 percent or more of Anykind Check Cashing, LC

BAN20071011 R. Tracy Rawle - To acquire 25 percent or more of Anykind Check Cashing, LC

BAN20071012 Credit-Based Asset Servicing and Securitization LLC - To acquire 25 percent or more of Fieldstone Mortgage Company

BAN20071013 Bank of the Commonwealth - To open a branch at Out-Parcel A, Red Mill Walk, Upton Drive, Virginia Beach, VA

BAN20071014 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 13111 Pennypacker Lane, Fairfax, VA

BAN20071015 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 900 Grand Central Avenue, Vienna, WV

BAN20071016 Catoctin Mortgage, L.L.C. d/b/a Professional Home Funding (Woodbridge Office Only) - To open a mortgage broker's office at 7506 Diplomat Drive, Manassas, VA

BAN20071017 Catoctin Mortgage, L.L.C. d/b/a Professional Home Funding (Woodbridge Office Only) - To open a mortgage broker's office at 9782 Center Street, Manassas, VA

BAN20071018 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 2332 Madison Avenue, Baltimore, MD

BAN20071019 Citinet Mortgage, Inc. - To relocate mortgage broker's office from 422 Main Street, 2nd Floor, Gaithersburg, MD to 1395 Piccard Drive, Suite 108-C, Rockville, MD

BAN20071020 21st Century Capital Corp. - To relocate mortgage broker's office from 2200 Byberry Road, Suite 400, Hatboro, PA to 325 Chestnut Street, Suite 1101, Philadelphia, PA

BAN20071021 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 441 N. 5th Street, 4th Floor, Philadelphia, PA to 1546-48 Passyunk Avenue, Philadelphia, PA

BAN20071022 Catapult, Inc. - To relocate mortgage broker's office from 4539 N. 22nd Street, Suite 204, Phoenix, AZ to 14050 North 83rd Avenue, Suite 145, Peoria, AZ

BAN20071023 Real Estate Mortgage Network, Inc. d/b/a REMN - To relocate mortgage lender broker's office from 143 West 29th Street, 3rd Floor, New York, NY to 143 West 29th Street, 12th Floor, New York, NY

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071024 Leader One Financial Corporation - To relocate mortgage lender broker's office from 11900 W. 87th Street Parkway, Lenexa, KS to 11020 King Street, Suite 390, Overland Park, KS

BAN20071025 Encompass Realty, LLC - To relocate mortgage broker's office from 1111-14th Street, NW, Suite 600, Washington, DC to 14125 Robert Paris Court, Chantilly, VA

BAN20071026 SunTrust Bank - To open a branch at 2500 Nimmo Parkway, Virginia Beach, VA

BAN20071027 Mirae Home Mortgage Corp. - To relocate mortgage broker's office from 8480 Baltimore National Pike, Ellicott City, MD to 8492 Baltimore National Pike, Suite 200, Ellicott City, MD

BAN20071028 Paul Diaz d/b/a Quick Mortgage Solutions - For a mortgage broker's license

BAN20071029 A-K Financial, Inc. - For a mortgage broker's license

BAN20071030 Marcaeri Investment Inc. d/b/a Qualify Mortgage - For a mortgage broker's license

BAN20071031 PDO Financial, LLC - For a payday lender license

BAN20071032 Millennium Financial Group, Inc. d/b/a Mlend - For additional mortgage authority

BAN20071033 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 170 N. Maple Street, Suite B 110, Corona, CA

BAN20071034 Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage lender and broker's office at 700 East Gate Drive, Suite 310, Mount Laurel, NJ

BAN20071035 Village Capital & Investment LLC d/b/a Village Home Mortgage - To open a mortgage lender and broker's office at 18000 Horizon Way, Suite 100, Mount Laurel, NJ

BAN20071036 Fieldstone Mortgage Company - To open a mortgage lender and broker's office at 4500 College Boulevard, Suite 110, Overland Park, KS

BAN20071037 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 3496 Buskirk Avenue, Pleasant Hill, CA

BAN20071038 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 210 Pier One Road, Suite 100, Stevensville, MD

BAN20071039 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 800 East Main Street, Salisbury, MD

BAN20071040 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 9418 Prospect Hill Place, Urbana, MD

BAN20071041 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 13 Catoctin Circle, NE, Leesburg, VA

BAN20071042 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at One Park Way, Upper Saddle River, NJ

BAN20071043 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 500 Ben Franklin Court, San Mateo, CA

BAN20071044 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 105 North Virginia Avenue, Suite 306, Falls Church, VA

BAN20071045 Old Virginia Mortgage, Inc. - To open a mortgage lender and broker's office at 2301 Kenstock Drive, Suite 101, Virginia Beach, VA

BAN20071046 Plaza Home Mortgage, Inc. - To open a mortgage lender's office at 5090 Shoreham Place, Suite 109, San Diego, CA

BAN20071047 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 2003 West Lincoln Drive, Marlton, NJ to 130 West White Horse Pike, Berlin, NJ

BAN20071048 Universal Trust Mortgage Corporation - To relocate mortgage broker's office from 8818 Centre Park Drive, Suite 107, Columbia, MD to 6250 Old Dobbin Lane, Suite 110, Columbia, MD

BAN20071049 Capital Mortgage LLC - To relocate mortgage broker's office from 450 West Broad Street, Suite 214A, Falls Church, VA to 6231 Leesburg Pike, Suite 104, Falls Church, VA

BAN20071050 Prosperity Mortgage Corporation - To relocate mortgage lender broker's office from 11351 Random Hills Road, Fairfax, VA to 4440 Brookfield Corporate Center Drive, Suite 300, Chantilly, VA

BAN20071051 Prosperity Mortgage Corporation - To open a mortgage lender and broker's office at 1000 Urban Center Drive, Suite 500, Birmingham, AL

BAN20071052 Western Capital Mortgage Corporation - For a mortgage lender and broker license

BAN20071053 Genesis Funding Group, LLC - For a mortgage broker's license

BAN20071054 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 136-18 39th Avenue, Suite 1106, Flushing, NY to 36-25 Main Street, Suite 2A, Flushing, NY

BAN20071055 Clayton Peters & Associates, Inc. d/b/a CPA Mortgage - To open a mortgage lender and broker's office at 4238 Wilson Boulevard, 3rd Floor, Suite 3082, Arlington, VA

BAN20071056 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 4022 Halifax Road, South Boston, VA

BAN20071057 Net Trust Mortgage, LLC - To relocate mortgage broker's office from 4400 N. Federal Highway, Suite 106, Boca Raton, FL to 4000 N. Federal Highway, Suite 201, Boca Raton, FL

BAN20071058 New Start Home Loans, Inc. d/b/a New Start - To relocate mortgage broker's office from 11811 N. Tatum Boulevard, Suite 3031, Phoenix, AZ to 9248 E. Lupine Avenue, Scottsdale, AZ

BAN20071059 Bank of McKenney - To open a branch at 4700 Owens Way, Prince George County, VA

BAN20071060 Eastern Specialty Finance, Inc. - To open a consumer finance office

BAN20071061 Eastern Specialty Finance, Inc. - To open a consumer finance office at 7803 Timberlake Road, Suite C, Lynchburg, VA

BAN20071062 Eastern Specialty Finance, Inc. - To open a consumer finance office at 850 Statler Square, Suite 112, Staunton, VA

BAN20071063 Eastern Specialty Finance, Inc. - To open a consumer finance office at 6856 Midlothian Turnpike, Suite 110, Richmond, VA

BAN20071064 Eastern Specialty Finance, Inc. - To open a consumer finance office at 5603 High Street West, Portsmouth, VA

BAN20071065 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4221 Pleasant Valley Road, Suite 104, Virginia Beach, VA

BAN20071066 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1200 Tyler Avenue, Suite L, Radford, VA

BAN20071067 Eastern Specialty Finance, Inc. - To open a consumer finance office at 945 N. Main Street, Suite 305-B, Marion, VA

BAN20071068 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1580 N. Franklin Street, Suite 5, Christiansburg, VA

BAN20071069 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1346 Armory Drive, Franklin, VA

BAN20071070 Eastern Specialty Finance, Inc. - To open a consumer finance office at 49 Coliseum Crossing, Hampton, VA

BAN20071071 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1327A W. Broad Street, Waynesboro, VA

BAN20071072 Eastern Specialty Finance, Inc. - To open a consumer finance office at 617 Piney Forest Road, Suite B, Danville, VA

BAN20071073 Eastern Specialty Finance, Inc. - To open a consumer finance office at 521 Jefferson Davis Highway, Fredericksburg, VA

BAN20071074 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1790 E. Market Street, Suite 104, Harrisonburg, VA

BAN20071075 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1952 Laskin Road, Suite 506, Virginia Beach, VA

BAN20071076 Eastern Specialty Finance, Inc. - To open a consumer finance office at 13910 US Highway 29, Chatham, VA

BAN20071077 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2562 Airline Boulevard, Unit 6, Portsmouth, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071078 Eastern Specialty Finance, Inc. - To open a consumer finance office at 9041 W. Broad Street, Unit 90, Henrico County, VA
 BAN20071079 Eastern Specialty Finance, Inc. - To open a consumer finance office at 7401 Miramar Drive, Suite 90, Prince William County, VA
 BAN20071080 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2001 S. Military Highway, Suite G, Chesapeake, VA
 BAN20071081 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4712 N. Southside Plaza Street, Richmond, VA
 BAN20071082 Eastern Specialty Finance, Inc. - To open a consumer finance office at 151 Junction Drive, Ashland, VA
 BAN20071083 Eastern Specialty Finance, Inc. - To open a consumer finance office at 7756 Gunston Plaza, Suite 13-A, Lorton, VA
 BAN20071084 Eastern Specialty Finance, Inc. - To open a consumer finance office at 5193 Shore Drive, Suite 107, Virginia Beach, VA
 BAN20071085 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4208 Franklin Road, S.W., Unit 11, Roanoke, VA
 BAN20071086 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1238 Holland Road, Suite 105, Suffolk, VA
 BAN20071087 Eastern Specialty Finance, Inc. - To open a consumer finance office at 3101 Mechanicsville Turnpike, Henrico County, VA
 BAN20071088 Eastern Specialty Finance, Inc. - To open a consumer finance office at 133 E. Little Creek, Unit 13, Norfolk, VA
 BAN20071089 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1505 Lynnhaven Parkway, Suite 1361, Virginia Beach, VA
 BAN20071090 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2913 Williamsburg Road, Henrico County, VA
 BAN20071091 Eastern Specialty Finance, Inc. - To open a consumer finance office at 74 Airport Drive, Highland Springs, VA
 BAN20071092 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4002 Prince George, Hopewell, VA
 BAN20071093 Eastern Specialty Finance, Inc. - To open a consumer finance office at 3411 Boulevard, Colonial Heights, VA
 BAN20071094 Eastern Specialty Finance, Inc. - To open a consumer finance office at 14639 Jefferson Davis Highway, Woodbridge, VA
 BAN20071095 Eastern Specialty Finance, Inc. - To open a consumer finance office at 109 E. Broad Street, Richmond, VA
 BAN20071096 Eastern Specialty Finance, Inc. - To open a consumer finance office at 7081 Mechanicsville Turnpike, Suite 208C, Mechanicsville, VA
 BAN20071097 Eastern Specialty Finance, Inc. - To open a consumer finance office at 9121 Staples Mill Road, Henrico County, VA
 BAN20071098 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1832 Kempsville Road, Suite 113, Virginia Beach, VA
 BAN20071099 Eastern Specialty Finance, Inc. - To open a consumer finance office at 225 Foxhill Road, Hampton, VA
 BAN20071100 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2336 York Crossing Drive, Hayes, VA
 BAN20071101 Eastern Specialty Finance, Inc. - To open a consumer finance office at 463 Oriana Road, Newport News, VA
 BAN20071102 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2301 Colley Avenue, Suite K, Norfolk, VA
 BAN20071103 Eastern Specialty Finance, Inc. - To open a consumer finance office at 3219 Crater Road, Suite C, Petersburg, VA
 BAN20071104 Eastern Specialty Finance, Inc. - To open a consumer finance office at 8191 Brook Road, Henrico County, VA
 BAN20071105 Eastern Specialty Finance, Inc. - To open a consumer finance office at 898 J. Clyde Morris Boulevard, Newport News, VA
 BAN20071106 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2223 Wilborn Avenue, Unit 33A, South Boston, VA
 BAN20071107 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1101 Brookdale Street, Suite C, Martinsville, VA
 BAN20071108 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1923 Electric Road, Suite F, Salem, VA
 BAN20071109 Eastern Specialty Finance, Inc. - To open a consumer finance office at 801 Merrimac Trail, Suite C, Williamsburg, VA
 BAN20071110 Eastern Specialty Finance, Inc. - To open a consumer finance office at 15435 Warwick Boulevard, Suite G, Newport News, VA
 BAN20071111 Eastern Specialty Finance, Inc. - To open a consumer finance office at 827 Village Boulevard, Abingdon, VA
 BAN20071112 Eastern Specialty Finance, Inc. - To open a consumer finance office at 256 Janaf Shopping Center, Norfolk, VA
 BAN20071113 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1934 E. Washington Avenue, Suite 8, Vinton, VA
 BAN20071114 Eastern Specialty Finance, Inc. - To open a consumer finance office at 5461 Wesleyan Drive, Suite 105, Virginia Beach, VA
 BAN20071115 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1108 Azalea Avenue, Richmond, VA
 BAN20071116 Eastern Specialty Finance, Inc. - To open a consumer finance office at 6661 Indian River Road, Suite 102, Virginia Beach, VA
 BAN20071117 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2217 Kecoughtan Road, Hampton, VA
 BAN20071118 Eastern Specialty Finance, Inc. - To open a consumer finance office at 40 Newmarket Square, Newport News, VA
 BAN20071119 Eastern Specialty Finance, Inc. - To open a consumer finance office at 3841 E. Little Creek Road, Suite J, Norfolk, VA
 BAN20071120 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4416 Portsmouth Boulevard, Suite D, Chesapeake, VA
 BAN20071121 Eastern Specialty Finance, Inc. - To open a consumer finance office at 522 N. Main Street, Emporia, VA
 BAN20071122 Eastern Specialty Finance, Inc. - To open a consumer finance office at 7464 Richmond Highway, Fairfax County, VA
 BAN20071123 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4668 King Street, Suite 2, Alexandria, VA
 BAN20071124 Eastern Specialty Finance, Inc. - To open a consumer finance office at 865 Great Bridge Boulevard, Suite B, Chesapeake, VA
 BAN20071125 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1632A Tappahannock Boulevard, Tappahannock, VA
 BAN20071126 Eastern Specialty Finance, Inc. - To open a consumer finance office at 9568 Woodman Road, Henrico County, VA
 BAN20071127 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1581 General Booth Boulevard, Virginia Beach, VA
 BAN20071128 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2470 Anderson Highway Space H, Powhatan County, VA
 BAN20071129 Eastern Specialty Finance, Inc. - To open a consumer finance office at 1464 Mt. Pleasant Road, Unit 20, Chesapeake, VA
 BAN20071130 Eastern Specialty Finance, Inc. - To open a consumer finance office at 4917 Richmond-Tappahannock Highway, Suite 3, Aylett, VA
 BAN20071131 Eastern Specialty Finance, Inc. - To open a consumer finance office at 2216 John Rolfe Parkway, Henrico County, VA
 BAN20071132 Eastern Specialty Finance, Inc. - To open a consumer finance office at 10817 Tidewater Trail, Suite 125, Fredericksburg, VA
 BAN20071133 Eastern Specialty Finance, Inc. - To open a consumer finance office at 700 McKinney Boulevard, Unit 4, Colonial Beach, VA
 BAN20071134 Eastern Specialty Finance, Inc. - To open a consumer finance office at 13175 Jefferson Avenue, Newport News, VA
 BAN20071135 Kwik Cash Inc. - To conduct payday lending business where money order seller/money transmitter agent business will be conducted
 BAN20071136 Advanced Mortgage Systems, Inc. - For a mortgage broker's license
 BAN20071137 Matthew Financial LLC - For a mortgage broker's license
 BAN20071138 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 14102 Sullyfield Circle, Suite 600, Chantilly, VA
 BAN20071139 Frontgate Financial Services, LLC - To open a mortgage broker's office at 4550 Montgomery Avenue, Suite 425N, Bethesda, MD
 BAN20071140 Lincoln Mortgage, LLC - To open a mortgage broker's office at 41501 Queens Landing Road, Mechanicsville, MD
 BAN20071141 Network Funding, L.P. - To open a mortgage lender and broker's office at 7400 Louis Pasteur Drive, Suite 207, San Antonio, TX
 BAN20071142 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 4115 Annandale Road, Suite 300, Annandale, VA
 BAN20071143 Easyhome Mortgage, LLC d/b/a Waterfront Capital Partners - To open a mortgage broker's office at 201 North Union Street, Suite 230, Alexandria, VA
 BAN20071144 Fairlawn Consulting LLC d/b/a Fairlawn Mortgage Solutions - To open a mortgage broker's office at 8319 Waldron Way, Mechanicsville, VA
 BAN20071145 Virginia Commerce Bank - To open a branch at 10800-A Courthouse Road, Spotsylvania County, VA
 BAN20071146 Bank of Lancaster - To open a branch at 15104 Northumberland Highway, Burgess, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- BAN20071147 Kwik Cash Inc. - To relocate payday lender's office from 203 Main Street, Brookneal, VA to 1313-D Lynchburg Avenue, Brookneal, VA
- BAN20071148 Uloan Mortgage, LLC - For a mortgage broker's license
- BAN20071149 MET Mortgage, LLC - To open a mortgage broker's office at 2436 Fairview Road, Grantsville, MD
- BAN20071150 MET Mortgage, LLC - To open a mortgage broker's office at 4500 N.W. 49th. Court, Coconut Creek, FL
- BAN20071151 First Choice Funding Group, Ltd. - To open a mortgage lender and broker's office at 401 E. Corporate Drive, Suite 100, Lewisville, TX
- BAN20071152 Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 505 S Independence Boulevard, Suite 203, Virginia Beach, VA
- BAN20071153 Premium Capital Funding LLC d/b/a Topdot Mortgage - To open a mortgage lender and broker's office at 350 Fairway Drive, Deerfield Beach, FL
- BAN20071154 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 1160 Parsippany Boulevard, 2nd Floor, Parsippany, NJ
- BAN20071155 America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 306 Crossridge Court, Stafford, VA
- BAN20071156 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To relocate mortgage lender broker's office from 3160 Crow Canyon Road, Suite 240, San Ramon, CA to 3160 Crow Canyon Road, Suite 400, San Ramon, CA
- BAN20071157 L.A.P. Holdings LLC d/b/a First Finance - To relocate mortgage broker's office from 2020 S. Mill Avenue, Tempe, AZ to 1815 W. Missouri Avenue, Suite 210, Phoenix, AZ
- BAN20071158 Guardian Mortgage Services, Inc. - To relocate mortgage broker's office from 5913 Barbados Place, Suite 101, Rockville, MD to 1451 Foxtail Lane, Prince Frederick, MD
- BAN20071159 Honey Mae Inc. - To relocate mortgage lender broker's office from 4312 Woodman Avenue, Suite 210, Sherman Oaks, CA to 204 S. Beverly Drive, Suite 103, Beverly Hills, CA
- BAN20071160 Guardian Home Loans, LLC - For a mortgage broker's license
- BAN20071161 Palace Lending Virginia LLC - For a mortgage lender's license
- BAN20071162 Ryan O'Barr d/b/a Nations Mortgage - To relocate mortgage broker's office from 1005 N. Main Street, Anderson, SC to 302 Williamston Road, Anderson, SC
- BAN20071163 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 2660 Horizon Drive, Suite C1, Grand Rapids, MI
- BAN20071164 Embassy Mortgage, Inc. - To open a mortgage lender and broker's office at 7617 Little River Turnpike, Suite 210, Annandale, VA
- BAN20071165 Embassy Mortgage, Inc. - To open a mortgage lender and broker's office at 4302 Evergreen Lane, Suite 203, Annandale, VA
- BAN20071166 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 215 Oakmanor Way, Walkersville, MD
- BAN20071167 Severn Mortgage Corporation - To open a mortgage lender and broker's office at 19861 Belmont Ridge Road, Suite 120, Ashburn, VA
- BAN20071168 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 44 Sharpsville Avenue, Suite 1, Sharon, PA
- BAN20071169 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 5881 Leesburg Pike, Suite 301, Falls Church, VA
- BAN20071170 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To relocate mortgage lender broker's office from 5238 Westhaven Crescent, Virginia Beach, VA to Holland Commerce Center, Suite A, 106468 Independence Boulevard, Virginia Beach, VA
- BAN20071171 Mirae Corporation - For a mortgage broker's license
- BAN20071172 Prudential Auto Finance, Inc. - To open a consumer finance office
- BAN20071173 CitiFinancial Services Inc. - To conduct consumer finance business where bank credit card solicitation will be conducted
- BAN20071174 CitiFinancial Services Inc. - To conduct consumer finance business where auto club memberships will be sold
- BAN20071175 CitiFinancial Services, Inc. - To open a consumer finance office at 9911 SouthPoint Parkway, Spotsylvania County, VA
- BAN20071176 CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted
- BAN20071177 CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted
- BAN20071178 CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted
- BAN20071179 CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted
- BAN20071180 CitiFinancial Services, Inc. - To conduct consumer finance business where home security plans will be sold
- BAN20071181 Marissa P. Gomez - To acquire 25 percent or more of Sunny View Mortgage Group, L.L.C.
- BAN20071182 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 113 E. King Street, Suite 1F, Shippenburg, PA
- BAN20071183 Equihome Mortgage, Corp. - To relocate mortgage lender broker's office from 101 Larry Holmes Drive, Suite 510, Easton, PA to 2459 Baglyos Circle, Bethlehem, PA
- BAN20071184 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 900 Commonwealth Place, Suite 212, Virginia Beach, VA to 900 Commonwealth Place, Suite 232, Virginia Beach, VA
- BAN20071185 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 5501 Executive Center Drive, Suite 220, Charlotte, NC
- BAN20071186 Nations Lending Corporation of Ohio - For additional mortgage authority
- BAN20071187 C & C Capital Lending, Inc. - For a mortgage broker's license
- BAN20071188 Lenders Direct Financial, Inc. - For a mortgage broker's license
- BAN20071189 Capital Savings & Mortgage, LLC - To relocate mortgage broker's office from 707 Lakeside Drive, Southampton, PA to 111 Buck Road, Suite 600, Huntingdon Valley, PA
- BAN20071190 Ultra Mortgage, L.L.C. - To relocate mortgage broker's office from 1814 East Route 70, Suite 350, Cherry Hill, NJ to 50 South Maple Avenue, Suite 200, Marlton, NJ
- BAN20071191 Home Loan Corporation d/b/a Expanded Mortgage Credit - To relocate mortgage lender broker's office from 1534 Jefferson Highway, Suites A and B, Fishersville, VA to 1563 Jefferson Highway, Suite 103, Fishersville, VA
- BAN20071192 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 1414 Key Highway, Suite H, Baltimore, MD to 500 Redland Court, Owings Mills, MD
- BAN20071193 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3669 Offult Road, Randallstown Plaza Shopping Center, Randallstown, MD
- BAN20071194 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8-E Industrial Way, Unit 9, Salem, NH
- BAN20071195 Fidelis Mortgage Group LLC - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071196 Kathryn L. Shifman d/b/a Benoit Enterprises - To open a check casher at 5330 Main Street, Stephens City, VA
 BAN20071197 USA Check Cashers, Inc. - To open a payday lender's office at 10372 Martinsville Highway, Danville, VA
 BAN20071198 Eagles Funding, Inc. - To relocate mortgage broker's office from 5 Blenheim Street, Hanover, PA to 1150 Elm Avenue, Hanover, PA
 BAN20071199 Chesapeake Bank - To open a branch at North Main Street, Kilmarnock, VA
 BAN20071200 Fairview Home Mortgage, LLC - For a mortgage broker's license
 BAN20071201 New Horizon Mortgage, LLC - For a mortgage broker's license
 BAN20071202 Independence Bancshares Mortgage Group, LLC - For a mortgage lender and broker license
 BAN20071203 ACE Cash Express, Inc. - To open a payday lender's office at 6119 Indian Creek Road, Virginia Beach, VA
 BAN20071204 ACE Cash Express, Inc. - To open a payday lender's office at 7336 Forest Hill Avenue, Suite 3, Richmond, VA
 BAN20071205 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 3723 Old Forest Road, Suite F, Lynchburg, VA to 102 Oakley Avenue, Suite 507, Lynchburg, VA
 BAN20071206 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 118 Great Bridge Boulevard, Chesapeake, VA
 BAN20071207 Destiny Mortgage Group, Inc. - To relocate mortgage broker's office from 54 E. Main Street, Suite 102, Westminster, MD to 1912 Liberty Road, Building 2, Eldersburg, MD
 BAN20071208 JH Mortgage Inc. - To relocate mortgage broker's office from 3415 Silver Maple Place, Falls Church, VA to 7023 Little River Turnpike Suite 203, Annandale, VA
 BAN20071209 The Dixson Financial Group, LLC - To relocate mortgage broker's office from 800 South Frederick Avenue, Gaithersburg, MD to 12913 Old Bridge Road, Ocean City, MD
 BAN20071210 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 2600 University Acres Drive, Orlando, FL
 BAN20071211 Fredericktown Mortgage, LLC - To open a mortgage broker's office at 210 W. Burke Street, Martinsburg, WV
 BAN20071212 Virginia Mortgage Lenders Corp. - For a mortgage broker's license
 BAN20071213 M2 Lending Solutions, LLC - For a mortgage broker's license
 BAN20071214 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean and Virginia Beach) - To open a mortgage lender and broker's office at 2600 Maitland Center Parkway, Suite 275, Maitland, FL
 BAN20071215 Cash-2-Go of Virginia, Inc. - To open a payday lender's office at 800 South Lynnhaven Road, Unit 1, Virginia Beach, VA
 BAN20071216 Global Mortgage Financial Group, Inc. - To relocate mortgage broker's office from 11785 Beltsville Drive, 9th Floor, Beltsville, MD to 11785 Beltsville Drive, 12th. Floor, Suite 1210, Beltsville, MD
 BAN20071217 Network Funding, L.P. - To open a mortgage lender and broker's office at 1200 Silver Run Valley Road, Westminster, MD
 BAN20071218 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 25824 Greensville Avenue, Petersburg, VA
 BAN20071219 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 627 North Main Street, Chase City, VA
 BAN20071220 Dominion Mortgage Capital Inc. - For a mortgage broker's license
 BAN20071221 My Eloan Approved LLC - For a mortgage broker's license
 BAN20071222 Affordable Mortgage LLC - For a mortgage broker's license
 BAN20071223 Alpha Mortgage Corporation - For a mortgage lender's license
 BAN20071224 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To conduct payday lending business where consumer finance business will be conducted
 BAN20071225 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To conduct consumer finance business where payday lending business will be conducted
 BAN20071226 Resource Mortgage Group, Inc. - To open a mortgage broker's office at 2006 Old Greenbrier Road, Suite 11, Chesapeake, VA
 BAN20071227 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 400 N. Broume Street, Suite 301, Waxhaw, NC
 BAN20071228 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 4000 Barranca Parkway, Suite 250, Irvine, CA
 BAN20071229 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2096 Gemini Court, Havre De Grace, MD
 BAN20071230 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 3 Bethesda Metro Center, Suite 700, Bethesda, MD to 4800 Hampden Lane, Suite 200, Bethesda, MD
 BAN20071231 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 3450 Buschwood Park Boulevard, Tampa, FL to 1208 East Kennedy Boulevard, Suite 228, Tampa, FL
 BAN20071232 Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To relocate mortgage lender's office from One Mid America Plaza, Suite 400, Oakbrook Terrace, IL to Two Mid America Plaza, Suite 400, Oakbrook Terrace, IL
 BAN20071233 Meridian Residential Capital LLC d/b/a TRUMP FINANCIAL - To relocate mortgage lender broker's office from 2636 Nostrand Avenue, Brooklyn, NY to 2607 Nostrand Avenue, Brooklyn, NY
 BAN20071234 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 8845 Eagle Rock Lane, Springfield, VA to 9306A Old Keene Mill Road, Burke, VA
 BAN20071235 Giant of Maryland, LLC - To open a check casher at 2411 Columbia Pike, Arlington, VA
 BAN20071236 Bank of Virginia - To open a branch at 10501 Patterson Avenue, Henrico County, VA
 BAN20071237 USA Patriot Mortgage LLC - To open a mortgage broker's office at 7700 Little River Turnpike, Suite 102, Annandale, VA
 BAN20071238 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 9968 Hibert Street, Suite 104, San Diego, CA
 BAN20071239 Crescent Financial Inc. (Used in VA by: Crescent Financial Trust Inc.) - To relocate mortgage broker's office from 6571 Ashby Grove Loop, Haymarket, VA to 20265 Ordinary Place, Ashburn, VA
 BAN20071240 Monroe Mortgage Company, A Virginia Corporation - To relocate mortgage broker's office from 64 West Water Street, Harrisonburg, VA to 1301 South High Street, Suite 300, Harrisonburg, VA
 BAN20071241 Marlin Mortgage Company, LLC - For a mortgage broker's license
 BAN20071242 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 202 England Street, Suite D, Ashland, VA to 202 England Street, Suite C, Ashland, VA
 BAN20071243 Agency Mortgage Corporation - To open a mortgage lender's office at 5347 Lila Lane, Suite 106, Virginia Beach, VA
 BAN20071244 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 2602 S. Kent Street, Arlington, VA
 BAN20071245 Vanguard M & T, Inc. - For a mortgage lender and broker license
 BAN20071246 Woodforest National Bank - To open a branch at 632 Grass Field Parkway, Chesapeake, VA
 BAN20071247 Woodforest National Bank - To open a branch at 4524 Challenger Avenue, Roanoke County, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071248	Jayhawk Mortgage Services, Inc. - For a mortgage broker's license
BAN20071249	Blue Cap Funding, LLC - For a mortgage broker's license
BAN20071250	Timothy Fox - To acquire 25 percent or more of Lighthouse Point Lending, LLC
BAN20071251	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3183-F Airway Avenue, Suite 103, Costa Mesa, CA
BAN20071252	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6135 Park South Drive, Suites 522 and 523, Charlotte, NC
BAN20071253	Lincoln Mortgage, LLC - To open a mortgage broker's office at 932 National Highway, LaVale, MD
BAN20071254	Solstice Capital Group, Inc. - To open a mortgage lender and broker's office at 111 Congressional Boulevard, Suite 500, Carmel, IN
BAN20071255	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 13813 Prince James Drive, Richmond, VA
BAN20071256	Pinetree Mortgage Company, LLC - To relocate mortgage broker's office from 7023 Little River Turnpike, Suite 300, Annandale, VA to 7023 Little River Turnpike, Suite 419, Annandale, VA
BAN20071257	Madison Financial Corporation - To relocate mortgage broker's office from 401 North Washington Street, Suite 680, Rockville, MD to 8775 Cloudleap Court, Suite N, Columbia, MD
BAN20071258	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 151 Solo Lane, Knotts Island, NC to 968 S. Oriole Drive, Suite 208, Virginia Beach, VA
BAN20071259	Woori America Bank - To open a branch at 13830A-12 Braddock Road, Centreville, VA
BAN20071260	New Omaha Holdings Corporation - To acquire 25 percent or more of Integrated Payment Systems, Inc.
BAN20071261	Silver Fin Capital Group LLC - For a mortgage broker's license
BAN20071262	STS Financial Group, LLC - For a mortgage broker's license
BAN20071263	Semper Financial Mortgage Corporation - For a mortgage broker's license
BAN20071264	Global Financial Inc. - For a mortgage broker's license
BAN20071265	Watchman Empowerment Services, LLC - For a mortgage broker's license
BAN20071266	First Priority Mortgage & Finance, Inc. - For additional mortgage authority
BAN20071267	IPP of America, Inc. - For a money order license
BAN20071268	James Golden - To acquire 25 percent or more of Express Capital Lending, Inc.
BAN20071269	Princess Gate Holdings Limited - To acquire 25 percent or more of Giro Express, Inc.
BAN20071270	Tidewater Mortgage Services, Inc. d/b/a Midtown Mortgage Company - To open a mortgage lender and broker's office at 491 McLaws Circle, Suite 3A, Williamsburg, VA
BAN20071271	PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 11600 Bonaventure Drive, Upper Marlboro, MD
BAN20071272	PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 4026 Plank Road, Fredericksburg, VA
BAN20071273	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 10015 Old Columbia Road, Columbia, MD
BAN20071274	Berwyn Mortgage, Inc. - To open a mortgage broker's office at 14121 Parke Long Court, Chantilly, VA
BAN20071275	Skyline Mortgage Group, L.C. - To relocate mortgage lender broker's office from 1889 Preston White Drive, Suite 102, Reston, VA to 11126 Timberhead Lane, Reston, VA
BAN20071276	Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 1445 Research Boulevard, Rockville, MD to 51 Monroe Street, Suite 1802, Rockville, MD
BAN20071277	Robert C. Anderson - To acquire 25 percent or more of First Priority Mortgage & Finance, Inc.
BAN20071278	All State Home Mortgage, Inc. - To open a mortgage lender and broker's office at 26250 Euclid Avenue, Suite 801-811, Euclid, OH
BAN20071279	Cheer's, Inc. - To open a check casher at 929 West Atlantic Street, Emporia, VA
BAN20071280	R C & A Mortgage LLC - For a mortgage broker's license
BAN20071281	First American Mortgage Brokers, LLC - For a mortgage broker's license
BAN20071282	Ameritrust Mortgage of North Carolina, Inc. (Used in VA by: Ameritrust Mortgage, Inc.) - For a mortgage broker's license
BAN20071283	Freedom Mortgage Solutions, LLC - For a mortgage broker's license
BAN20071284	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 3707 Virginia Beach Boulevard, Suite 221, Virginia Beach, VA
BAN20071285	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7406 Alban Station Court Suite A-110, Springfield, VA
BAN20071286	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 647 Oaklawn Avenue, Cranston, RI
BAN20071287	CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 2310 Highway 34, Manasquan, NJ
BAN20071288	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 9105 Dickey Drive, Mechanicsville, VA
BAN20071289	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 3024 Lower Hill Road, Powhatan, VA
BAN20071290	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 277 Jackson Lane West, Greeneville, TN
BAN20071291	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 2112 East Pratt Street, Baltimore, MD
BAN20071292	Ikona Mortgage, Inc. - To open a mortgage broker's office at 10301 Democracy Lane, Suite 120, Fairfax, VA
BAN20071293	Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To open a mortgage lender and broker's office at Unit 101, 4301 Commuter Drive, Virginia Beach, VA
BAN20071294	Andrus Mortgage Group LLC - To open a mortgage broker's office at One Columbus Center, Suite 600, Virginia Beach, VA
BAN20071295	1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 2714 Walnut Creek Circle, Midlothian, VA
BAN20071296	Alcova Mortgage LLC - To open a mortgage broker's office at 82 Skyview Circle, Verona, VA
BAN20071297	Alcova Mortgage LLC - To relocate mortgage broker's office from 8411 Patterson Avenue, Richmond, VA to 401 South Stafford Avenue, Richmond, VA
BAN20071298	Atlas Mortgage of Virginia, LLC (Used in VA by: Atlas Mortgage, LLC) - To relocate mortgage broker's office from 802 Laurens Road, Greenville, SC to 125 Commons Way, Greenville, SC
BAN20071299	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 171 Church Street, Suite 210, Charleston, SC to 761 Johnnie Dodds Boulevard, Suite 200, Mt. Pleasant, SC

BAN20071300 Green Leaf Mortgage Corp. - To relocate mortgage broker's office from 19638 Club House Road, Suite 210, Montgomery Village, MD to 3415 Olandwood Court, Suite 210, Olney, MD

BAN20071301 Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$ - To relocate payday lender's office from 2688 Virginia Avenue, Collinsville, VA to 3652 Virginia Avenue, Suite 1, Collinsville, VA

BAN20071302 Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To relocate mortgage lender broker's office from 7054B New Technology Way, Frederick, MD to 503 Wando Park Boulevard, Suite 100, Mount Pleasant, SC

BAN20071303 KESA Mortgage Group LLC - To relocate mortgage broker's office from 150 S. Washington Street, Suite 400, Falls Church, VA to 150 S. Washington Street, Suite 200, Falls Church, VA

BAN20071304 T Y Mortgage, LLC - For a mortgage broker's license

BAN20071305 SAV-U-TIME INC. - To open a check casher at 923 West Atlantic Street, Emporia, VA

BAN20071306 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 2471 Virginia Avenue, Collinsville, VA

BAN20071307 Meridias Capital, Inc. - To open a mortgage lender and broker's office at 3171 Northeast Carnegie Drive, Lee's Summit, MO

BAN20071308 Lincoln Mortgage, LLC - To open a mortgage broker's office at 74 Orchard Hill Circle, Suite 102, Staunton, VA

BAN20071309 Good Faith Mortgage, Inc. - To relocate mortgage broker's office from 22307 Tradewinds Drive, Carrollton, VA to 15064 Carrollton Boulevard, Carrollton, VA

BAN20071310 123 Mortgage Services, Inc. - To relocate mortgage broker's office from 2616 Oakenshield Drive, Rockville, MD to 22 Golden Ash Way, N. Potomac, MD

BAN20071311 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To relocate mortgage lender broker's office from 849 International Drive, Suite 405, Linthicum, MD to 849 International Drive, Suite 120, Linthicum, MD

BAN20071312 New Peoples Bank, Inc. - To open a branch at 700 East Morgan Avenue, Pennington Gap, VA

BAN20071313 New Peoples Bank, Inc. - To open a branch at 600 Trent Street, Norton, VA

BAN20071314 Ridge Mortgage Services, Inc. - For a mortgage broker's license

BAN20071315 U S Loans Mortgage, LLC - For a mortgage broker's license

BAN20071316 Americasa Mortgage, LLC - For a mortgage broker's license

BAN20071317 1st AAA Reverse Mortgage, Inc. d/b/a Reverse Mortgage USA - For a mortgage broker's license

BAN20071318 Nations Premier Financial Services Inc. - To conduct consumer finance business where mortgage brokering will also be conducted

BAN20071319 Compare, LLC - To acquire 25 percent or more of NexTag, Inc.

BAN20071320 Andrus Mortgage Group LLC - To open a mortgage broker's office at 4860 Cox Road, Suite 200, Glen Allen, VA

BAN20071321 Custom Mortgage Solutions, Inc. - To open a mortgage lender and broker's office at 1886 Greentree Road, Cherry Hill, NJ

BAN20071322 Guaranteed Rate, Inc. - To open a mortgage lender and broker's office at 4619 North Ravenswood Avenue, Chicago, IL

BAN20071323 Guaranteed Rate, Inc. - To relocate mortgage lender broker's office from 2605 West 22nd Street, Suite 39, Oak Brook, IL to 2021 Spring Road, Suite 450, Oak Brook, IL

BAN20071324 Guaranteed Rate, Inc. - To relocate mortgage lender broker's office from 1890 First Street, Highland Park, IL to 2121 Waukegan Road, Suite 105, Bannockburn, IL

BAN20071325 FirstMac Corporation - To relocate mortgage lender broker's office from 7386 Raleigh LaGrange Road, Suite 100, Cordova, TN to 8585 East Hartford Drive, Suite 600, Scottsdale, AZ

BAN20071326 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 202 Perry Parkway, Suite 4, Gaithersburg, MD to 4201 Northview Drive, Suite 103, Bowie, MD

BAN20071327 EVB Mortgage, LLC - To relocate mortgage lender broker's office from 198 Crowder Point Drive, Reedville, VA to 14954 Northumberland Highway, Burgess, VA

BAN20071328 First Coast Mortgage, LLC - To relocate mortgage broker's office from 7220 Elyton Drive, North Port, FL to 6018 Beedla Street, North Port, FL

BAN20071329 Financial Advantage Group LLC - To relocate mortgage broker's office from 108 Whitaker Road, Lutz, FL to 104 Whitaker Road, Lutz, FL

BAN20071330 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 3030 Warrenville Road, Suite 600, Lisle, IL

BAN20071331 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 6801 Kenilworth Avenue, Suite 110, Riverdale, MD

BAN20071332 Innergy Lending, LLC - To open a mortgage lender and broker's office at 3720 Farragut Avenue, Suite 403-M, Kensington, MD

BAN20071333 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 8622 Belair Road, Baltimore, MD

BAN20071334 TrustMor Mortgage Company, LLC d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 404 8th Street, N.E., Suite B, Charlottesville, VA

BAN20071335 Ikon Mortgage, Inc. - To open a mortgage broker's office at 101 Lakeforest Boulevard, Suite 230, Gaithersburg, MD

BAN20071336 Crown Mortgage Corp. - To relocate mortgage lender broker's office from 101 Stafford Street, Worcester, MA to 1393 D Grafton Street, Worcester, MA

BAN20071337 Stecroft Holdings, Inc. d/b/a Go Apply, Inc. - To relocate mortgage broker's office from 65 Enterprise, Aliso Viejo, CA to 2600 Michelson, Suite 200, Irvine, CA

BAN20071338 SZI Inc. d/b/a 1st Empire Mortgage Banc - To open a mortgage lender and broker's office at 1900 Campus Commons Drive, Suite 100, Reston, VA

BAN20071339 Deocap Corporation - For a mortgage broker's license

BAN20071340 Castle Financial, LLC - For a mortgage broker's license

BAN20071341 Ahmed Al-Hussein - To acquire 25 percent or more of Bridgewater Financial Mortgage Brokerage, LLC

BAN20071342 Chris Beisler - To acquire 25 percent or more of International Mortgage Corporation

BAN20071343 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 10835 Split Rail Drive, Manassas, VA

BAN20071344 Taylor, Bean & Whitaker Mortgage Corp. - To relocate mortgage lender's office from 25 Braintree Hill Park, Suite 309, Braintree, MA to 35 Braintree Hill Park, Suite 4402, Braintree, MA

BAN20071345 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 8150 Leesburg Pike, Suite 1230, Vienna, VA to 13478 Minnieville Road, Suite 102, Woodbridge, VA

BAN20071346 Heritage Mortgage, LLC - To relocate mortgage lender broker's office from 131 South Main Street, Woodstock, VA to 1066 Hisey Avenue, Suite 103, Woodstock, VA

BAN20071347 FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 6109 Springwater Place, Apt. 2404, Frederick, MD to 9816 Hawkins Creamery Road, Damascus, MD

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071348 Liberator Mortgage LLC - To relocate mortgage broker's office from 8150 Leesburg Pike, Suite 512, Vienna, VA to 8133 Leesburg Pike, Suite 730, Vienna, VA

BAN20071349 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 1384 Tappahannock Boulevard, Tappahannock, VA to 1310 Tappahannock Boulevard, Tappahannock, VA

BAN20071350 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 13707 Brandy Oaks Road, Chesterfield, VA

BAN20071351 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 6103 Baltimore Avenue, Suite 101, Riverdale, MD

BAN20071352 Providence One, Inc. - To open a mortgage lender and broker's office at 808 Norview Avenue, Norfolk, VA

BAN20071353 Ulysis V. Mensah-Bonsu d/b/a Grace Mortgage - To open a mortgage broker's office at 105 N. Washington Street, Suite 201, Alexandria, VA

BAN20071354 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 151 Wymore Road, Suite 500, Altamonte Springs, FL

BAN20071355 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 1287 Central Park Boulevard, Fredericksburg, VA

BAN20071356 Priority Financial Services, LLC - To open a mortgage broker's office at 300 Red Brook Drive, Suite 10, Owings Mills, MD

BAN20071357 William H. Gilmore d/b/a Solid Ground Financial Services - To relocate mortgage broker's office from 1890 N. Garey Avenue, Suite B, Pomona, CA to 1218 N. San Dimas Canyon Road, San Dimas, CA

BAN20071358 USBanc Financial, L.L.C. - For a mortgage broker's license

BAN20071359 Ahmed Al-Mutawakil - To acquire 25 percent or more of Bridgewater Financial Mortgage Brokerage, LLC

BAN20071360 First Virginia Community Bank - To open a bank at 11325 Random Hills Road, Fairfax County, VA

BAN20071361 New Era Enterprises, Inc. d/b/a La Placita - To open a check casher at 2929 Gallows Road, Falls Church, VA

BAN20071362 1st Guaranty Mortgage Corp. - For a mortgage lender's license

BAN20071363 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 2714 Walnut Creek Circle, Midlothian, VA

BAN20071364 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean and Virginia Beach) - To relocate mortgage lender broker's office from 231 East Main Street, Suite 221, Round Rock, TX to 231 East Main Street, Suite 111, Round Rock, TX

BAN20071365 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 550 E. Carson Plaza Drive, Suite 110, Carson, CA

BAN20071366 Capital Mortgage Finance Corp. - To relocate mortgage lender broker's office from 208 North Garnett Street, Henderson, NC to 216 Dabney Drive, Henderson, NC

BAN20071367 GMAC Mortgage, LLC d/b/a Ditech - To relocate mortgage lender broker's office from 4 Walnut Grove Drive, Horsham, PA to 1100 Virginia Drive, Fort Washington, PA

BAN20071368 Premier Home Lending, Inc. - To relocate mortgage lender broker's office from 17518 Preserve Walk Lane, Tampa, FL to 10347 Cross Creek Boulevard, Suite G, Tampa, FL

BAN20071369 Moore Financial Group Corporation - To open a mortgage broker's office at 50 Churchhill Lane, Charlottesville, VA

BAN20071370 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2180 Satellite Boulevard, Suite 400, Duluth, GA

BAN20071371 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 950 S. Pine Island Road, Suite A-150, Plantation, FL to 925 Industrial Drive, 2nd. Floor, Old Hickory, TN

BAN20071372 Gateway Bank & Trust Co. - To merge into it Bank of Richmond, National Association

BAN20071373 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 1605 West Third Street, Farmville, VA

BAN20071374 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 506 East Atlantic Street, South Hill, VA

BAN20071375 Service First Funding Group, Inc. - For a mortgage broker's license

BAN20071376 Reima Mortgage Corporation - For a mortgage broker's license

BAN20071377 Commonwealth Mortgage Group, Inc. - To relocate mortgage broker's office from 203 North Main Street, Lexington, VA to 108 E. Washington Street, Lexington, VA

BAN20071378 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 115 East Jefferson Street, Syracuse, NY to 4320 Cinnamon Path, Liverpool, NY

BAN20071379 Catapult, Inc. - To open a mortgage broker's office at 208 West Bel Air Avenue, Suite 2, Aberdeen, MD

BAN20071380 MortgageStar, Inc. - To open a mortgage lender and broker's office at 430 Candlewick Road, Camp Hill, PA

BAN20071381 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1401 Mercantile Lane, Suite 221, Largo, MD

BAN20071382 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1804 Lesever Road, Richmond, VA

BAN20071383 MortgageStar, Inc. - To open a mortgage lender and broker's office at 3504 Quail Meadows Court, Midlothian, VA

BAN20071384 MortgageStar, Inc. - To open a mortgage lender and broker's office at 28 Langston Boulevard, Hampton, VA

BAN20071385 MortgageStar, Inc. - To open a mortgage lender and broker's office at 6837 4th. Street, N.W., Washington, DC

BAN20071386 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 4720 Virginia Beach Boulevard, Virginia Beach, VA

BAN20071387 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 109 Commons Park Circle, Suite E, Manquin, VA

BAN20071388 Advanced Mortgage Services, Inc. - To open a mortgage broker's office at 108 Bull Run Court, Stephens City, VA

BAN20071389 Advanced Mortgage Services, Inc. - To open a mortgage broker's office at 209 Canyon Road, Winchester, VA

BAN20071390 San Miguel Market LLC - To open a check casher at 5900 C Leesburg Pike, Falls Church, VA

BAN20071391 Somerset Investors Corp. - To open a mortgage lender and broker's office at 5340 North Federal Highway, Suite 102, Lighthouse Point, FL

BAN20071392 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 13400 Corapeake Terrace, Chesterfield, VA

BAN20071393 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 10 Key Avenue, Frederick, MD

BAN20071394 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 8709 Hayshed Lane, Apt. 23, Columbia, MD

BAN20071395 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 6347 Mallard Lane, Lothian, MD

BAN20071396 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 8746 Wurzbach Street, Suite 208, San Antonio, TX

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071397 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2126 W. Newport Pike, Suite 101, Wilmington, DE

BAN20071398 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 8601 4th Street N., Suite 309, St. Petersburg, FL

BAN20071399 Beneficial Virginia Inc. - To relocate consumer finance office from 250-F North Poplar Avenue, Waynesboro, VA to 125 Lucy Lane, Suite E, Waynesboro, VA

BAN20071400 Beneficial Discount Co. of Virginia - To relocate mortgage lenders's office from 250 North Poplar Avenue, Suite F, Waynesboro, VA to 125 Lucy Lane, Suite E, Waynesboro, VA

BAN20071401 Beneficial Mortgage Co. of Virginia- To relocate mortgage lender broker's office from 250 North Poplar Avenue, Suite F, Waynesboro, VA to 125 Lucy Lane, Suite E, Waynesboro, VA

BAN20071402 Merchant Resources, LLC d/b/a America 1st Mortgage - To relocate mortgage broker's office from 1605 Grove Avenue, # 1, Richmond, VA to 14001 Riverdowns North Place, Richmond, VA

BAN20071403 Severn Mortgage Corporation - To relocate mortgage lender broker's office from 521 E East Market Street, Leesburg, VA to 44121 Harry Byrd Highway, Suite 250, Ashburn, VA

BAN20071404 Homeloan USA Corporation - To relocate mortgage lender broker's office from 1375 Gateway Boulevard, Boynton Beach, FL to 200 Knuth Road, Suite 110, Boynton Beach, FL

BAN20071405 ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 379 Thornhall, 10th Floor, Edison, NJ to 1000 Route 9, North, Suite 204, Woodbridge, NJ

BAN20071406 Bancolombia (Panama) S.A. - To acquire 25 percent or more of Banagricola De El Salvador, Inc.

BAN20071407 Jill Rasey - To acquire 25 percent or more of Highland Banc, Inc.

BAN20071408 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5000 Windplay Drive, Suite 3-202, El Dorado Hills, CA

BAN20071409 Priority Financial Services, LLC - To open a mortgage broker's office at 4415 Belview Avenue, Baltimore, MD

BAN20071410 Priority Financial Services, LLC - To open a mortgage broker's office at 107 West Franklin Street, Hagerstown, MD

BAN20071411 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 2508 Chamberlayne Avenue, Richmond, VA

BAN20071412 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 13615-2B Genito Road, Midlothian, VA

BAN20071413 LH Services, LLC d/b/a Dobordero Financial - To open a mortgage broker's office at 12608 A Lake Ridge Drive, Woodbridge, VA

BAN20071414 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7206 Hull Street Road, Suite 202, Richmond, VA

BAN20071415 Maverick Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 211 Sea Cliff Drive, Ruther Glen, VA to 3516 Plank Road, Suite 6A, Fredericksburg, VA

BAN20071416 G Squared Financial, LLC - To relocate mortgage lender broker's office from 8735 Dunwoody Place, Suite 5, Atlanta, GA to 690 Village Trace, NE, Building 21, Suite A, Marietta, GA

BAN20071417 MetAmerica Mortgage Bankers, Inc. - To relocate mortgage lender broker's office from 5316 Six Forks Road, Suite 200, Raleigh, NC to 7208 Falls of Neuse Road, Suite 101, Raleigh, NC

BAN20071418 North American Home Loans, Inc. - To open a mortgage broker's office at 780 Lynnhaven Parkway, Suite 360, Virginia Beach, VA

BAN20071419 North American Home Loans, Inc. - To open a mortgage broker's office at 1324 Wentbridge Road, Richmond, VA

BAN20071420 North American Home Loans, Inc. - To open a mortgage broker's office at 7620 Little River Turnpike, Suite 450, Annandale, VA

BAN20071421 Citizens Trust Financial Group, Inc. - To relocate mortgage lender broker's office from 1301 York Road, Suite 400, Lutherville, MD to 10626 York Road, Suite H, Cockeysville, MD

BAN20071422 Golden Trust Mortgage Group, LLC - To open a mortgage broker's office at 790 Fairfax Street, Stephens City, VA

BAN20071423 Donnelly Processing Inc. - For a mortgage broker's license

BAN20071424 Nations Direct Mortgage, LLC - For a mortgage lender's license

BAN20071425 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5983 Richmond Tappahannock Highway, Aylett, VA

BAN20071426 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 691 U.S. Highway 9, Unit 7, Millers Mall, Little Egg Harbor, NJ

BAN20071427 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 311 Park Place Boulevard, Suite 600, Clearwater, FL to 15550 Lightwave Drive, Suite 200, Clearwater, FL

BAN20071428 North American Home Loans, Inc. - To open a mortgage broker's office at 9301 Centreville Road, Manassas, VA

BAN20071429 Nationside Mortgage Inc. - To open a mortgage broker's office at 17996 Swans Creek Lane, Dumfries, VA

BAN20071430 Nationside Mortgage Inc. - To relocate mortgage broker's office from 7474 Greenway Center Drive, Suite 820, Greenbelt, MD to 7833 Walker Drive, Suite 660, Greenbelt, MD

BAN20071431 Nationside Mortgage Inc. - To relocate mortgage broker's office from 4 Professional Drive, Suite 143, Gaithersburg, MD to 7805 Old Georgetown Road, Suite 210, Bethesda, MD

BAN20071432 JDR & Associates, LLC - For a mortgage broker's license

BAN20071433 BancStar on Capitol Hill, LLC - For a mortgage broker's license

BAN20071434 Alejandro Rogriguez Nava d/b/a Azteca De Oro - To open a check casher at 217 S. Pollard Street, Vinton, VA

BAN20071436 Empire Mortgage Funding Inc. - For a mortgage broker's license

BAN20071437 Citizens Financial Mortgage, Inc. - To relocate mortgage broker's office from 2600 Philmont Avenue, Suite 206, Huntingdon Valley, PA to 1225 Industrial Boulevard, 2nd Floor, Southampton, PA

BAN20071438 Discount Mortgage Warehouse Inc. d/b/a Globelend Mortgage - For additional mortgage authority

BAN20071439 North American Home Loans, Inc. - To open a mortgage broker's office at 302 Main Street, Smithfield, VA

BAN20071440 William L. Cothran, Jr. d/b/a Cothran Insurance - For a mortgage broker's license

BAN20071441 Carter Bank & Trust - To relocate office from 2803 Ward Boulevard, Wilson, NC to 200 Forest Hills Road, Wilson, NC

BAN20071442 Carter Bank & Trust - To relocate office from 901 Hardy Road, Vinton, VA to 1111 East Washington Avenue, Vinton, VA

BAN20071443 Archwood Mortgage, LLC - To relocate mortgage lender broker's office from 4115 Annandale Road, Suite 308, Annandale, VA to 11781 Lee Jackson Memorial Highway, Suite 250, Fairfax, VA

BAN20071444 Nations Home Mortgage Corporation - To relocate mortgage lender broker's office from 6 Executive Campus, 3rd Floor, Cherry Hill, NJ to 51 Haddonfield Road, Suite 210, Second Floor, Cherry Hill, NJ

BAN20071445 United Bankshares, Inc. - To acquire Premier Community Bankshares, Inc.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071446 United Bank - To merge into it The Marathon Bank
 BAN20071446 United Bank - To merge into it Rockingham Heritage Bank
 BAN20071447 Shore Bank - To relocate office from 1516 S. Salisbury Boulevard, Salisbury, MD to 1503 S. Salisbury Boulevard, Salisbury, MD
 BAN20071448 Citizens Community Bank - To open a branch at 778 Old Farm Road South, Roanoke Rapids, NC
 BAN20071449 Old Virginia Mortgage, Inc. - To open a mortgage lender and broker's office at 3917 Midlands Road, Building Two, Williamsburg, VA
 BAN20071450 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 1402 8th. Avenue, Greeley, CO to 1317 Hilltop Drive, Windsor, CO
 BAN20071451 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 302 Enterprise Drive, Forest, VA to 137 Laxton Road, Lynchburg, VA
 BAN20071452 Riley Home Mortgage Corporation - To relocate mortgage broker's office from 3451 Jefferson Davis Highway, Fredericksburg, VA to 618 Kenmore Avenue, Fredericksburg, VA
 BAN20071453 Chawky Boutros Jabaly d/b/a Fairfax Mortgage - To relocate mortgage broker's office from 3040 Williams Drive, Suite 101, Fairfax, VA to 4313 Andes Drive, Fairfax, VA
 BAN20071454 1st United Mortgage, Inc. - To relocate mortgage broker's office from 17 West Jefferson Street, Suite 203, Rockville, MD to 15867-A Crabbs Branch Way, Rockville, MD
 BAN20071455 North American Home Loans, Inc. - To open a mortgage broker's office at 293 Independent Boulevard, Suite 109, Virginia Beach, VA
 BAN20071456 North American Home Loans, Inc. - To open a mortgage broker's office at 201 E. City Hall Avenue, Suite 410, Norfolk, VA
 BAN20071457 Eastern Seaboard Financial, LLC - To relocate mortgage broker's office from 15 East Main Street, Suite 102, Westminster, MD to 4219 Hanover Pike, Unit D, Manchester, MD
 BAN20071458 Virginia Mortgage Solutions Corp. (Used in VA by: Action Mortgage Corp) - For a mortgage broker's license
 BAN20071459 1st Class Mortgage, Inc. - For a mortgage lender and broker license
 BAN20071460 CitiFinancial Services Inc. - To conduct consumer finance business where deposit account solicitation by or for Citibank N.A. will also be conducted
 BAN20071461 Progressive Group Corporation d/b/a Ghuman Checks Cashed - To open a check casher at 367 Warrenton Road, Unit 106, Fredericksburg, VA
 BAN20071462 Ikon Mortgage, Inc. - To open a mortgage broker's office at 6404 R. Seven Corners Place, Falls Church, VA
 BAN20071463 B.R. Mortgage Ltd., LLC (Used in VA by: B.R. Mortgage Ltd.) - To open a mortgage broker's office at 1100 Croy Drive, Suite D, Findlay, OH
 BAN20071464 Middleburg Property Consultants, Inc. - To open a mortgage broker's office at 37540 Provence Pointe Avenue, Prairieville, LA
 BAN20071465 ABI Mortgage, Inc. - To open a mortgage broker's office at 10412 Route 31, Unit 2, Algonquin, IL
 BAN20071466 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2505 Pocoshock Place, Suite 301, Richmond, VA
 BAN20071467 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 966 Hungerford Drive, Suite 11B, Rockville, MD
 BAN20071468 Capital Mortgage Finance Corp. - To open a mortgage lender and broker's office at 7400 Beaufont Springs Drive, Suite 300, Richmond, VA
 BAN20071469 ACE Cash Express, Inc. - To open a payday lender's office at 2037 N Battlefield Boulevard, Suite 108, Chesapeake, VA
 BAN20071470 ACE Cash Express, Inc. - To open a payday lender's office at 5444 Virginia Beach Boulevard, Virginia Beach, VA
 BAN20071471 ACE Cash Express, Inc. - To open a payday lender's office at 6586 Tidewater Drive, Unit M, Norfolk, VA
 BAN20071472 Novelle Financial Services, Inc. - To relocate mortgage lender broker's office from 1401 Dove Street, Suite 100, Newport Beach, CA to 24411 Ridge Route Drive, Suite 225, Laguna Hills, CA
 BAN20071473 Salem Mortgage Corporation - To relocate mortgage broker's office from 401G Seacoast Parkway, Mt. Pleasant, SC to 401C Seacoast Parkway, Mt. Pleasant, SC
 BAN20071474 1st Choice Mortgages, Inc. - To relocate mortgage broker's office from 3172 Valley Pike, Winchester, VA to 104 Churchill Drive, Stephens City, VA
 BAN20071475 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 400 Interstate North Parkway, Suite 580, Atlanta, GA
 BAN20071476 Regions Bank - To open a branch at the corner of Highway 11-E and Clear Creek Road, Bristol, VA
 BAN20071477 CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 883 Airport Park Road, Suite L, Glen Burnie, MD to 32448 Royal Boulevard, Dagsboro, DE
 BAN20071478 CashNet, Inc. d/b/a Cash Advance Centers - To relocate payday lender's office from 389 Denbigh Boulevard, Newport News, VA to 447 Denbigh Boulevard, Newport News, VA
 BAN20071479 Diamond Financial Mortgage Corporation - For a mortgage broker's license
 BAN20071480 Aasent Mortgage Corporation - For a mortgage broker's license
 BAN20071481 Northeast Real Estate Investments, LLC - For a mortgage broker's license
 BAN20071482 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 302 Enterprise Drive, Forest, VA to 137 Laxton Road, Lynchburg, VA
 BAN20071483 Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To open a mortgage lender's office at 7600 North 16th Street, Suite 205B, Phoenix, AZ
 BAN20071484 Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To open a mortgage lender's office at 2699 Lee Road, Suite 600A, Winter Park, FL
 BAN20071485 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 21 Grand Avenue, South Building, Suite 618, Palisades Park, NJ
 BAN20071486 Washington Capitol Financial Corp. - For additional mortgage authority
 BAN20071487 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 825 Gum Branch Road, Suite 105, Jacksonville, NC
 BAN20071488 Century 21 Mortgage Corporation - To open a mortgage lender's office at 15521 Real Estate Avenue, King George, VA
 BAN20071489 Coldwell Banker Mortgage Corporation - To open a mortgage lender's office at 2A Victory Boulevard, Poquoson, VA
 BAN20071490 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 13111 Pennypacker Lane, Fairfax, VA to 14123 Robert Paris Court, Chantilly, VA
 BAN20071491 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 4004 Genesee Place, Suite 101, Woodbridge, VA
 BAN20071492 Tristar Mortgage, LLC - For a mortgage broker's license
 BAN20071493 Reverse Mortgage GRP, Inc. - For a mortgage broker's license

BAN20071494 Dominion Residential Mortgage, LLC - To open a mortgage broker's office at 6047 Tyvola Glen Circle, Charlotte, NC
 BAN20071495 Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 3701 Liberty Point Drive, Midlothian, VA
 BAN20071496 FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 13 Alston Road, Baltimore, MD
 BAN20071497 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 611 North Courthouse Road, Richmond, VA
 BAN20071498 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 1509 W. Cary Street, Richmond, VA to 3117 W. Clay, Suite 16-18, Richmond, VA
 BAN20071499 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 225 Sunnyside Plaza, Winchester, VA to 240 Rivendell Court, Suite 2, Winchester, VA
 BAN20071500 The Mortgage Store Financial, Inc. d/b/a Universal Mortgage Bankers - To relocate mortgage lender broker's office from 707 Wilshire Boulevard, 28th Floor, Los Angeles, CA to 660 S. Figueroa Street, 9th. Floor, Los Angeles, CA
 BAN20071501 Infinity Mortgage Lending, Inc. - To relocate mortgage broker's office from 6925 Oakland Mills Road, Suite A, Columbia, MD to 514 Progress Drive, Suite G, Linthicum, MD
 BAN20071502 TMG Real Estate and Financial Services, LLC d/b/a First Omni Mortgage Lending - To relocate mortgage lender's office from 301 E. Main Street, Suite 100, Louisville, KY to 310 W. Liberty Street, Suite 100, Louisville, KY
 BAN20071503 Buckingham Mortgage Corporation - To relocate mortgage broker's office from 10309 Norton Road, Potomac, MD to 13 Potomac Manors Court, Suite 100, Potomac, MD
 BAN20071504 NL Inc. - To relocate mortgage lender's office from 3201 Danville Boulevard, Suite 195, Alamo, CA to 2175 N California Boulevard, Suite 1000, Walnut Creek, CA
 BAN20071505 Noble Home Mortgage, L.L.C. - For a mortgage broker's license
 BAN20071506 Hersh Financial Group, LLC - For a mortgage broker's license
 BAN20071507 Acre Mortgage & Financial, Inc. - For a mortgage lender and broker license
 BAN20071508 First National Home Lending, Inc. - For a mortgage broker's license
 BAN20071509 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 700 West Hillsboro Boulevard, Deerfield Beach, FL to 4680 Conference Way, South, Suite 100, Boca Raton, FL
 BAN20071510 K. Hovnanian American Mortgage, L.L.C. - To open a mortgage lender and broker's office at 235 N. Westmonte Drive, Altamonte Springs, FL
 BAN20071511 The First Bank and Trust Company - To open a branch at 851 Lew Dewitt Boulevard, Augusta County, VA
 BAN20071512 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 591 Stewart Avenue, 1st Floor, Suite 100, Garden City, NY
 BAN20071513 Premier Home Lending, Inc. - To open a mortgage lender and broker's office at 4004 Genessee Place, Suite 213, Woodbridge, VA
 BAN20071514 Allied Capital Mortgage Company - To open a mortgage broker's office at 8480 East Orchard Road, Suite 6600, Greenwood Village, CO
 BAN20071515 Allied Capital Mortgage Company - To open a mortgage broker's office at 9311 East Via de Ventura, Scottsdale, AZ
 BAN20071516 Nations Premier Mortgage Inc. - To open a mortgage broker's office at 5881 Leesburg Pike, Suite 206, Falls Church, VA
 BAN20071517 Multi-Fund of Columbus, Inc. - To relocate mortgage broker's office from 1486 Route 119, North, Indiana, PA to 541 Washington Street, Indiana, PA
 BAN20071518 Viking Mortgage Company, LLC - To relocate mortgage broker's office from 860 Greenbrier Circle, Suite 302, Chesapeake, VA to 870 Greenbrier Circle, Suite 202, Chesapeake, VA
 BAN20071519 HSBC National Bank USA - To open a branch at 4075 Wilson Boulevard, Arlington County, VA
 BAN20071520 YYS Corporation - To open a check casher at 8692 Liberia Avenue, Manassas, VA
 BAN20071521 Pacific Capital Home Loans, Inc. - For a mortgage broker's license
 BAN20071522 America's Mortgage Group, Inc. - For a mortgage broker's license
 BAN20071523 Apollo Mortgage Group, LLC. - To open a mortgage broker's office at 2040 Raybrook, S.E., Suite 205, Grand Rapids, MI
 BAN20071524 Apollo Mortgage Group, LLC. - To open a mortgage broker's office at 820 N. Orleans, Suite 218, Chicago, IL
 BAN20071525 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 1206 Laskin Road, Suite 101, Virginia Beach, VA
 BAN20071526 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 412 Oakmeads Crescent, Suite 102, Virginia Beach, VA
 BAN20071527 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1405 Huguenot Road, Suite 103, Midlothian, VA
 BAN20071528 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 777 Passaic Avenue, Suite 518, Clifton, NJ to 150 Passaic Avenue, Passaic, NJ
 BAN20071529 GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 2281 Valley Avenue, Winchester, VA
 BAN20071530 Meridias Capital, Inc. - To relocate mortgage lender broker's office from 2745 N. Dallas Parkway, Suite 420, Plano, TX to 2701 North Dallas Parkway, Suite 420, Plano, TX
 BAN20071531 Novo Mortgage Group, Inc. - For a mortgage broker's license
 BAN20071532 Ameribanc, L.L.C. - For a mortgage broker's license
 BAN20071533 Hartford Financial Group, LLC - For a mortgage broker's license
 BAN20071534 El Compadre Multiservices, Inc. d/b/a El Compadre Grocery - To open a check casher at 7866 Richmond Highway, Alexandria, VA
 BAN20071535 RJS of California, Inc. - For a mortgage lender and broker license
 BAN20071536 Union Bank and Trust Company - To open a branch at 2208 Ivy Road, Albemarle County, VA
 BAN20071537 Advanced Home Loans Corp. - To relocate mortgage broker's office from 9113 Church Street, Suite 117, Manassas, VA to 4323 Ridgewood Center Drive, Woodbridge, VA
 BAN20071538 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 611 Lynnhaven Parkway, Suite 100, Virginia Beach, VA to 3500 Virginia Beach Boulevard, Suite 610, Virginia Beach, VA
 BAN20071539 Providence Home Mortgage, LLC - To relocate mortgage broker's office from 46950 Jennings Farm Drive, Suite 200, Sterling, VA to 1636 Chickasaw Place, NE, Leesburg, VA
 BAN20071540 Day-1 Mortgage Company, L.L.C. - For a mortgage broker's license
 BAN20071541 Newgate Mortgage, LLC - For a mortgage broker's license
 BAN20071542 Hallmark Mortgage Services, Inc. - For a mortgage broker's license
 BAN20071543 Amerihome Lending, Inc. - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071544	America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 6141 Edsall Road, Suite O, Alexandria, VA
BAN20071545	Skyline Mortgage Group, L.C. - To open a mortgage lender and broker's office at 4302 Evergreen Lane, Suite 102, Annandale, VA
BAN20071546	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 3500 Boston Street, Suite 412, Baltimore, MD
BAN20071547	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 124 South Bumby Avenue, Suite A, Orlando, FL
BAN20071548	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 11085 Marsh Road, Unit C, Bealeton, VA
BAN20071549	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 116 Elizabeth Drive, Stephens City, VA
BAN20071550	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 545 East Market Street, Suite C, Leesburg, VA
BAN20071551	Taylor, Bean & Whitaker Mortgage Corp. - To relocate mortgage lender's office from 9085 E. Mineral Circle, Suite 290, Centennial, CO to 9085 E. Mineral Circle, Suite 160, Centennial, CO
BAN20071552	Linden Residential Credit Corp. - To relocate mortgage broker's office from 35 Pinelawn Road, Suite 104E, Melville, NY to 4175 Veterans Highway, Suite 408, Ronkonkoma, NY
BAN20071553	Sun National Mortgage and Funding LLC d/b/a Sun Mortgage and Funding, LLC - To relocate mortgage broker's office from 90 Quaker Lane, Warwick, RI to 845 Oaklawn Avenue, 2nd. Floor, Cranston, RI
BAN20071554	Money Tree, Inc. d/b/a Money Tree - To relocate mortgage lender broker's office from 9050 Pocahontas Trail, Suite F, Providence Forge, VA to 8191 Brook Road, Suite O, Richmond, VA
BAN20071555	James T. Warns, Jr. t/a Town & Country Mortgage - To relocate mortgage broker's office from 1896 Villaridge Drive, Suite B, Reston, VA to 1625 Swansbury Drive, Richmond, VA
BAN20071556	Courtesy Mortgage Company - For a mortgage lender's license
BAN20071557	Easy Stop - To open a check casher
BAN20071558	AMA Mortgage Corporation - For a mortgage broker's license
BAN20071559	Edward A. Cairo - To relocate mortgage broker's office from 100 E. Linton Boulevard, Suite 501 A, Delray Beach, FL to 100 E. Linton Boulevard, Suite 406 B, Delray Beach, FL
BAN20071560	HSBC National Bank USA - To open a branch at 3925 Chain Bridge Road, Suite 201, Fairfax, VA
BAN20071561	The Business Bank - To open a branch at 4300 Wilson Boulevard, Arlington County, VA
BAN20071562	K & Y Realty, Inc. - For a mortgage broker's license
BAN20071563	Virginia Community Capital Inc. - To acquire Community Capital Bank of Virginia Christiansburg, VA
BAN20071564	Open Mortgage, LLC - For a mortgage broker's license
BAN20071565	Tony's Market, Inc. - To open a check casher at 3714A Mechanicsville Turnpike, Richmond, VA
BAN20071566	Community Mortgage Services Corporation - To open a mortgage broker's office at Twin Rivers Building, 5833 Richmond Tappahannock Highway, Aylett, VA
BAN20071567	Accredited Home Lenders, Inc. - To open a mortgage lender's office at 214 Centerview Drive, Suite 165, Brentwood, TN
BAN20071568	Accredited Home Lenders, Inc. - To open a mortgage lender's office at 1111 North Northshore Drive, Suite S-400, Knoxville, TN
BAN20071569	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 42479 Longacre Drive, South Riding, VA
BAN20071570	JT Mortgage, Inc. - To relocate mortgage broker's office from 605 Post Office Road, Suite 304, Waldorf, MD to 10486 Sugarberry Street, Waldorf, MD
BAN20071571	Citizens Trust Mortgage Corporation - To relocate mortgage lender's office from 230 Lookout Place, Maitland, FL to 1390 Hope Road, Suite 200, Maitland, FL
BAN20071572	Homecomings Financial, LLC - To relocate mortgage lender's office from 2101 Rexford Road, Suite 168W, Charlotte, NC to 2101 Rexford Road, Suite 250W, Charlotte, NC
BAN20071573	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 317A Delsea Drive, Sewell, NJ to 11 Parke Place, Suite D, Sewell, NJ
BAN20071574	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1660 Village Green, Suite 203, Crofton, MD to 1662 Village Green, Suite 203, Crofton, MD
BAN20071575	Mortgage Investments Group, Inc. d/b/a M I G - To relocate mortgage broker's office from 6521 Arlington Boulevard, Suite 410, Falls Church, VA to 4101 Chain Bridge Road, Suite 309, Fairfax, VA
BAN20071576	East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 14416 Jefferson Davis Highway, Woodbridge, VA
BAN20071577	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 601 N. Mechanic Street, Suite 220, Franklin, VA to 601 N. Mechanic Street, Suite 126, Franklin, VA
BAN20071578	Creative Mortgage LLC - To open a mortgage broker's office at 9674 Sliding Hill Road, Ashland, VA
BAN20071579	ALI Mortgage Inc. - To relocate mortgage broker's office from 6901 Old Keene Mill Road, Suite 203, Springfield, VA to 7411 Alban Station Court, Suite B201, Springfield, VA
BAN20071580	ALI Mortgage Inc. - To open a mortgage broker's office at 249 S. Van Dorn Street, Suite 210, Alexandria, VA
BAN20071581	Live Well Financial, Inc. - To relocate mortgage lender broker's office from 20 N. 20th Street, Suite A, Richmond, VA to One Capitol Square, Suite 1000, 830 E. Main Street, Richmond, VA
BAN20071582	First Homestead Funding Corporation - To relocate mortgage broker's office from 11501 Georgia Avenue, Suite 200, Wheaton, MD to 11900 Parklawn Drive, Suite 200, Rockville, MD
BAN20071583	RMC Financial, Inc. - For a mortgage lender and broker license
BAN20071584	Bradford Mortgage Company - For a mortgage lender and broker license
BAN20071585	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 5568 General Washington Drive, Suite A214, Alexandria, VA to 206 North Washington Street, Alexandria, VA
BAN20071586	Rajinder Sharma d/b/a Manshu Check & Cash - To open a check casher at 3335 Fall Hill Avenue, Fredericksburg, VA
BAN20071587	First Houston Mortgage, LP (Used in VA by: First Houston Mortgage, Ltd.) - To relocate mortgage lender's office from 1990 Post Oak Boulevard, Houston, TX to 5100 Westheimer, Suite 320, Houston, TX
BAN20071588	Jet Direct Funding Corp. - For a mortgage broker's license
BAN20071589	Interstate Bancorp, Inc. - For a mortgage lender's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071590 Genesis Properties, LLC - For a mortgage broker's license
 BAN20071591 1st Capital Mortgage, Inc. - To open a mortgage broker's office at 2611 Parham Road, Richmond, VA
 BAN20071592 Peoples Home Equity, Inc. - To open a mortgage lender and broker's office at 4815 Trousdale Drive, Unit 546, Nashville, TN
 BAN20071593 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 1100 Boulders Parkway, Suite 695, Richmond, VA
 BAN20071594 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 13675 Philmont Avenue, Unit 2, Philadelphia, PA
 BAN20071595 EverTrust Mortgage Corporation - To relocate mortgage broker's office from 3140 Chaparral, Suite 200-C, Roanoke, VA to 682 Lee Highway, South, Suite 200, Roanoke, VA
 BAN20071596 ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 5300 Town and Country, Suite 320, Frisco, TX to 17950 Preston Road, Dallas, TX
 BAN20071597 Assured Lending Corporation - To relocate mortgage lender's office from 1818 Old Cuthbert Road, Suite 300, Cherry Hill, NJ to 3 Third Street, Bordentown, NJ
 BAN20071598 D&S United Corporation d/b/a USA First Mortgage - To relocate mortgage broker's office from 6231 Leesburg Pike, Suite 204, Falls Church, VA to 6201 Leesburg Pike, Suite 301, Falls Church, VA
 BAN20071599 Sun Mortgage, Inc. d/b/a SMI Financial - To relocate mortgage broker's office from 1206 Laskin Road, Suite 250, Virginia Beach, VA to 202 65th Street, Virginia Beach, VA
 BAN20071600 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 3605 Peters Court, High Point, NC to 3608 West Friendly Avenue, Suite 202, Greensboro, NC
 BAN20071601 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 36 Route 10 Suite C, East Hanover, NJ to 29 Northfield Avenue, Suite 2, West Orange, NJ
 BAN20071602 Capital Financial Mortgage Corp. - To relocate mortgage broker's office from 2173 MacDade Boulevard, Suite B, Holmes, PA to 215 Kedson Avenue, Folsom, PA
 BAN20071603 Citizens Residential Mortgage Corp. - To relocate mortgage broker's office from 11501 Long Meadow Drive, Glen Allen, VA to 11213-D Nuckols Road, Glen Allen, VA
 BAN20071604 Home Financial Corporation - To relocate mortgage broker's office from 13013 Azalea Woods Way, Herndon, VA to 459 Herndon Parkway, Suite 16, Herndon, VA
 BAN20071605 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1934 Old Gallows Road, Suite 350, Vienna, VA
 BAN20071606 Beneficial Virginia Inc. - To relocate consumer finance office from 613 Meadowbrook Shopping Center, Culpeper, VA to 413 Meadowbrook Shopping Center, Culpeper, VA
 BAN20071607 Beneficial Virginia Inc. - To relocate consumer finance office from 425 North Franklin Street, Christiansburg, VA to 430 Peppers Ferry Road, N.W., Christiansburg, VA
 BAN20071608 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 613 Meadowbrook Shopping Center, Culpeper, VA to 413 Meadowbrook Shopping Center, Culpeper, VA
 BAN20071609 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 425 North Franklin Street, Christiansburg, VA to 430 Peppers Ferry Road, N.W., Christiansburg, VA
 BAN20071610 Beneficial Discount Co. of Virginia - To relocate mortgage lenders's office from 613 Meadowbrook Shopping Center, Culpeper, VA to 413 Meadowbrook Shopping Center, Culpeper, VA
 BAN20071611 Beneficial Discount Co. of Virginia - To relocate mortgage lenders's office from 425 North Franklin Street, Christiansburg, VA to 430 Peppers Ferry Road, N.W., Christiansburg, VA
 BAN20071612 Mortgage and Equity Funding Corporation - To relocate mortgage lender broker's office from 238 Mathis Ferry Road, Suite 104, Mt. Pleasant, SC to 537 Long Point Road, Suite 206, Mt. Pleasant, SC
 BAN20071613 Travelex America Holdings, Inc. - To acquire 25 percent or more of Ruesch International, Inc.
 BAN20071614 Paola's Shoes, LLC - To open a check casher at 7818 Midlothian Turnpike, Richmond, VA
 BAN20071615 Fieldstone Mortgage Company - To relocate mortgage lender broker's office from 1300 Sawgrass Corporate Parkway, Sunrise, FL to 1560 Sawgrass Corporate Parkway, 4th. Floor, Sunrise, FL
 BAN20071616 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 626-B High Street, Portsmouth, VA to 355 Crawford Street, Suite 608, Portsmouth, VA
 BAN20071617 Homeloan Mortgage LLC - To relocate mortgage broker's office from 1420 Spring Hill Road, Suite 202, McLean, VA to 7700 Leesburg Pike, Suite 211, Falls Church, VA
 BAN20071618 1st Alliance Lending, LLC - To relocate mortgage lender broker's office from 235 Promenade Street, Suite 560, Providence, RI to 166 Valley Street, BHC 101, Providence, RI
 BAN20071619 1st Alliance Lending, LLC - To relocate mortgage lender broker's office from 60 Hartford Pike, Dayville, CT to 1 Washington Street, Suite 555, Dover, NH
 BAN20071620 First Savings Mortgage Corporation d/b/a Portfolio Funding Group - To relocate mortgage lender broker's office from 10401 Connecticut Avenue, Suite 103, Kensington, MD to 6550 Rock Spring Drive, Suite 300, Bethesda, MD
 BAN20071621 Midatlantic Financial Group of Fairfax, Inc. (Used in VA by: Midatlantic Financial Group, Inc.) - To relocate mortgage broker's office from 433 Clayton Lane, Alexandria, VA to 8303 Arlington Boulevard, Suite 210, Fairfax, VA
 BAN20071622 GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 3 Executive Park Drive, Bedford, NH
 BAN20071623 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 8758 West Nicolet Avenue, Glendale, AZ
 BAN20071624 Quicken Loans Inc. - To open a mortgage lender's office at 400 Galleria Offcentre, Suite 300, Southfield, MI
 BAN20071625 TruPoint Bank - To open a branch at 1320 Governor George C. Peery Highway, Pounding Mill, VA
 BAN20071626 Shore Bank - To open a branch at 103 Pocomoke Marketplace, Pocomoke, MD
 BAN20071627 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 5731 George Washington Memorial Highway, Unit 1A, Yorktown, VA
 BAN20071628 First Financial Services, Inc. - To open a mortgage broker's office at 1502 Franklin Road, Suite 204, Roanoke, VA
 BAN20071629 Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$ - To open a payday lender's office at 1814 Todds Lane, Suite J, Hampton, VA
 BAN20071630 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 1076 Main Street, Suite 205, Fishkill, NY
 BAN20071631 MortgageStar, Inc. - To open a mortgage lender and broker's office at 112 Fay Street, Winchester, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071632	PerformanceOne Financial, Inc. - To relocate mortgage lender broker's office from 1733 Alton Parkway, Suite 200, Irvine, CA to 2040 Main Street, Suite 800A, Irvine, CA
BAN20071633	First Potomac Mortgage Corporation - To relocate mortgage broker's office from 240 Main Street, Gaithersburg, MD to 20315 Seabrook Drive, Montgomery Village, MD
BAN20071634	Glasgow Grocery Express Inc. - To open a check casher at 844 Rockbridge Road, Glasgow, VA
BAN20071635	Hari Narok Enterprises, Inc. d/b/a Foodette - To open a check casher at 7446 Peppers Ferry Boulevard, Radford, VA
BAN20071636	Credit Suisse (USA), Inc. - To acquire 25 percent or more of Lime Financial Services, Ltd.
BAN20071637	U.S. Funding, Inc. - For a mortgage broker's license
BAN20071638	Mister No-Doc, Inc. - For a mortgage broker's license
BAN20071639	MortgageStar, Inc. - To open a mortgage lender and broker's office at 9209 D Citadel Drive, Richmond, VA
BAN20071640	MortgageStar, Inc. - To open a mortgage lender and broker's office at 14017 Telegraph Road, Woodbridge, VA
BAN20071641	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 1103 Princess Anne Street, Fredericksburg, VA to 271 Warrenton Road, Suite 101, Fredericksburg, VA
BAN20071642	First Ohio Banc & Lending, Inc. - To relocate mortgage lender broker's office from 17851 Englewood Drive, Middleburg Heights, OH to 4069 E. Galbraith Road, Cincinnati, OH
BAN20071643	CW Financial of VA LLC d/b/a Payday USA - For a payday lender license
BAN20071644	Kwik Cash Inc. - To conduct payday lending business where budget phones will be sold
BAN20071645	Christopher Dunn - To acquire 25 percent or more of Amerifund Financial, Inc.
BAN20071646	Wise Financial Services, Inc. - For a mortgage broker's license
BAN20071647	T&R Technology, Inc. d/b/a T&R Mortgage Services - For a mortgage broker's license
BAN20071648	Blackhorse Mortgage Corporation - For a mortgage broker's license
BAN20071649	Morgan Financial, Inc. - For a mortgage lender and broker license
BAN20071650	Maria Check Cash, LLC - To open a check casher at 6112 Amherst Avenue, Springfield, VA
BAN20071651	Carinas' Jewelry & Gift, Inc. - To open a check casher at 400 S. Washington Street, Falls Church, VA
BAN20071652	CW Financial of VA LLC d/b/a Payday USA - To open a check casher at 201 Carlton Road, Suite 11, Charlottesville, VA
BAN20071653	Nationside Mortgage Inc. - To open a mortgage broker's office at 3475 Leonardtown Road, Waldorf, MD
BAN20071654	Nationside Mortgage Inc. - To open a mortgage broker's office at 14806 Dolphin Way, Bowie, MD
BAN20071655	Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 14701 Lee Highway, Suite 207, Centreville, VA
BAN20071656	Fidelity Home Mortgage Corporation - To open a mortgage lender's office at 730 North Broad Street, Suite 100, Woodbury, NJ
BAN20071657	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 2300 Clarendon Boulevard, Suite 1005, Arlington, VA
BAN20071658	Virginia Company Bank - To open a branch at 5360 Discovery Park Boulevard, James City County, VA
BAN20071659	800USALEND, Inc. - To relocate mortgage broker's office from 65 Enterprise, Aliso Viejo, CA to 29222 Rancho Viejo Road, Suite 103, San Juan Capistrano, CA
BAN20071660	Consumer First Mortgage Corporation - To relocate mortgage broker's office from 6369 Eagles Crest Lane, Chesterfield, VA to 9424 Park Branch Court, Chesterfield, VA
BAN20071661	Heritage Bank - To open a branch at 601 Lynnhaven Parkway, Virginia Beach, VA
BAN20071662	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 1840 Michael Faraday Dr., Suite 130, Reston, VA
BAN20071663	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 1120 C Benfield Boulevard, Millersville, MD
BAN20071664	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 10201 Lee Highway, Suite 570, Fairfax, VA
BAN20071665	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 950 Herndon Parkway, Suite 285, Herndon, VA
BAN20071666	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 555 Quince Orchard Road, Suite 500, Gaithersburg, MD
BAN20071667	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 4201 Northview Drive, Suite 302, Bowie, MD
BAN20071668	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 8120 Woodmont Avenue, Suite 850, Bethesda, MD
BAN20071669	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 2620 Aikens Center, Edwin Miller Boulevard, Martinsburg, WV
BAN20071670	NL Inc. - To open a mortgage lender's office at 1503 Palm Boulevard, Isle of Palms, SC
BAN20071671	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 510 Bay Avenue, Beach Haven Borough, NJ
BAN20071672	Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 3554 Chain Bridge Road, Suite 100, Fairfax, VA to 4895 Prince William Parkway, Woodbridge, VA
BAN20071673	Network Funding, L.P. - To relocate mortgage lender broker's office from 2124 Monroe Street, Mandeville, LA to 406 Ox Lot Square, Covington, LA
BAN20071674	Millennium Financial Group, Inc. d/b/a Mlend - To relocate mortgage lender broker's office from 101 Baughman's Lane, Frederick, MD to 6776 Burkittsville Road, Middletown, MD
BAN20071675	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 700 South Main Street, Unit M, Norfolk, VA
BAN20071676	Amin Brothers Food Mart, Inc. - To open a check casher at 5501 Marshall Avenue, Newport News, VA
BAN20071677	Zain Food Corp. - To open a check casher at 1167 Southwood Parkway, Richmond, VA
BAN20071678	Discount Mart - To open a check casher at 224 C South King Street, Leesburg, VA
BAN20071679	NMLG Mortgage, Inc. - For a mortgage broker's license
BAN20071680	The Lending Society, Inc. - For a mortgage broker's license
BAN20071681	Community One Financial & Real Estate Services Corp. - For a mortgage broker's license
BAN20071682	Trojan Home Loans, Inc. - For a mortgage broker's license
BAN20071683	Custom Mortgage Corp. - To open a mortgage lender and broker's office at 7527 Mountain Road, Felton, PA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071684 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 541 Benigno Boulevard, Suite B, Bellmawr, NJ
 BAN20071685 Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 200 Knuth Road, Suite 248, Boynton Beach, FL

BAN20071686 Citistar Funding Group, Inc. - To open a mortgage broker's office at 5235 Westview Drive, Suite 100, Frederick, MD
 BAN20071687 BSM Financial L.P. d/b/a Brokersource - To relocate mortgage lender broker's office from 1255 Canton Street, Suite B, Roswell, GA to 1000 Johnson Ferry Road, NE, Suite E-220, Marietta, GA

BAN20071688 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 5568 General Washington Drive, Suite A214, Alexandria, VA to 206 North Washington Street, Alexandria, VA
 BAN20071689 Primary Capital Advisors LC - To relocate mortgage lender's office from 2100 Riveredge Parkway, Suite 950, Atlanta, GA to 1000 Parkwood Circle, Suite 600, Atlanta, GA

BAN20071690 Premium Capital Funding LLC d/b/a Topdot Mortgage - To relocate mortgage lender broker's office from Raritan Plaza I, Raritan Center, 4th, Edison, NJ to 515 Washington Road, Suite 2, Parlin, NJ
 BAN20071691 Mortgage Direct 2, LLC (Used in VA by: Mortgage Direct, LLC) - To relocate mortgage broker's office from 416 Hungerford Drive, Suite 218, Rockville, MD to 1007 Paul Drive, Rockville, MD

BAN20071692 Maria C. Castro - To acquire 25 percent or more of Manila Forwarders Corporation
 BAN20071693 AmeriCash Loans of Virginia, LLC d/b/a AmeriCash Loans - To open a consumer finance office
 BAN20071694 Tidewater Home Mortgage Group Inc. - To relocate mortgage broker's office from 408 Oakmears Crescent, Suite 203, Virginia Beach, VA to 406 Oakmears Crescent, Suite 201, Virginia Beach, VA

BAN20071695 Spring Meadows Financial, LLC d/b/a Cash Depot - To open a check casher at 6914 N. Military Highway, Norfolk, VA
 BAN20071696 St. Louis Mortgage Consultants, Inc. - For a mortgage broker's license
 BAN20071697 Sun West Mortgage Company, Inc. - For a mortgage lender and broker license
 BAN20071698 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 2701 11th Street, NW, Washington, DC

BAN20071699 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 267 Silverthorne Circle, Douglasville, GA

BAN20071700 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 5051 Castello Drive, Suite 45, Naples, FL
 BAN20071701 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 3712 Juniper Lane, Virginia Beach, VA
 BAN20071702 Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 115 W. Century Road, Paramus, NJ

BAN20071703 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5840 Sterling Drive, Suite 510, Howell, MI

BAN20071704 Triad Financial Services, Inc. - To open a mortgage lender's office at 125 Mooney Drive, Suite 1, Bourbonnais, IL
 BAN20071705 Nova Mortgage, LLC - To relocate mortgage broker's office from 8845 Applecross Lane, Springfield, VA to 1832 Timberwood Lane, Virginia Beach, VA

BAN20071706 United Mortgage Corporation - To relocate mortgage lender broker's office from 5885 Trinity Parkway, Suite 140, Centreville, VA to 5885 Trinity Parkway, Suite 105, Centreville, VA

BAN20071707 Nations Mortgage Inc. - To relocate mortgage broker's office from 3118 Woods Cove Lane, Woodbridge, VA to 1350 Old Bridge Road, Suite 101, Woodbridge, VA

BAN20071708 Efficient Lending Corp. - For a mortgage broker's license
 BAN20071709 SCME Mortgage Bankers, Inc. - For a mortgage lender's license
 BAN20071710 Pacific Equity Services, Inc. - To relocate mortgage broker's office from 7600 NE 41st Street, Suite 175, Vancouver, WA to 5221 NW 139th Street, Vancouver, WA

BAN20071711 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 19301 Winmeade Drive, Suite 220, Lansdowne, VA

BAN20071712 Advanced Home Loans Corp. - To open a mortgage broker's office at 3985 Prince William Parkway, Suite 204, Woodbridge, VA
 BAN20071713 Vision Mortgage Group, Inc. - To open a mortgage broker's office at 3356 Ironbound Road, Building 1, Suite A-101, Williamsburg, VA

BAN20071714 12th Street Mortgage Inc. - To open a mortgage broker's office at 813 South Loudoun Street, Winchester, VA
 BAN20071715 Provident Capital Mortgage, Inc. - To relocate mortgage broker's office from 2424 North Federal Highway, Suite 307, Boca Raton, FL to 1 West Camino Real, Suite 216, Boca Raton, FL

BAN20071716 Pacific Union Financial, LLC - To relocate mortgage lender broker's office from 735 Montgomery Street, Suite 210, San Francisco, CA to 2121 N. California Boulevard, Suite 845, Walnut Creek, CA

BAN20071717 5star Home Loans, Inc. - To relocate mortgage broker's office from 343 Smith Avenue, Hermitage, PA to 3153 Main Street, West Middlesex, PA

BAN20071718 Capital City Mortgage Incorporated - To relocate mortgage lender broker's office from 555 Anton Boulevard, Suite 120, Costa Mesa, CA to 150 Paularino Avenue, Suite 165-A, Costa Mesa, CA

BAN20071719 Guild Mortgage Company - To relocate mortgage lender broker's office from 3007 Douglas Boulevard, Suite 155, Roseville, CA to 3007 Douglas Boulevard, Suite 175, Roseville, CA

BAN20071720 Mortgage Source LLC - To relocate mortgage lender broker's office from 300 Motor Parkway, Suite 110, Hauppauge, NY to 3781 Westerre Parkway, Suite F, Room 106, Richmond, VA

BAN20071721 Crown Mortgage Corp. - To relocate mortgage lender broker's office from 1615 Pontiac Avenue, Cranston, RI to 935 Jefferson Boulevard, Suite 2003, Warwick, RI

BAN20071722 Financial Solutions & Investments LLC - For a mortgage broker's license
 BAN20071723 Ridge Mortgage Services, Inc. - For a mortgage broker's license
 BAN20071724 Mutual West, Inc. d/b/a Mutual West Home Loans - For a mortgage broker's license
 BAN20071725 A.M.A. Resources L.L.C. - For a mortgage broker's license
 BAN20071726 Duo Limited LLC (Used in VA by Trio Limited LLC) - For a mortgage broker's license
 BAN20071727 West Star Funding, Inc. - For a mortgage broker's license
 BAN20071728 Normandy Corporation - For a mortgage lender and broker license
 BAN20071729 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3050 Presidential Parkway, Suite 113, Atlanta, GA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071730	Addison Mortgage Services, Inc. - To relocate mortgage broker's office from 131 Kingsway, 2nd Floor, Hampton, VA to 3001 Dandy Loop Road, Yorktown, VA
BAN20071731	Option One Mortgage Corporation - To relocate mortgage lender broker's office from 2600 Corporate Exchange Drive, Columbus, OH to 2500 Corporate Exchange Drive, Suite 350, Columbus, OH
BAN20071732	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of PHH Mortgage Corporation
BAN20071733	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of PHH Home Loans, LLC
BAN20071734	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of Preferred Mortgage Group, LLC
BAN20071735	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of ERA Home Loans, LLC
BAN20071736	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of Cartus Home Loans, LLC
BAN20071737	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of Century 21 Mortgage Corporation
BAN20071738	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of Coldwell Banker Mortgage Corporation
BAN20071739	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of ERA Mortgage Corporation
BAN20071740	PHH Mortgage Acquisition 1 LLC - To acquire 25 percent or more of PHH Mortgage Services Corporation
BAN20071741	Community Mortgage Services Corporation - To open a mortgage broker's office at 4222 Bonniebank Road, Richmond, VA
BAN20071742	Virginia Mortgage Bankers, LLC - To relocate mortgage broker's office from 6767 Forest Hill Avenue, Suite 105, Richmond, VA to 11512 Allecingie Parkway, Suite D, Richmond, VA
BAN20071743	Santana C. Perez d/b/a Jason's Travel Agency - To open a check casher at 517 E. Southside Plaza, Richmond, VA
BAN20071744	Kace Mortgage LLC - For a mortgage broker's license
BAN20071745	Equity One Consumer Loan Company, Inc. - To relocate consumer finance office from 45 Featherbed Lane, Winchester, VA to 2160 S. Pleasant Valley Road, Unit 48
BAN20071746	Network Funding, L.P. - To open a mortgage lender and broker's office at 113 W. Fire Tower Road, Suite O, Winterville, NC
BAN20071747	Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 512 Lafayette Boulevard, Fredericksburg, VA
BAN20071748	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2416 Clearfield Drive, Plano, TX
BAN20071749	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1246-A Richmond Road, Williamsburg, VA
BAN20071750	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1809 William Street, Fredericksburg, VA
BAN20071751	First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 700 West Hillsboro Boulevard, Deerfield Beach, FL to 4680 Conference Way, South, Boca Raton, FL
BAN20071752	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 2490 Longstone Lane, Woodstock, MD to 2600 Longstone Lane, Suite 105, Woodstock, MD
BAN20071753	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 11 Davis Keats Drive, Greenville, SC to 6500 Chapmans Road, Allentown, PA
BAN20071554	American Cash Center, Inc. - To conduct payday lending business where money order seller/money transmitter agent business will be conducted
BAN20071755	CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To relocate mortgage broker's office from 10800 Midlothian Turnpike, Suite 128, Richmond, VA to 13807 Village Mill Drive, Suite 311, Midlothian, VA
BAN20071756	Pamela H. Sisk d/b/a Sisk Mortgage Group - To open a mortgage broker's office at 6611 Jefferson Street, Suite 302, Haymarket, VA
BAN20071757	Alcova Mortgage LLC - To open a mortgage broker's office at 106 West 21st Street, Buena Vista, VA
BAN20071758	Wakefield Convenience Store, Inc. - To open a check casher at 555 N. County Drive, Wakefield, VA
BAN20071759	Creative Mortgages LLC - To relocate mortgage broker's office from 8002 Boulder Ridge Way, Suite 200B, Gaithersburg, MD to 12401 Middlebrook Road, Suite 240, Germantown, MD
BAN20071760	Lendia, LLC - For a mortgage lender and broker license
BAN20071761	Credit Financial Services LLC - For a mortgage broker's license
BAN20071762	Four Star Mortgage, Inc. - For a mortgage broker's license
BAN20071763	EWA Mortgage, Inc. - To relocate mortgage broker's office from 7913 Belle Point Drive, Greenbelt, MD to 7909 Belle Point Drive, Greenbelt, MD
BAN20071764	Home Loan Island, LLC - For a mortgage broker's license
BAN20071765	Woodforest National Bank - To open a branch at 2021 Lynnhaven Parkway, Virginia Beach, VA
BAN20071766	Everett Financial, Inc. d/b/a Supreme Lending - To relocate mortgage lender broker's office from 2414 16th Street, Sacramento, CA to 3050 Fite Circle, Suite 101G, Sacramento, CA
BAN20071767	Financial Advantage Group LLC - To relocate mortgage broker's office from 104 Whitaker Road, Lutz, FL to 27325 White Water Lane, Wesley Chapel, FL
BAN20071768	Performance Financial LLC - For a mortgage broker's license
BAN20071769	MarMena Mortgage Company - For a mortgage broker's license
BAN20071770	UL Cash, Inc. - To open a payday lender's office at 1297 South Boston Road, Danville, VA
BAN20071771	Lucky Check Cashing, Inc. - To open a check casher at 5347 Lila Lane, Suite 104, Virginia Beach, VA
BAN20071772	First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 2302 W. Meadowview Road, Greensboro, NC
BAN20071773	SFMG Direct, LLC - For a mortgage broker's license
BAN20071774	Preference Mortgage Inc. - For a mortgage broker's license
BAN20071775	Firstline Mortgage, Inc. - To relocate mortgage broker's office from 3200 Bristol Street, Suite 750, Costa Mesa, CA to 3200 Bristol Street, Suite 720, Costa Mesa, CA
BAN20071776	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 2972 Einstein Drive, Virginia Beach, VA
BAN20071777	Equitable Trust Mortgage Corporation - To open a mortgage lender and broker's office at 8150 Leesburg Pike, Suite 1230, Vienna, VA
BAN20071778	WesLend Financial Corp. (Used in VA by: Lenox Financial Mortgage Corporation) - For a mortgage lender and broker license
BAN20071779	OOMC Acquisition Corp. - To acquire 25 percent or more of Option One Mortgage Corporation
BAN20071780	Aurora Ventures, LLC - For a mortgage broker's license
BAN20071781	Rural America Mortgage, LLC d/b/a Rural America Mortgage - For a mortgage broker's license
BAN20071782	Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 520 East Park Court, Suite 190, Sandston, VA
BAN20071783	Home Loan Corporation d/b/a Expanded Mortgage Credit - To open a mortgage lender and broker's office at 184 Business Park Drive, Suite 201, Virginia Beach, VA
BAN20071784	Family Tree Funding, LLC - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071785 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 150 Cooper Street, Suite D9, West Berlin, NJ
 BAN20071786 Pine State Mortgage Corporation - For a mortgage lender and broker license
 BAN20071787 LSF5 Accredited Merger Co., Inc. - To acquire 25 percent or more of Accredited Home Lenders, Inc.
 BAN20071788 Apex Financial Group, Inc. d/b/a AAPEX Mortgage - To open a mortgage lender and broker's office at 101 W. Plume Street, Suite 304, Norfolk, VA
 BAN20071789 SouthStar Mortgage, LLC - For a mortgage broker's license
 BAN20071790 Julia Velasquez - To open a check casher at 7116 Kerr Drive, Springfield, VA
 BAN20071791 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 116 S. Market Street, Seaford, DE
 BAN20071792 Mortgage One Solutions, Inc. - To relocate mortgage lender broker's office from 4004 Genesee Place, Suite 101, Woodbridge, VA to 732 Thimble Shoals Boulevard, Suite 904, Newport News, VA
 BAN20071793 Mortgage One Solutions, Inc. - To open a mortgage lender and broker's office at 6579 Edsall Road, Suite B, Springfield, VA
 BAN20071794 Amekor, Inc. d/b/a Youngs Market - To open a check casher at 264 A-B Cedar Lane, Vienna, VA
 BAN20071795 Chantilly Cash & Carry Inc. - To open a check casher at 13941 Lee Jackson Highway, Chantilly, VA
 BAN20071796 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 500 Franklin Avenue, Suite 1, Berlin, MD
 BAN20071797 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 664 W. Cove Road, Chickamauga, GA
 BAN20071798 Westcoast Mortgage Group and Realty Company - For a mortgage broker's license
 BAN20071799 AMC Financial, Inc. - For a mortgage broker's license
 BAN20071800 Yen Lin Chiang d/b/a Mortgage 4 U - To relocate mortgage broker's office from 14026 Natia Manor Drive, North Potomac, MD to 965-B Russell Avenue, Gaithersburg, MD
 BAN20071801 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 5330 Primrose Drive, Suite 200, Fair Oaks, CA to 1380 Lead Hill Boulevard, Suite 106, Roseville, CA
 BAN20071802 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 760 J. Clyde Morris Boulevard, Suite C, Newport News, VA
 BAN20071803 A Plus Lending, LLC - For a mortgage lender and broker license
 BAN20071804 Nations Funding Source, Inc. - To open a mortgage broker's office at 19440 Golf Vista Plaza, Suite 310, Lansdowne, VA
 BAN20071805 America Funding, Inc. - To relocate mortgage broker's office from 1749 Old Meadow Road, Suite 100, McLean, VA to 1749 Old Meadow Road, Suite 410, McLean, VA
 BAN20071806 Elemental Financial, Inc. - For a mortgage broker's license
 BAN20071807 Transworld Connection Ltd. d/b/a Saratoga Mutual - For a mortgage broker's license
 BAN20071808 Premier Mortgage Services LLC - To relocate mortgage broker's office from 182 Thomas Johnson Drive, Suite 100, Frederick, MD to 38 South Market Street, Suite 3, Frederick, MD
 BAN20071809 Ibtisam Inc. - To open a check casher at 2302 Border Road, Chesapeake, VA
 BAN20071810 The Lending Company, Inc. - For a mortgage lender's license
 BAN20071811 The Real Estate Financing Corporation - To open a mortgage broker's office at 3950 Autumn Hills Lane, Quinton, VA
 BAN20071812 Global Financial Mortgage Inc. (Used in VA by: Global Financial Services Inc.) - To relocate mortgage broker's office from 1801 Robert Fulton Drive, Suite 270, Reston, VA to 8000 Towers Crescent Drive, Suite 1350, Vienna, VA
 BAN20071813 Bank of the Commonwealth - To open a branch at 221 Western Avenue, Suffolk, VA
 BAN20071814 Five Star Financial, L.L.C. - For a mortgage broker's license
 BAN20071515 Eastern Specialty Finance Inc. d/b/a Checkngo - To conduct payday lending business where prepaid debit cards will be sold
 BAN20071816 Cash & Go, Inc. of Virginia (Used in VA by: Cash & Go, Inc.) d/b/a CASH-N-GO - To conduct payday lending business where open end credit business will be conducted
 BAN20071817 Kimberley L. Davenport - To acquire 25 percent or more of First Financial Services, Inc.
 BAN20071818 Omni Financial of Virginia, Inc. - To open a consumer finance office
 BAN20071819 Instant Cash Advance, L.L.C. - For a payday lender license
 BAN20071820 Premier Mortgage Alliance, LLC - For a mortgage broker's license
 BAN20071821 Capital Home Lending, Inc. - For a mortgage broker's license
 BAN20071822 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 7838 Highway 73, Stanley, NC
 BAN20071823 NL Inc. - To open a mortgage lender's office at 3201 Danville Boulevard, Suite 195, Alamo, CA
 BAN20071824 NL Inc. - To open a mortgage lender's office at 101 Parkshore Drive, Suite 100, Folsom, CA
 BAN20071825 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 106F Centre Boulevard, Marlton, NJ
 BAN20071826 Village Capital & Investment LLC d/b/a Village Home Mortgage - To relocate mortgage lender broker's office from 16000 Horizon Way, Suite 600, Mount Laurel, NJ to 700 East Gate Drive, Suite 310, Mount Laurel, NJ
 BAN20071827 Homeland Financial Group Inc. - To relocate mortgage broker's office from 2530 Scottsville Road, Suite 106 C, Bowling Green, KY to 1301 US Highway 31, W ByPass, Bowling Green, KY
 BAN20071828 Thee American Mortgage Corporation - To relocate mortgage broker's office from 111 2nd Avenue, NE, Suite 1210, Saint Petersburg, FL to 3104 W. Waters Avenue, Suite 200, Tampa, FL
 BAN20071829 First Residential Mortgage Network, Inc. d/b/a SurePoint Lending - To relocate mortgage lender broker's office from 9500 Ormsby Station Road, Louisville, KY to 9721 Ormsby Station Road, Suites 100 and 107, Louisville, KY
 BAN20071830 Dominion Mortgage Corporation - To open a mortgage broker's office at 505 South Royal Avenue, Front Royal, VA
 BAN20071831 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 6375 Little River Turnpike, Alexandria, VA
 BAN20071832 SAI Mortgage, Inc. - To open a mortgage lender and broker's office at 46396 Benedict Drive, Suite 340, Sterling, VA
 BAN20071833 Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 2535 Northbrooke Plaza Drive, Unit A, Naples, FL
 BAN20071834 Fieldstone Mortgage Company - To open a mortgage lender and broker's office at 450 Fairway Drive, Suite 102, Deerfield Beach, FL
 BAN20071835 NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage - To open a mortgage lender and broker's office at 32 Waterloo Street, Suite 115, Warrenton, VA
 BAN20071836 Lincoln Mortgage, LLC - To relocate mortgage broker's office from 296 Victory Road, Winchester, VA to 230 Costello Drive, 2nd Floor, Winchester, VA
 BAN20071837 Pioneer Home Equity Corporation - To relocate mortgage broker's office from 509 Main Street, Sharpsville, PA to 850 South Hermitage Road, Hermitage, PA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071838	StoneBridge Mortgage Corporation - For a mortgage broker's license
BAN20071839	America's Lending Solutions, Ltd., LLC (Used in VA by: America's Lending Solutions, Ltd.) - For a mortgage broker's license
BAN20071840	International Funding Solutions LLC - For a mortgage broker's license
BAN20071841	Merit Funding Group, Inc. - For a mortgage lender and broker license
BAN20071842	Builders First Mortgage, LLC - For a mortgage lender and broker license
BAN20071843	Remil Corporation d/b/a Tienda Izalco II - To open a check casher at 3409 and 3411 A Payne Street, Falls Church, VA
BAN20071844	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 205 N. Greenway Avenue, Boyce, VA
BAN20071845	Mortgage and Equity Funding Corporation - To open a mortgage lender and broker's office at 9242 B Mosby Street, Manassas, VA
BAN20071846	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 10 Lafayette Square, Suite 1200, Buffalo, NY
BAN20071847	Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 777 East 4500 South, Murray, UT to 147 West Election Road, Suite 200, Draper, UT
BAN20071848	Mortgage Shares, Inc. - To relocate mortgage broker's office from 500 N. Washington Street, Suite 201, Alexandria, VA to 515 King Street, Suite 310, Alexandria, VA
BAN20071849	First Mortgage Masters, Inc. - To relocate mortgage broker's office from 5029-B Backlick Road, Annandale, VA to 13045 Taverner Loop, Woodbridge, VA
BAN20071850	Norma Z. Pagans - To open a check casher at 190 Old Franklin Turnpike, Rocky Mount, VA
BAN20071851	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 375 North Main Street, Unit C2, Williamstown, NJ
BAN20071852	FTH Mortgage Corporation (Used in VA by: First Trust Holdings Corporation) - To open a mortgage broker's office at 6 Fairfield Boulevard, Suite 1, Ponte Vedra Beach, FL
BAN20071853	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 4551 Rolling Meadows, Ellicott City, MD
BAN20071854	FreedomPoint Corporation d/b/a CareOne - To open an additional credit counseling office at 1842 Upper Forde Lane, Hampstead, MD
BAN20071855	FreedomPoint Corporation d/b/a CareOne - To relocate credit counseling office from 9816 Hawkins Creamery Road, Damascus, MD to 350 Cypress Creek Road, Suite 522, Cedar Park, TX
BAN20071856	First Priority Mortgage & Finance, Inc. - To relocate mortgage lender broker's office from 4604 Dundas Drive, Suite C, Greensboro, NC to 3775 Vest Mill Road, Suite C, Winston-Salem, NC
BAN20071857	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 21 Buford Road, Suite C, Richmond, VA
BAN20071858	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 72 Moorefield Parkway, Suite 201, Building V, Richmond, VA
BAN20071859	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 9100 Arboretum Parkway, Suite 285, Richmond, VA
BAN20071860	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 4341 Cox Road, Glen Allen, VA
BAN20071861	Accredited Home Lenders, Inc. - To open a mortgage lender's office at 11100 NE 8th. Street, Suite 360, Bellevue, WA
BAN20071862	Accredited Home Lenders, Inc. - To open a mortgage lender's office at 300 Esplanade Drive, Suite 1510, Oxnard, CA
BAN20071863	Accredited Home Lenders, Inc. - To open a mortgage lender's office at 1990 N California Boulevard, Suite 250, Walnut Creek, CA
BAN20071864	12th Street Mortgage Inc. - To open a mortgage broker's office at 1114 Fairfax Pike, Stephens City, VA
BAN20071865	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 60 East Rio Salado Parkway, Suite 900, Tempe, AZ
BAN20071866	Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 3050 Fite Circle, Suite 101H, Sacramento, CA
BAN20071867	Capital Quest Mortgage, Inc. d/b/a MortgageCorpUSA (Vienna Office Only) - To relocate mortgage lender broker's office from 8618 Westwood Center Drive, Suite 300, Vienna, VA to 8618 Westwood Center Drive, Suite 315, Vienna, VA
BAN20071868	Anvil Mortgage Corporation. (AMC) - To relocate mortgage broker's office from 1801 Rockville Pike, Suite 350, Rockville, MD to 1401 Rockville Pike, Suite 301, Rockville, MD
BAN20071869	Pakeeza Mortgage Corporation - To relocate mortgage broker's office from 10224 Quiet Pond Terrace, Burke, VA to 7011 Calamo Street, Suite 206, Springfield, VA
BAN20071870	Strategic Mortgage Solutions, LLC - To relocate mortgage lender broker's office from 3400 Croasdaile Drive, Suite 208, Durham, NC to 120 South Churton Street, Suite C, Hillsborough, NC
BAN20071871	Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 11565 Cavalier Landing Court, Fairfax, VA to 3495 Pence Court, Annandale, VA
BAN20071872	Apex Funding, Inc. - For a mortgage lender and broker license
BAN20071873	Frontier Community Bank - To open a bank at northeast side of Lew Dewitt Boulevard approximately 0.7 miles south of US Route 250, Waynesboro, VA
BAN20071874	Uniti Capital Corporation - For a mortgage broker's license
BAN20071875	1st Maryland Mortgage Corporation - For a mortgage lender and broker license
BAN20071876	Crossline Capital Inc. - For a mortgage broker's license
BAN20071877	Golden Trust Mortgage Group, LLC - To open a mortgage broker's office at 2654 Valley Avenue, Suite F1, Winchester, VA
BAN20071878	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 42961 Ohara Court, Ashburn, VA
BAN20071879	Virginia Commerce Bank - To relocate office from 10777 Main Street, Fairfax, VA to 4021 University Drive, Fairfax, VA
BAN20071880	Preferred Home Mortgage Company - To relocate mortgage lender broker's office from 11921 Freedom Drive, Suite 1180, Reston, VA to 11921 Freedom Drive, Suite 1100, Reston, VA
BAN20071881	MFS Lending, Inc. (Used in VA by: Millennium Financial Services, Inc.) - To relocate mortgage broker's office from 6400 Laurel Canyon Boulevard, Suite 500, North Hollywood, CA to 209 E. Alameda Avenue, Suite 101, Burbank, CA
BAN20071882	Liberty One Capital, Inc. - To relocate mortgage broker's office from 4890 W. Kennedy Boulevard, Suite 650, Tampa, FL to 5420 Bay Center Drive, Suite 116, Tampa, FL
BAN20071883	Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 8919 W. Huguenot Road, Bon Air, VA
BAN20071884	Nexus Home Mortgage Inc. - To open a mortgage broker's office at 5208 Sinking Creek Court, Virginia Beach, VA
BAN20071885	Nexus Home Mortgage Inc. - To open a mortgage broker's office at 800 Denham Arch, Chesapeake, VA
BAN20071886	Dominion Mortgage Corporation - To open a mortgage broker's office at 2905 Heron Ridge Drive, Virginia Beach, VA
BAN20071887	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 104 South 24th. Street, Ext., Weirton, WV
BAN20071888	Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 2501 E. Chapman Avenue, Suite 280, Fullerton, CA to 2501 E. Chapman Avenue, Suite 100, Fullerton, CA
BAN20071889	Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To relocate credit counseling office from 507 Eastern Boulevard, Suite A, Essex, MD to 408 Eastern Boulevard, Essex, MD

BAN20071890 Lexington State Bank - To merge into it FNB Southeast
 BAN20071891 CitiFinancial Services, Inc. - To open a consumer finance office at 11940 Iron Bridge Plaza, Chester, VA
 BAN20071892 CitiFinancial Services, Inc. - To conduct a consumer finance business where bank credit card solicitation business will be conducted
 BAN20071893 CitiFinancial Services, Inc. - To conduct a consumer finance business where auto club memberships will be sold
 BAN20071894 CitiFinancial Services, Inc. - To conduct consumer finance business where home security plans will be sold
 BAN20071895 CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted
 BAN20071896 CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted
 BAN20071897 CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted
 BAN20071898 CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted
 BAN20071899 Prime Time Mortgage Corp. - For a mortgage lender and broker license
 BAN20071900 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 9100 Arboretum Parkway, Suite 160, Richmond, VA
 BAN20071901 Network Funding, L.P. - To open a mortgage lender and broker's office at 5 Chartley Park Road, Reisterstown, MD
 BAN20071902 D & D Mortgage Corporation - To relocate mortgage broker's office from 9097 Atlee Station Road, Suite 218, Mechanicsville, VA to 8275 Holly Ridge Road, Mechanicsville, VA
 BAN20071903 Tanya's Mercado Latino, Inc. - To open a check casher at 3414 Mount Vernon Avenue, Alexandria, VA
 BAN20071904 1st Commonwealth Mortgage, Inc. - To open a mortgage broker's office at 1202 Electric Road, Suite A, Salem, VA
 BAN20071905 1st Commonwealth Mortgage, Inc. - To open a mortgage broker's office at 1126 Old Hendricks Store Road, Suite B, Moneta, VA
 BAN20071906 Community Mortgage Services Corporation - To open a mortgage broker's office at 6800 Paragon Place, Suite 234A, Richmond, VA
 BAN20071907 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 7531 Leesburg Pike, Suite 204, Falls Church, VA
 BAN20071908 Valley Bank - To relocate office from 2203 Crystal Spring Avenue, SW, Roanoke, VA to 2101 Crystal Spring Avenue, SW, Roanoke, VA
 BAN20071909 GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 2711 North Haskell Ave., Suite 1000, Dallas, TX
 BAN20071910 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2180 West SR 434, Suite 2180, Longwood, FL
 BAN20071911 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 6206 Pelican View Court, Suffolk, VA
 BAN20071912 7800 Financial Group, Inc. - For a mortgage broker's license
 BAN20071913 Professional Mortgage Advisors, Inc. - For a mortgage broker's license
 BAN20071914 Member Advantage Mortgage, LLC - For a mortgage lender and broker license
 BAN20071915 Home Mortgage Services, Inc. - For a mortgage broker's license
 BAN20071916 Wyndham Capital Mortgage, Inc. - For additional mortgage authority
 BAN20071917 Steven Michael Gross - To acquire 25 percent or more of 1st Advantage Mortgage, L.L.C.
 BAN20071918 Platanillos Grocery & Jewelry, Inc. - To open a check casher at 14342 Jefferson Davis Highway, Woodbridge, VA
 BAN20071919 Amigos Market, Inc. - To open a check casher at 14215-Q Centreville Square, Centreville, VA
 BAN20071920 All Cash & Carry LLC - To open a check casher at 14155 B Sullyfield Circle, Chantilly, VA
 BAN20071921 Lending Xpert Financials Corporation - To open a mortgage broker's office at 340 Mill Street, Suite E, Vienna, VA
 BAN20071922 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 61 South Laburnum Avenue, Richmond, VA
 BAN20071923 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1250 Connecticut Avenue, N.W., Washington, DC
 BAN20071924 Franklin Mortgage LLC - To relocate mortgage broker's office from 209 Southlake Place, Newport News, VA to 207 Potter Lane, Yorktown, VA
 BAN20071925 Golden Heart Mortgage LLC - To relocate mortgage broker's office from 2430 Southland Drive, Suite A, Chester, VA to 4906 Fitzhugh Avenue, Suite 100, Richmond, VA
 BAN20071926 Bendid Mortgage, LLC - To relocate mortgage broker's office from 2317 Westwood Avenue, Suite 209, Richmond, VA to 2317 Westwood Avenue, Suite 207, Richmond, VA
 BAN20071927 Empire Mortgage Funding Incorporated - To relocate mortgage broker's office from 3754 Hiram Acworth Highway, Suite A, Dallas, GA to 44 Darby's Crossing Drive, Suite 212A, Hiram, GA
 BAN20071928 Flagship Mortgage Corporation - For a mortgage broker's license
 BAN20071929 Marjorie White Tucker - To acquire 25 percent or more of Middleburg Property Consultants, Inc.
 BAN20071930 OOMC Acquisition Corp. - To acquire 25 percent or more of H&R Block Mortgage Corporation
 BAN20071931 Equitable Trust Mortgage Corporation - To open a mortgage lender and broker's office at 1609 Eastern Avenue, Baltimore, MD
 BAN20071932 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 4420 Sanibel Circle, Suite 401, Virginia Beach, VA to 3420 Holland Road, Suite 106, Virginia Beach, VA
 BAN20071933 Newport Shores Mortgage, Inc. - To relocate mortgage broker's office from 300 Buckelew Avenue, Suite 203, Jamesburg, NJ to 977 Route 33, Jamesburg, NJ
 BAN20071934 JC Mortgage & Financial Services, Inc. d/b/a JC Mortgage Corporation - To relocate mortgage broker's office from 7617 Little River Turnpike, Suite 520, Annandale, VA to 7023 Little River Turnpike, Suite 419, Annandale, VA
 BAN20071935 Centerbridge Capital Partners AIV II, L.P. - To acquire 25 percent or more of Green Tree Servicing LLC
 BAN20071936 Mangan Financial Inc. - For a mortgage broker's license
 BAN20071937 MarC Trust Mortgage, LLC - For a mortgage broker's license
 BAN20071938 Old Town Mortgage, LLC - For a mortgage lender and broker license
 BAN20071939 Salina LLC - To open a check casher at 6530 Arlington Boulevard, Falls Church, VA
 BAN20071940 Mortgage and Equity Funding Corporation - To open a mortgage lender and broker's office at 25 First Street, S.E., Suite 1, Leesburg, VA
 BAN20071941 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 2511 East 46th. Street, Suite C-1, Indianapolis, IN
 BAN20071942 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 1001 North Campus Parkway, Suite 203, Hampton, VA
 BAN20071943 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 15 Mackley Drive, York Haven, PA
 BAN20071944 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 908 Summit Avenue, Hagerstown, MD
 BAN20071945 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 152 Bruaw Drive, York, PA
 BAN20071946 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 414 Hiddenbrook Drive, Glen Burnie, MD

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071947	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 6 Flaxleaf Court, Essex, MD to 3206 Meadow Circle, College Park, GA
BAN20071948	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To open a mortgage lender and broker's office at 5700 Cleveland Street, Virginia Beach, VA
BAN20071949	Steve Seungbai Lee d/b/a American Funding Co. - To relocate mortgage broker's office from 6303 Little River Turnpike, Suite 310, Alexandria, VA to 7535 Little River Turnpike, Suite 200-A, Annandale, VA
BAN20071950	Woodco Enterprises LLC d/b/a Payday Express - To relocate payday lender's office from 793 West Main Street, Suite 7, Abingdon, VA to 12852 Governor G. C. Peery Highway, Pounding Mill, VA
BAN20071951	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 9810 Patuxent Woods Drive, Suite A, Columbia, MD to 30 West Patrick Street, Frederick, MD
BAN20071952	Breakwater Mortgage Corp. - To relocate mortgage broker's office from 6477 College Park Square, Virginia Beach, VA to 113 Bulifants Boulevard, Suite C, Williamsburg, VA
BAN20071953	QuickClose Processing, Inc. - To relocate mortgage broker's office from 4600 Harling Lane, Bethesda, MD to 1610 West Abingdon Drive, Suite 101, Alexandria, VA
BAN20071954	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 9505 Hull Street, Suite C, Richmond, VA to 8176 Brown Road, Unit B, Richmond, VA
BAN20071955	Delmar Financial Company - For a mortgage lender's license
BAN20071956	Victor Martinez d/b/a Rincon Hispano - To open a check casher at 215 S. East Street, Culpeper, VA
BAN20071957	Shree Ohmkar, Inc. d/b/a Market Place #3 - To open a check casher at 4501 Nine Mile Road, Richmond, VA
BAN20071958	Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at 11820 Fountain Way, Newport News, VA
BAN20071959	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1106 Business Parkway South, Suite E, Westminster, MD
BAN20071960	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 7835 Eastern Avenue, Suite 207, Silver Spring, MD
BAN20071961	James B. Nutter & Company - To open a mortgage lender's office at 4149 Broadway, Kansas City, MO
BAN20071962	James B. Nutter & Company - To open a mortgage lender's office at 4026 Central, Kansas City, MO
BAN20071963	Express Check Advance of Virginia LLC d/b/a Express Check Advance - To conduct payday lending business where a money order seller/money transmitter agent business will be conducted
BAN20071964	K & Associates Holding Group, Inc. - For a mortgage broker's license
BAN20071965	Greenlight Financial Services, Inc. (Used in VA by: Greenlight Financial Services) - For additional mortgage authority
BAN20071966	Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 5906 Hubbard Drive, Rockville, MD to One Pine Hill Drive, Suite 503, Quincy, MA
BAN20071967	Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage lender broker's office from 435 Douglas Avenue, Suite 2205, Altamonte Springs, FL to 6903 Rockledge Drive, Suite 310, Bethesda, MD
BAN20071968	Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage lender broker's office from 3229 Cranberry Highway, Buzzards Bay, MA to 11250 Waples Mill Road, Suite 305, Fairfax, VA
BAN20071969	MegaStar Financial Corp. - To open a mortgage lender's office at 1637 Pearl Street, Suite 203, Boulder, CO
BAN20071970	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 21 Park Street, Suite 215, Attleboro, MA
BAN20071971	VIP Mortgage, Inc. - For a mortgage broker's license
BAN20071972	Liberty One Lending Incorporated - For a mortgage broker's license
BAN20071973	First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 306 Garrisonville Road, Suite 101, Stafford, VA
BAN20071974	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 13490 Bungleweed Lane, Centreville, VA
BAN20071975	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 694 West Creek Drive, Clarksville, TN
BAN20071976	Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 110 W. Eisenhower Drive, Suite C, Hanover, PA
BAN20071977	Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 39 Revere Road, Quincy, MA
BAN20071978	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 623 North Third Street, Richmond, VA
BAN20071979	1st Capital Mortgage, Inc. - To open a mortgage broker's office at 2307 Cary Street, Richmond, VA
BAN20071980	Five Star American Mortgage Inc. - To relocate mortgage broker's office from 15100 Phillip Lee Road, Chantilly, VA to 7361 McWhorter Place, Suite 302, Annandale, VA
BAN20071981	Blue Ridge Mortgage Services LLC - To relocate mortgage broker's office from 729-B East Market Street, Harrisonburg, VA to 14020 Spotswood Trail, Elkton, VA
BAN20071982	A. M. I. Inc. d/b/a Solo Mart #1 - To open a check casher at 4710 Marshall Avenue, Newport News, VA
BAN20071983	Secured Home Funding, LLC - For a mortgage broker's license
BAN20071984	The Fauquier Bank - To open a branch at 15252 Washington Street, Haymarket, VA
BAN20071985	First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 1246 East Main Street, Suite 106, El Cajon, CA
BAN20071986	Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 10045 Red Run Boulevard, Suite 320, Owings Mills, MD
BAN20071987	Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 9505 Hull Street, Suite C, Richmond, VA
BAN20071988	Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 4802 Jefferson Davis Highway, Fredericksburg, VA
BAN20071989	Sunshine Mortgage Corporation - To open a mortgage lender and broker's office at 3060 Peachtree Road, Suite 100, Atlanta, GA
BAN20071990	Sunshine Mortgage Corporation - To relocate mortgage lender broker's office from 1431 Iris Drive, Suite 101, Conyers, GA to 2385 Wall Street, Suite 213, Conyers, GA
BAN20071991	ClearPoint Financial Solutions, Inc. - To relocate credit counseling office from 2937 Staunton Avenue, Suite A, Springfield, IL to 975 South Durkin Drive, Springfield, IL
BAN20071992	ClearPoint Financial Solutions, Inc. - To relocate credit counseling office from 14502 Greenview Drive, Suite 520, Laurel, MD to 9344 Lanham Severn Road, Suite 205, Lanham, MD
BAN20071993	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 13 Whitestone Drive, Stafford, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20071994	Premier Financial Funding, Inc. - To relocate mortgage broker's office from 6011 University Boulevard, Suite 340, Ellicott City, MD to 8161 Maple Lawn Boulevard, Suite 350, Maple Lawn, MD
BAN20071995	Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 3321 Toledo Terrace, Suite 204, Hyattsville, MD to 76 P Street, N.W., Washington, DC
BAN20071996	Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 100 Owings Court, Suite 13, Reisterstown, MD
BAN20071997	EZ Mortgage, Inc. - To relocate mortgage broker's office from 103 West Broad Street, Suite 340, Falls Church, VA to 100 North Washington Street, Suite 211, Falls Church, VA
BAN20071998	Virginia Mortgage Services, Inc. - To relocate mortgage broker's office from 11800 Chester Village Drive, Suite B, Chester, VA to 10108 Chester Road, Chester, VA
BAN20071999	Franklin Mortgage LLC - To relocate mortgage broker's office from 740 Thimble Shoals Boulevard, Suite G, Newport News, VA to 733 Thimble Shoals Boulevard, Suite 100, Newport News, VA
BAN20072000	Folashade M. Jones d/b/a Shadez International Grocery Store - To open a check casher at 18017 Dumfries Shopping Plaza, Dumfries, VA
BAN20072001	1st Option Financial, LLC - For a mortgage broker's license
BAN20072002	NFC Check Cashing Service Inc. d/b/a NFC Payday Advance - To conduct payday lending business where tax refund anticipation loans will be made
BAN20072003	Banc Home Loans, LLC - For a mortgage lender and broker license
BAN20072004	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 10 East Merrick Road, Suite 201-204, Valley Stream, NY
BAN20072005	H&R Block Mortgage Corporation - To relocate mortgage lender broker's office from 8363 West Sunset Road, Suite 240, Las Vegas, NV to 823 Pilot Road, Suite A, Las Vegas, NV
BAN20072006	Best Rate Funding Corp. - To relocate mortgage lender broker's office from 2 MacArthur Place, Suite 800, Santa Ana, CA to 17770 Cartwright Road, Suite 400, Irvine, CA
BAN20072007	Atlantic Shore Mortgage Group, LLC - To relocate mortgage broker's office from 9620 Deereco Road, Timonium, MD to 4509 Wilmslow Road, Baltimore, MD
BAN20072008	Macquarie Mortgages USA Inc. - To relocate mortgage lender's office from 7406 Fullerton Street, Suite 200, Jacksonville, FL to 10151 Deerwood Park Boulevard, Building 100, Suite 500, Jacksonville, FL
BAN20072009	Prestige Financial Group, Inc. - To relocate mortgage broker's office from 44081 Pipeline Plaza, Suite 320, Ashburn, VA to 43671 Glen Castle Court, Ashburn, VA
BAN20072010	Personal Credit Solutions, LLC - To relocate mortgage broker's office from 1230 Eagan Industrial Road, Suite 120, Eagan, MN to 175 West Lafayette Road, 3rd Floor, St. Paul, MN
BAN20072011	Nationwide Advantage Mortgage Company - To open a mortgage lender and broker's office at 2703 Keller Avenue, Norfolk, VA
BAN20072012	Ikon Mortgage, Inc. - To open a mortgage broker's office at 2839 Hideaway Road, Fairfax, VA
BAN20072013	Larry D. Coleman d/b/a Grace Mortgage and Financial - To relocate mortgage broker's office from 1615 Jefferson Highway, Suite 108, Fishersville, VA to 12 Sunset Boulevard, Suite 2, Staunton, VA
BAN20072014	Decision One Mortgage Company, LLC - To open a mortgage lender's office at 4250 North Drinkwater Boulevard, Suite 160, Scottsdale, AZ
BAN20072015	Bill Killen d/b/a "Kwik Kash" - To relocate payday lender's office from 5091 Dickenson Highway, Suite 102, Clintwood, VA to 3945 Dickenson Highway, Clintwood, VA
BAN20072016	Financial Advantage Funding Corporation - To relocate mortgage broker's office from 6186-B Old Franconia Road, Alexandria, VA to 101 Browns Mill Drive, Alexandria, VA
BAN20072017	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 5568 General Washington Drive, Suite A214, Alexandria, VA to 13304 Vista Forest Drive, Woodbridge, VA
BAN20072018	CitiFinancial Services, Inc. - To relocate consumer finance office from 5386 Kemps River Drive, Suite 108, Virginia Beach, VA to 5802 E. Virginia Beach Boulevard, Suite 150, Norfolk, VA
BAN20072019	Madison Market Inc. - To open a check casher at 1175 N. Main Street, Madison, VA
BAN20072020	Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 10015 West Broad Street, Glen Allen, VA
BAN20072021	Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 3655 Brookside Parkway, Suite 205A, Alpharetta, GA
BAN20072022	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 2499 S. Capitol of Texas Highway, Suite A-201, Austin, TX
BAN20072023	Delta Funding Corporation d/b/a Fidelity Mortgage - To relocate mortgage lender's office from 9150 South Hills Boulevard, Broadview Heights, OH to South Hills Office Park, Building II, 9100 South Hills Boulevard, Suite 250, Broadview Heights, OH
BAN20072024	Diversity Mortgage, Corp. - To relocate mortgage broker's office from 3031 Norfolk Street, Richmond, VA to 2500 Deepwater Terminal Road, Richmond, VA
BAN20072025	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 124 Main Street, Dillon Plaza, Dillon, CO to 0036 1/2 Cartier Court, Dillon, CO
BAN20072026	N.A.H. Enterprises, Inc. d/b/a Check's Cashed Plus - To open a check casher at 6845 Midlothian Turnpike, Richmond, VA
BAN20072027	Fadi Radwan - To open a check casher at 2601 Columbus Avenue, Portsmouth, VA
BAN20072028	Freedom Companies Lending, Inc. - For a mortgage broker's license
BAN20072029	Edgar Uriona - To acquire 25 percent or more of Five Star American Mortgage Inc.
BAN20072030	American General Financial Services of America, Inc. - To open a consumer finance office at Festival at Manchester Lakes, 7013B Manchester Boulevard, Franconia, VA
BAN20072031	American General Financial Services, Inc. - To open a mortgage lender and broker's office at Festival at Manchester Lakes, 7013B Manchester Boulevard, Franconia, VA
BAN20072032	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at One Columbus Center, Suite 672A, Virginia Beach, VA
BAN20072033	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 3035 Valley Avenue, Suite 103, Winchester, VA
BAN20072034	Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 7204 Glen Forest Drive, Suite 206, Richmond, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072035 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 19301 Winmeade Drive, Suite 220, Lansdowne, VA

BAN20072036 Cash Advance of Clearbrook, Inc. - To relocate payday lender's office from 109 Hopewell Lane, Clear Brook, VA to 111 Hopewell Lane, Clear Brook, VA

BAN20072037 Jefferson Mortgage Group, Ltd. - To relocate mortgage lender's office from 1801 Alexander Bell Drive, Suite 600, Reston, VA to 2536 Leeds Road, Oakton, VA

BAN20072038 Optima Funding Group, Inc. d/b/a Potomac Lending Group (at 1 office) - To relocate mortgage broker's office from 7202 Poplar Street, Suite D, Annandale, VA to 7018 Evergreen Court, Suite 5A, Annandale, VA

BAN20072039 Optima Funding Group, Inc. d/b/a Potomac Lending Group (at 1 office) - To relocate mortgage broker's office from 9685 Main Street, Suite C, Fairfax, VA to 7777 Leesburg Pike, Suite 405N, Falls Church, VA

BAN20072040 First Choice Lending of Delaware, Inc. - To relocate mortgage broker's office from 3 Lincoln Center, Hulmeville, PA to 3554 Hulmeville Road, Suite L, Bensalem, PA

BAN20072041 Sidney's Loan Office, Inc. - To open a check casher at 809 High Street, Portsmouth, VA

BAN20072042 Financial Freedom Mortgage, LLC - To relocate mortgage broker's office from 3185 Babcock Boulevard, Suite 100, Pittsburgh, PA to 2987 Babcock Boulevard, Suite 218, Pittsburgh, PA

BAN20072043 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 725 Lafayette Road, Suite 213, Hampton, VA

BAN20072044 United Residential Lending, LLC - To relocate mortgage lender's office from 15300 North 90th Street, Suite 500, Scottsdale, AZ to 8925 E. Pima Center Parkway, Suite 100, Scottsdale, AZ

BAN20072045 Winchester Home Mortgage, LLC - To relocate mortgage broker's office from 1822 Roberts Street, Winchester, VA to 1114 Fairfax Pike, Suite 14, White Post, VA

BAN20072046 Delta Funding Corporation d/b/a Fidelity Mortgage - To relocate mortgage lender's office from 555 Maryville University Drive, Suite 600, St. Louis, MO to CityPlace VI, 6 CityPlace Drive, Suite 300, Creve Coeur, MO

BAN20072047 ACE Cash Express, Inc. - To open a payday lender's office at 4121 Mount Vernon Avenue, Alexandria, VA

BAN20072048 ACE Cash Express, Inc. - To open a payday lender's office at 13261 Worth Avenue, Woodbridge, VA

BAN20072049 J & J Financial Group, Inc. - For a mortgage broker's license

BAN20072050 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 659 Northfield Court, Harrisonburg, VA

BAN20072051 Capital Financial Home Equity, LLC - To relocate mortgage lender broker's office from 870 Greenbrier Circle, Suite 200, Chesapeake, VA to 392 S. Battlefield Boulevard, Suite 102, Chesapeake, VA

BAN20072052 Central Mortgage Solutions LLC - For a mortgage broker's license

BAN20072053 SIRVA Mortgage, Inc. - To relocate mortgage lender's office from 1 Parklawn Drive, Bethel, CT to 19 Borough Lane, New Town, CT

BAN20072054 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 103A Paulette Circle, Lynchburg, VA

BAN20072055 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 2600 Longstone Lane, Suite 206, Marriotsville, MD

BAN20072056 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 1228 Chesapeake Avenue, Hampton, VA

BAN20072057 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2645 Mulberry Loop, Virginia Beach, VA

BAN20072058 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 6826 Riggs Road, Suite B, Hyattsville, MD

BAN20072059 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 1120 Benfield Avenue, Suites A and B, Millersville, MD

BAN20072060 Vision Mortgage, L.L.C. d/b/a Vision Capital - To relocate mortgage lender broker's office from 9715 Key West Avenue, 2nd. Floor, Rockville, MD to 10608 Margate Drive, Silver Spring, MD

BAN20072061 Regal Online Mortgage.com, Inc. (Used in Virginia by: Regal Mortgage Company) - To relocate mortgage broker's office from 1525 N. Hayden, Suite F2, Scottsdale, AZ to 2575 E. Camelback, Suite 450, Phoenix, AZ

BAN20072062 Low.com, Inc. - To relocate mortgage broker's office from 818 West 7th Street, Suite 700, Los Angeles, CA to 515 S. Flower Street, Suite 4400, Los Angeles, CA

BAN20072063 Young's Market, Inc. d/b/a Acapulco - To open a check casher at 5695 Telegraph Road, Alexandria, VA

BAN20072064 Summit Capital Lending Inc. - For a mortgage broker's license

BAN20072065 Preferred Financial Group, Inc. - For a mortgage lender's license

BAN20072066 Titlemax of Virginia, Inc. - To open a consumer finance office

BAN20072067 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 189 Main Street, Milford, MA

BAN20072068 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 9841 Greenbelt Road, Suite 207, Lanham, MD

BAN20072069 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 415 Valley Drive, South Boston, VA

BAN20072070 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1451 West Cypress Creek Road, Suite 300, Fort Lauderdale, FL

BAN20072071 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 5960 Fairview Road, Suite 353, Charlotte, NC

BAN20072072 First Life Mortgage, Inc. - For a mortgage broker's license

BAN20072073 Amerind Financial Group, Inc. - For a mortgage broker's license

BAN20072074 Joseph D. Argilagos - To acquire 25 percent or more of Viamericas Corporation

BAN20072075 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 2021 Cunningham Drive, Suite 100-A, Hampton, VA

BAN20072076 Miners Exchange Bank - To open a branch at 1221 Lynn Garden Drive, Kingsport, TN

BAN20072077 CMS Mortgage Solutions Inc. - To open a mortgage broker's office at 763 J. Clyde Morris Boulevard, Suite 1-D, Newport News, VA

BAN20072078 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 3117 W. Clay, Suite 16-18, Richmond, VA to 3117 W. Clay, Suite 14-16, Richmond, VA

BAN20072079 LoanPro Financial, Inc. - For a mortgage broker's license

BAN20072080 Cunningham & Company - To open a mortgage lender and broker's office at 23C Shelter Cove Lane, Suite 200, Hilton Head Island, SC

BAN20072081 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 657 Hunting Fields Road, Baltimore, MD

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072082 Great Southern Mortgage, LLC - To relocate mortgage broker's office from 43 Main Street, 2nd Floor, Mathews, VA to 252 Main Street, Mathews, VA

BAN20072083 Lighthouse Credit Foundation, Inc. - To relocate credit counseling office from 8550 Ulmerton Road, Suite 125, Largo, FL to 2300 Tall Pines Drive, Suite 120, Largo, FL

BAN20072084 Barrow & Birchenough Mortgage Services, Inc. - To relocate mortgage broker's office from 142 Linden Drive, Suite 107, Winchester, VA to 500 West Jubal Early Drive, Suite 210, Winchester, VA

BAN20072085 D. Long Investents, Inc. d/b/a Brosville Payday Advance - To conduct payday lending business where an open end credit business will be conducted

BAN20072086 Virginia Credit Union, Inc. - To open a credit union service office at 100 MidTown Avenue, Farmville, VA

BAN20072087 Fast Payday Loans, Inc. - To open a payday lender's office at 1220 West Broad Street, Waynesboro, VA

BAN20072088 Yarrow Bay Mortgage Company, Inc. - To relocate mortgage broker's office from 10210 NE Points Drive, Suite 300, Kirkland, WA to 121 Lake Street, South, Suite 100, Kirkland, WA

BAN20072089 Metro Mortgage Corporation - To relocate mortgage broker's office from 6208 B Old Franconia Road, Alexandria, VA to 12123 13th Street, NW, Washington, DC

BAN20072090 Kamat Enterprise, Inc. - To open a check casher at 43083 John Mosby Highway, Chantilly, VA

BAN20072091 Infinity Financial Solutions Inc. - For a payday lender license

BAN20072092 One Stop Home Loans, Inc. - For a mortgage broker's license

BAN20072093 Allied Cash Advance Virginia LLC - To conduct payday lending business where prepaid debit cards will be sold

BAN20072094 American Mortgage Brokers, LLC - For additional mortgage authority

BAN20072095 Common Sense Financial, LLC - For a mortgage broker's license

BAN20072096 Select Bank - To open a branch at 7113 Timberlake Road, Lynchburg, VA

BAN20072097 Discount Mortgage Warehouse Inc. d/b/a Globelend Mortgage - To relocate mortgage lender broker's office from 17046 Collins Avenue, Sunny Isles Beach, FL to 3363 N.E. 163rd Street, Suite 804, North Miami Beach, FL

BAN20072098 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 7900 Sudley Road, Suite 200, Manassas, VA to 460 Norristown Road, Suite 102, Blue Bell, PA

BAN20072099 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 2501 E. Chapman Avenue, Suite 100, Fullerton, CA to 2461 E. Orangethorpe Avenue, Suite 231, Fullerton, CA

BAN20072100 Total Financial & Mortgage Services, Inc. - For a mortgage broker's license

BAN20072101 Asset Advances Available Lender LLC d/b/a A. A. A. Lender, Dr. Cash - To open a check casher at 549 Newtown Road, Suite 106, Virginia Beach, VA

BAN20072102 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 7146 Melstone Valley Way, Marriotsville, MD

BAN20072103 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 14077 Cedar Road, Suite LL2, South Euclid, OH

BAN20072104 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA

BAN20072105 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 102 Oakley Avenue, Suite 514, Lynchburg, VA

BAN20072106 K & K Solutions, Inc. - For a mortgage broker's license

BAN20072107 Northern Star Credit Union, Incorporated - To open a credit union service office at 5885 Harbor View Boulevard, Suffolk, VA

BAN20072108 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3701 Old Court Road, Baltimore, MD

BAN20072109 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 154 Timber Creek Drive, Suite 2, Cordova, TN to 150 Timber Creek Drive, Suite 8, Cordova, TN

BAN20072110 Meridian Mortgage LLC - For a mortgage broker's license

BAN20072111 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1904 Byrd Avenue, Suite 337, Richmond, VA

BAN20072112 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1407 D Stephany Way, Chesapeake, VA

BAN20072113 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 3885 Crestwood Parkway, Suite 530, Duluth, GA

BAN20072114 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 58 River Street, Milford, CT

BAN20072115 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 114 Canal Street, Suite D, New Smyrna Beach, FL

BAN20072116 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 5030 38th Avenue, Suite 5, Moline, IL to 2414 18th Street, Bettendorf, IA

BAN20072117 Atlas Mortgage, Inc. - To relocate mortgage broker's office from 104 Asquithoaks Lane, Arnold, MD to 1341 Argyll Drive, Arnold, MD

BAN20072118 The American Dream Corporation d/b/a Premier Funding Corp. - To relocate mortgage broker's office from 7309 Arlington Boulevard, Suite 208, Falls Church, VA to 7309 Arlington Boulevard, Suite 314, Falls Church, VA

BAN20072119 K Food, Inc. d/b/a K Food Store - To open a check casher at 3159 Midlothian Turnpike, Richmond, VA

BAN20072120 Green Valley Mortgage, LLC - For a mortgage broker's license

BAN20072121 Foundation Holdings, Inc. - To acquire 25 percent or more of Comdata Network, Inc.

BAN20072122 W.R. Starkey Mortgage, LLP - To open a mortgage lender and broker's office at 336 East Main Street, Clayton, NC

BAN20072123 Consumers Real Estate Finance Co. - To open a mortgage broker's office at 655 Metro Place South, Suite 380, Dublin, OH

BAN20072124 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 50 Harrison Street, Suite 311, Hoboken, NJ

BAN20072125 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 2525 Riva Road, Suite 110, Annapolis, MD to 2525 Riva Road, Suite 139, Annapolis, MD

BAN20072126 Accredited Home Lenders, Inc. - To relocate mortgage lender's office from 171 Service Avenue, Suite 400, Warwick, RI to 931 Jefferson Boulevard, Suite 1006, Warwick, RI

BAN20072127 MetCity Capital (Used in VA by: JT Holding LLC) - For a mortgage broker's license

BAN20072128 Consumer Credit Services, Inc. - For a mortgage lender and broker license

BAN20072129 The Mortgage Company of Virginia, LLC (Used in VA by: The Mortgage Company, LLC) - To relocate mortgage broker's office from 178 Chevy Chase Street, Gaithersburg, MD to 12514 Boulder Heights Terrace, Clarksburg, MD

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072130	Saqib Iqbal d/b/a American Century Mortgage - To relocate mortgage broker's office from 5501 Backlick Road, Suite 118, Springfield, VA to 5411 E. Backlick Road, Suite 200, Springfield, VA
BAN20072131	The Mortgage Link, Inc. - To relocate mortgage broker's office from 2565 Chainbridge Road, Vienna, VA to 6573 Edsall Road, Springfield, VA
BAN20072132	Destiny Mortgage Group, Inc. - To relocate mortgage broker's office from 2240 D Gallows Road, Vienna, VA to 380 Maple Avenue West, Suite 302, Vienna, VA
BAN20072133	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 7475 East Peakview Avenue, Building 10, Centennial, CO to 8745 West Avenue, Suite 102, Lakewood, CO
BAN20072134	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 208 W. Depot Street, Suite F, Bedford, VA to 208 W. Depot Street, Suite D, Bedford, VA
BAN20072135	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 6372 Mechanicsville Turnpike, Suite 112 A, Mechanicsville, VA
BAN20072136	Home Town Community Credit Union - To merge into it Smithfield Packing Employees' Credit Union Smithfield, VA
BAN20072137	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5950 Fairview Road, Suite 600, Charlotte, NC
BAN20072138	Advanced Home Loans Corp - To open a mortgage broker's office at 11319 Aristotle Drive, Suite 105, Fairfax, VA
BAN20072139	Nationwide Mortgage Concepts, LLC - To open a mortgage lender and broker's office at 1155 Roberts Boulevard, Suite 200, Kennesaw, GA
BAN20072140	Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 1838 Jefferson Highway, Fishersville, VA
BAN20072141	Heritage Funding, Inc. - To open a mortgage broker's office at 927 N Battlefield Boulevard, Suite 550, Chesapeake, VA
BAN20072142	AmericaHomeKey, Inc. - To open a mortgage lender and broker's office at 3901 National Drive, Suite 210, Burtonsville, MD
BAN20072143	AmericaHomeKey, Inc. - To relocate mortgage lender broker's office from 3131 McKinney Avenue, Suite 400, Dallas, TX to 3838 Oak Lawn, Suite 1050, Dallas, TX
BAN20072144	Lawyers Financial Corporation - To relocate mortgage broker's office from 4804 Courthouse Street, Suite 4A, Williamsburg, VA to 1001A Richmond Road, Williamsburg, VA
BAN20072145	NationsPlus Mortgage Corporation - For additional mortgage authority
BAN20072146	Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 604 Westwood Office Park, Fredericksburg, VA
BAN20072147	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 5741 Cleveland Street, Suite 140, Virginia Beach, VA
BAN20072148	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 318 Woodlawn Avenue, Blue Ridge, VA
BAN20072149	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 1121 Cumberland Court, Chesapeake, VA
BAN20072150	Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 4800 Hampden Lane, Suite 200, Bethesda, MD to 483 McLaws Circle, Suite 2B, Room 4, Williamsburg, VA
BAN20072151	Monarch Bank - To relocate office from 601 Battlefield Boulevard, South, Chesapeake, VA to 1034 S. Battlefield Boulevard, Chesapeake, VA
BAN20072152	Monarch Bank - To relocate office from 240 East Main Street, Norfolk, VA to 150 Boush Street, Suite 100, Norfolk, VA
BAN20072153	Bank of the James - To establish an EFT at Mitchell's Self Service Store, Inc. 1060 Lee Jackson Highway, Lynchburg, VA
BAN20072154	Satyam, Inc. - To open a check casher at 2021 Chamberlayne Avenue, Richmond, VA
BAN20072155	East Coast Home Mortgages, Inc. - For a mortgage broker's license
BAN20072156	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 44365 Premier Plaza, Suite 200, Ashburn, VA
BAN20072157	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 6716 Alexander Bell Drive, Suite 118, Columbia Gateway Corporate Park, Columbia, MD
BAN20072158	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 7100 Forest Avenue, Suite 101, Richmond, VA
BAN20072159	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 817 Eastern Shore Drive, Salisbury, MD
BAN20072160	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 1600 N. Coalter Street, Suite 15, Staunton, VA
BAN20072161	AAXA Discount Mortgage, Inc. - To relocate mortgage broker's office from 6322 Oleander Drive, Wilmington, NC to 2004 Eastwood Road, Suite 202, Wilmington, NC
BAN20072162	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 6691 Fox Centre Parkway, Gloucester, VA
BAN20072163	Traditional Home Mortgage, Inc. - For a mortgage broker's license
BAN20072164	Ascella Mortgage, LLC - For additional mortgage authority
BAN20072165	Hinton Mortgage Co. d/b/a Hinton Lorenzo Mortgage Company - To open a mortgage broker's office at 64 West Water Street, 2nd Floor, Harrisonburg, VA
BAN20072166	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 5677 Brandon Boulevard, Virginia Beach, VA
BAN20072167	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 4745 Victory Road, Virginia Beach, VA
BAN20072168	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 15-A W. Williamsburg Road, Sandston, VA
BAN20072169	CitiFinancial Services, Inc. - To relocate consumer finance office from 5251-30 John Tyler Highway, Williamsburg, VA to 6610-L Mooretown Road, York County, VA
BAN20072170	FTH Mortgage Corporation (Used in VA by: First Trust Holdings Corporation) - To relocate mortgage broker's office from 24756 State Road 54, Lutz, FL to 9120 NE Vancouver Mall Drive, Suite 260, Vancouver, WA
BAN20072171	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 19000 MacArthur Boulevard, Suite 300, Irvine, CA
BAN20072172	Novelle Financial Services, Inc. - To open a mortgage lender and broker's office at 3232 Sherwood Forest, Suite 231, Baton Rouge, LA

BAN20072173	America One Mortgage Corporation d/b/a America One Mortgage Group - To relocate mortgage broker's office from 4 Weems Lane, Suite 236, Winchester, VA to 7144 East Arabian Avenue, Orange, CA
BAN20072174	Charter Lending, LLC - To relocate mortgage lender broker's office from 9210 Wightman Road, 1st. Floor, Gaithersburg, MD to 5 Foxlair Court, Gaithersburg, MD
BAN20072175	Obopay, Inc. - For a money order license
BAN20072176	LNB Commercial Capital Corporation - For a mortgage lender and broker license
BAN20072177	Priority Partners Lending Group, Inc. - For a mortgage broker's license
BAN20072178	PBS Mortgage Corp. - For a mortgage broker's license
BAN20072179	Spectrum Financial Solutions, LLC - For a mortgage broker's license
BAN20072180	Virginia Mortgage and Financial Corporation d/b/a Virginia Mortgage Corporation - For a mortgage broker's license
BAN20072181	Jayco Capital Group, Inc. - For a mortgage lender's license
BAN20072182	American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 304 Turner Road, Suite H, Richmond, VA
BAN20072183	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2953 Lawton Avenue, Bronx, NY
BAN20072184	PTF Financial Corp. d/b/a My Mortgage Company - To open a mortgage lender and broker's office at 74 Mourning Dove Drive, Stafford, VA
BAN20072185	Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 1 Mall Drive, Suite 901, Cherry Hill, NJ
BAN20072186	Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 2340 86th. Street, 2nd. Floor, Brooklyn, NY
BAN20072187	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 121 Cathedral Street, Suite 3B, Annapolis, MD
BAN20072188	Reliable Financial Group, LLC - To relocate mortgage broker's office from 10 Warren Road, Suite 260, Cockeysville, MD to 118 Oakway Road, Timonium, MD
BAN20072189	Divine Intervention Mortgage, LLC - To relocate mortgage broker's office from 509 C Cornelius-Harnett Drive, Wilmington, NC to 327 N. Queen Street, Suite 310, Kinston, NC
BAN20072190	Multi-Fund of Columbus, Inc. - To relocate mortgage broker's office from 20001 Gulf Boulevard, Suite 1, Indian Shores, FL to 1631 Loretta Avenue, NW Largo, FL
BAN20072191	Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 147 West Election Road, Suite 200, Draper, UT to 13684 Vestry Road, Draper, UT
BAN20072192	United Financial Management Group, Inc. - To relocate mortgage lender broker's office from 400 Keystone Industrial Park, Dunmore, PA to 210 N. State Street, Suite 5, Clarks Summit, PA
BAN20072193	Blake Mortgage Corporation - For a mortgage broker's license
BAN20072194	PlanFirst Payment Solutions, Inc. - To open a credit counseling office
BAN20072195	Virginia Financial Group, Inc. - To acquire FNB Corporation Christiansburg, VA
BAN20072196	New Peoples Bank, Inc. - To open a branch at 427 Main Street, Bland, VA
BAN20072197	Home Key Financial Inc. - For a mortgage broker's license
BAN20072198	Brum & Mannes Corporation d/b/a Brum & Mannes Mortgage Corporation - For a mortgage broker's license
BAN20072199	Bright Vision Mortgage, Inc. - For a mortgage broker's license
BAN20072200	El Dorado, Inc. d/b/a Dawn Convenience Store - To open a check casher at 31504 Richmond Turnpike, Hanover, VA
BAN20072201	David E. Cullen d/b/a Mail Express - To open a check casher at 1581 General Booth Boulevard, Suite 107, Virginia Beach, VA
BAN20072202	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 3050 Bay Shore Lane, Suffolk, VA
BAN20072203	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 355 Crawford Parkway, Suite 320, Portsmouth, VA
BAN20072204	Midcontinent Financial Center, Inc. - For a mortgage broker's license
BAN20072205	Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at One Neshaminy Interplex, Suite 205, Trevose, PA
BAN20072206	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 2225 Wolfsnare Road, Virginia Beach, VA
BAN20072207	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 7361 Whitepine Road, Richmond, VA
BAN20072208	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 4100 Earl Lee Cove, Williamsburg, VA
BAN20072209	Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To open a mortgage broker's office at 6515 Miller Drive, Alexandria, VA
BAN20072210	Union Bank and Trust Company - To open a branch at 5831 Plank Road, Spotsylvania County, VA
BAN20072211	American General Financial Services, Inc. - To relocate mortgage lender broker's office from 195 Main Street, Warsaw, VA to 5050 Richmond Road, Suite A, Warsaw, VA
BAN20072212	American General Financial Services of America, Inc. - To relocate consumer finance office from 195 Main Street, Warsaw, VA to 5050 Richmond Road, Suite A, Warsaw, VA
BAN20072213	Pacific West Lending, Inc. - To relocate mortgage broker's office from 5140 Avenida Encinas, Carlsbad, CA to 5055 Avenida Encinas, Carlsbad, CA
BAN20072214	Waterford Mortgage Company, Inc. - To relocate mortgage broker's office from 1941 Roland Clarke Place, Suite 119, Reston, VA to 1941 Roland Clarke Place, Suite 244, Reston, VA
BAN20072215	City Wide Mortgage Limited Liability Company - To relocate mortgage broker's office from 8200 Greensboro Drive, Suite 900, McLean, VA to 2035 Gallows Road, Vienna, VA
BAN20072216	Express Check Advance of Virginia LLC d/b/a Express Check Advance - To conduct payday lending business where open end credit business will be conducted
BAN20072217	Lend-Mor Mortgage Bankers Corp. - For a mortgage lender and broker license
BAN20072218	Clo Funding Corporation - For a mortgage lender and broker license
BAN20072219	J & C Investment Properties Corp. - For a mortgage broker's license
BAN20072220	AMW Enterprises, Inc. - To open a check casher at 7119 Mechanicsville Turnpike, Mechanicsville, VA
BAN20072221	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 107 West Broad Street, Suite 305, Richmond, VA to 101 West Broad Street, Suite 107, Lower Level, Richmond, VA
BAN20072222	Bank of Lancaster - To open a branch at Route 205, Beachgate Shopping Center, Colonial Beach, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072223 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 613 S. Lynnhaven Parkway, Suite 100, Virginia Beach, VA

BAN20072224 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 412 Leffler Lane, Virginia Beach, VA

BAN20072225 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To open a mortgage lender and broker's office at 898 Airport Park Road, Suite 205, Glen Burnie, MD

BAN20072226 Providence One, Inc. - To open a mortgage lender and broker's office at 613 35th Street, Norfolk, VA

BAN20072227 United Financial Management Group, Inc. - To open a mortgage lender and broker's office at Rural Route 2, Unit 29, Dalton, PA

BAN20072228 Home Consultants, Inc. d/b/a HCI Mortgage - To open a mortgage lender and broker's office at 1901 Huguenot Road, Richmond, VA

BAN20072229 Assurance Financial Group, L.L.C. - To open a mortgage broker's office at 4324 S. Sherwood Forest Boulevard, Suite B125, Baton Rouge, LA

BAN20072230 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 5 Eves Drive, Suite 140, Marlton, NJ

BAN20072231 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 3500 Boston Street, Suite 412, Baltimore, MD to 2320 Queensbury Drive, Fallston, MD

BAN20072232 G&T Home Funding, LLC - To relocate mortgage broker's office from 3959 Pender Drive, Suite 306, Fairfax, VA to 4818 Prestwick Drive, Fairfax, VA

BAN20072233 Michael O. Crawford d/b/a Michael O. Crawford Financial Resources - To relocate mortgage broker's office from 1901 Plank Road, Fredericksburg, VA to 4032 Plank Road, Suite B, Fredericksburg, VA

BAN20072234 JNJ Mortgage, Incorporated - To relocate mortgage broker's office from 1180 Lincoln Avenue, Suite 1, Holbrook, NY to 428 Route 25 A, Miller Place, NY

BAN20072235 American Government Mortgage, L.L.C. - To relocate mortgage broker's office from 9525 Harford Road, Baltimore, MD to 5021 Tartan Hill Road, Perry Hall, MD

BAN20072236 Dawson Ford Garbee Mortgage, Inc. - To relocate mortgage broker's office from 4018 A Wards Road, Lynchburg, VA to 14581 Wards Road, Lynchburg, VA

BAN20072237 Ralph J. Fisher, Jr. d/b/a Atkins Grocery - To open a check casher at 5830 Lee Highway, Atkins, VA

BAN20072238 La Palmita Deli & Market, LLC - To open a check casher at 8406 West Main Street, Marshall, VA

BAN20072239 A Great Mortgage Company, Inc. - For a mortgage lender and broker license

BAN20072240 El Pan Nuestro, Inc. - To open a check casher at 525 F-G East Market Street, Leesburg, VA

BAN20072241 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 321 Office Square Lane, Suite 201, Virginia Beach, VA

BAN20072242 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 302 Main Street, Smithfield, VA

BAN20072243 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 9990 Fairfax Boulevard, Suite 550-A, Fairfax, VA

BAN20072244 Highlands Mortgage Services LLC - To open a mortgage broker's office at 20721 Riverside Drive, Suite 3, Grundy, VA

BAN20072245 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2280 W. Henderson Road, Suite 204, Columbus, OH

BAN20072246 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 501 Central Avenue, Suite B, Dover, NH

BAN20072247 Fidelity Home Mortgage Corporation - To open a mortgage lender and broker's office at 7206 Hull Street Road, Suite 203, Richmond, VA

BAN20072248 Lifetime Financial Services, LLC - To relocate mortgage broker's office from 46169 Westlake Drive, Suite 130, Sterling, VA to 2870 Spring Chapel Court, Herndon, VA

BAN20072249 1st Professional Mortgage, Inc. - To relocate mortgage broker's office from 929 West Street, Suite 205A, Annapolis, MD to 91 Gibralter Street, Annapolis, MD

BAN20072250 Robert P. Lenz & Associates, Inc. d/b/a Southeastern Equity Mortgage - To relocate mortgage broker's office from 5109 Cinnamon Drive, Matthews, NC to 212 W. Matthews Street, Suite 206, Matthews, NC

BAN20072251 CLF Group Inc. - To relocate mortgage broker's office from 17452 Irvine Boulevard, Suite 102, Tustin, CA to 160 S. Old Springs Road, Suite 170, Anaheim Hills, CA

BAN20072252 Beazer Mortgage Corporation - To relocate mortgage lender broker's office from 7900 Miami Lakes Drive, West, Miami Lakes, FL to 7900 Miami Lakes Drive, West, Suite 200, Miami Lakes, FL

BAN20072253 Cash Advance Holdings, Inc. - To acquire 25 percent or more of Approved Cash Advance Centers (Virginia), LLC

BAN20072254 Prysma Lending Group, LLC - For additional mortgage authority

BAN20072255 United Coastal Home Mortgage, LLC - For a mortgage broker's license

BAN20072256 Q C & G Financial Inc. d/b/a Ace America's Cash Express - To conduct payday lending business where prepaid debit cards will be sold

BAN20072257 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 23438 Ford Road, Dearborn Heights, MI to 26420 Sheahan Drive, Dearborn Heights, MI

BAN20072258 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 3825 Henderson Boulevard, Suite 400, Tampa, FL to 324 North Dale Mabry Highway, Suite 100, Tampa, FL

BAN20072259 Loudoun Checks Cashed, LLC - To open a check casher at 24B Plaza Street, NE, Leesburg, VA

BAN20072260 CitiFinancial Services, Inc. - To open a consumer finance office at 6689 Fox Centre Parkway, Gloucester, VA

BAN20072261 CitiFinancial Services, Inc. - To conduct consumer finance business where bank credit card solicitation business will be conducted

BAN20072262 CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will be sold

BAN20072263 CitiFinancial Services, Inc. - To conduct consumer finance business where home security plans will be sold

BAN20072264 CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted

BAN20072265 CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted

BAN20072266 CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted

BAN20072267 CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted

BAN20072268 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 200 S. Poindexter Street, Elizabeth City, NC to 407-J South Griffin Street, Elizabeth City, NC

BAN20072269 Ameritrust Mortgage of North Carolina, Inc. (Used in Va By: Ameritrust Mortgage, Inc.) - To relocate mortgage broker's office from 14045 Ballantyne Corporate Place, Charlotte, NC to 14045 Ballantyne Corporate Place, Suite 500, Charlotte, NC

BAN20072270 Mortgage Quest, Incorporated - To relocate mortgage broker's office from 1897 Preston White Drive, Suite 202, Reston, VA to 10616 Hunter Station Road, Vienna, VA

BAN20072271 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 60 Public Square, Wilkes Barre, PA

BAN20072272 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 265 Davidson Avenue, Somerset, NJ

BAN20072273 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 2530 Riva Road, Annapolis, MD

BAN20072274 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 555 Quince Orchard Road, Gaithersburg, MD

BAN20072275 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 4350 Haddonfield Road, Pennsauken, NJ

BAN20072276 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 2301 West Meadowview Road, Greensboro, NC

BAN20072277 AAA Worldwide Financial Co. - For a mortgage lender's license

BAN20072278 NextHome Mortgage Corp. - For a mortgage broker's license

BAN20072279 Machuca, L.L.C. d/b/a Machuca's Store - To open a check casher at 6138-A North King Highway, Alexandria, VA

BAN20072280 UMG Mortgage, LLC - To relocate mortgage lender broker's office from 1921 Gallows Road, Suite 300, Vienna, VA to 44081 Pipeline Plaza, Suite 215, Ashburn, VA

BAN20072281 Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 18000 Studebaker Road, Suite 700, Cerritos, CA to 970 W. 190th Street, Suite 290, Torrance, CA

BAN20072282 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 3108 E. Bend Drive, Algonquin, IL

BAN20072283 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 822 Springvale Road, Great Falls, VA

BAN20072284 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 3255 Perch Drive, Marietta, GA

BAN20072285 Speedy Cash, Inc. - To conduct payday lending business where prepaid debit cards will be sold

BAN20072286 Hometrac Mortgage Inc. - For a mortgage broker's license

BAN20072287 Interglobal Mortgage Corporation - To relocate mortgage broker's office from 11155 Dolfield Boulevard, Suite 200, Owings Mills, MD to 1100 Reisterstown Road, Suite 200, Pikesville, MD

BAN20072288 MCUSA, LLC - To relocate mortgage broker's office from 8618 Westwood Center Drive, Vienna, VA to 8618 Westwood Center Drive, Suite 315, Vienna, VA

BAN20072289 The Residential Mortgage Advisory Group, Inc. - For a mortgage broker's license

BAN20072290 S T Funding, Inc. - For a mortgage lender and broker license

BAN20072291 Cali-Land, Inc. - For a mortgage lender and broker license

BAN20072292 EVB - To relocate office from 17348 General Puller Highway, Deltaville, VA to 16273-D General Puller Highway, Deltaville, VA

BAN20072293 EVB - To open a branch at 2599 New Kent Highway, Quinton, VA

BAN20072294 Check into Cash of Virginia, LLC d/b/a Check into Cash - To conduct payday lending business where prepaid debit cards will be sold

BAN20072295 Check into Cash of Virginia, LLC d/b/a Check into Cash - To conduct payday lending business where tax refund anticipation loans will be made

BAN20072296 Check into Cash of Virginia, LLC d/b/a Check into Cash - To conduct payday lending business where tax preparation business will be conducted

BAN20072297 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a check casher at 2121 Wards Road, Lynchburg, VA

BAN20072298 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 2500 East Cary Street, Suite 304, Richmond, VA

BAN20072299 Mortgage Research Center, LLC d/b/a www.VAMortgageCenter.com - To open a mortgage lender and broker's office at 8831 Long Street, Lenexa, KS

BAN20072300 W. Daniel Rushing, III - For a mortgage broker's license

BAN20072301 DMT Funding LLC - For a mortgage broker's license

BAN20072302 Donald Alan Cunningham, Jr. - For a payday lender license

BAN20072303 Capital Mortgage Finance Corp. - To relocate mortgage lender broker's office from 810 Gleneagles Court, Suite 302, Towson, MD to 1911 York Road, 2nd Floor, Timonium, MD

BAN20072304 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 7639 Hull Street Road, Suite 200, Richmond, VA to 7639 Hull Street Road, Suite 100, Richmond, VA

BAN20072305 Apex Lending, Inc. - To open a mortgage lender and broker's office at 3940 Airline Boulevard, Suite 109, Chesapeake, VA

BAN20072306 Apex Lending, Inc. - To open a mortgage lender and broker's office at 621 Lynnhaven Parkway, Suite 260, Virginia Beach, VA

BAN20072307 Apex Lending, Inc. - To open a mortgage lender and broker's office at 2712 Enterprise Parkway, Richmond, VA

BAN20072308 Apex Lending, Inc. - To open a mortgage lender and broker's office at 1259 Brass Mill Road, Suite 5, Belcamp, MD

BAN20072309 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 160 Congress Park Drive, Suite 117, Delray Beach, FL

BAN20072310 Beneficial Discount Co. of Virginia - To open a mortgage lender's office at 51 Century Boulevard, Suite 230, Nashville, TN

BAN20072311 Beneficial Mortgage Co. of Virginia - To open a mortgage lender and broker's office at 51 Century Boulevard, Suite 230, Nashville, TN

BAN20072312 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To open a mortgage lender and broker's office at 51 Century Boulevard, Suite 230, Nashville, TN

BAN20072313 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 36 West Water Street, Toms River, NJ to 8 Hyers Street, Toms River, NJ

BAN20072314 Virginia Auto Loans, Inc. - To open a consumer finance office

BAN20072315 Fast Payday Loans, Inc. - To conduct payday lending business where consumer finance business will be conducted

BAN20072316 Fast Payday Loans, Inc. - To conduct consumer finance business payday lending business will be conducted

BAN20072317 Fast Payday Loans, Inc. - To conduct consumer finance business where title loans will be made

BAN20072318 Corporate Office Management Providers, Inc. - To acquire 25 percent or more of Empire Equity Group, Inc.

BAN20072319 Axcidion Mortgage Corporation - For a mortgage broker's license

BAN20072320 Old Point Mortgage LLC - For a mortgage lender and broker license

BAN20072321 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 10777 South Memorial Drive, Suite E, Tulsa, OK

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072322	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 3959 Electric Road, Suite 100, Roanoke, VA
BAN20072323	EVB Mortgage, LLC - To relocate mortgage lender broker's office from 9495 Charter Gate Drive, Mechanicsville, VA to 201 North Washington Highway, Ashland, VA
BAN20072324	Mortgage and Equity Funding Corporation - To relocate mortgage lender broker's office from 109 Bulifants Boulevard, Suite C, Williamsburg, VA to 109 Bulifants Boulevard, Suite B, Williamsburg, VA
BAN20072325	CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 4235 South Stream Boulevard, Suite 400A, Charlotte, NC
BAN20072326	Fast Payday Loans, Inc. - To open a consumer finance office at 6012 East Virginia Beach Boulevard, Norfolk, VA
BAN20072327	Fast Payday Loans, Inc. - To open a consumer finance office at 6150 Midlothian Turnpike, Richmond, VA
BAN20072328	Fast Payday Loans, Inc. - To open a consumer finance office at 3165 Lee Highway, Bristol, VA
BAN20072329	Fast Payday Loans, Inc. - To open a consumer finance office at 712 J Clyde Morris Boulevard, Newport News, VA
BAN20072330	Fast Payday Loans, Inc. - To open a consumer finance office at 3154 Halifax Road, South Boston, VA
BAN20072331	Fast Payday Loans, Inc. - To open a consumer finance office at 20600 - A Timberlake Road, Lynchburg, VA
BAN20072332	Fast Payday Loans, Inc. - To open a consumer finance office at 3030 South Crater Road, Petersburg, VA
BAN20072333	Fast Payday Loans, Inc. - To open a consumer finance office at 605 A Piney Forest Road, Danville, VA
BAN20072334	Fast Payday Loans, Inc. - To open a consumer finance office at 4815 Williamson Road, Roanoke, VA
BAN20072335	Fast Payday Loans, Inc. - To open a consumer finance office at 2101 Wards Road, Lynchburg, VA
BAN20072336	Fast Payday Loans, Inc. - To open a consumer finance office at 2501 Memorial Drive, Lynchburg, VA
BAN20072337	Fast Payday Loans, Inc. - To open a consumer finance office at 2498 Airline Boulevard, Portsmouth, VA
BAN20072338	Fast Payday Loans, Inc. - To open a consumer finance office at 3712 Holland Road, Virginia Beach, VA
BAN20072339	Fast Payday Loans, Inc. - To open a consumer finance office at 840 Greenville Avenue, Staunton, VA
BAN20072340	Fast Payday Loans, Inc. - To open a consumer finance office at 4802 Melrose Avenue, Roanoke, VA
BAN20072341	Fast Payday Loans, Inc. - To open a consumer finance office at 1851 Seminole Trail, Charlottesville, VA
BAN20072342	Fast Payday Loans, Inc. - To open a consumer finance office at 1206 Azalea Avenue, Richmond, VA
BAN20072343	Fast Payday Loans, Inc. - To open a consumer finance office at 8212 Centreville Road, Manassas, VA
BAN20072344	Fast Payday Loans, Inc. - To open a consumer finance office at 13700 Warwick Boulevard, Newport News, VA
BAN20072345	Fast Payday Loans, Inc. - To open a consumer finance office at 4320 Virginia Beach Boulevard, Virginia Beach, VA
BAN20072346	Fast Payday Loans, Inc. - To open a consumer finance office at 1903 South Main Street, Harrisonburg, VA
BAN20072347	Fast Payday Loans, Inc. - To open a consumer finance office at 1401 South Military Highway, Chesapeake, VA
BAN20072348	Fast Payday Loans, Inc. - To open a consumer finance office at 3802 Mount Vernon Drive, Franklin, VA
BAN20072349	Fast Payday Loans, Inc. - To open a consumer finance office at 1420 Armory Drive, Franklin, VA
BAN20072350	Fast Payday Loans, Inc. - To open a consumer finance office at 5200 George Washington Highway, Portsmouth, VA
BAN20072351	Fast Payday Loans, Inc. - To open a consumer finance office at 7445 Tidewater Drive, Norfolk, VA
BAN20072352	Fast Payday Loans, Inc. - To open a consumer finance office at 3590 Forest Haven Lane, Chesapeake, VA
BAN20072353	Fast Payday Loans, Inc. - To open a consumer finance office at 312 England Street, Ashland, VA
BAN20072354	Fast Payday Loans, Inc. - To open a consumer finance office at 1932 Armistead Avenue, Hampton, VA
BAN20072355	Fast Payday Loans, Inc. - To open a consumer finance office at 755 East Main Street, Wytheville, VA
BAN20072356	Fast Payday Loans, Inc. - To open a consumer finance office at 1 Roanoke Street, Christiansburg, VA
BAN20072357	Fast Payday Loans, Inc. - To open a consumer finance office at 3319 Oaklawn Boulevard, Hopewell, VA
BAN20072358	Fast Payday Loans, Inc. - To open a consumer finance office at 2336 Little Creek Road, Norfolk, VA
BAN20072359	Fast Payday Loans, Inc. - To open a consumer finance office at 2954 Virginia Avenue, Collinsville, VA
BAN20072360	Fast Payday Loans, Inc. - To open a consumer finance office at 6099 Jefferson Avenue, Newport News, VA
BAN20072361	Fast Payday Loans, Inc. - To open a consumer finance office at 2801 Monticello Avenue, Suite 5, Norfolk, VA
BAN20072362	Fast Payday Loans, Inc. - To open a consumer finance office at 1419 Poindexter Street, Chesapeake, VA
BAN20072363	Fast Payday Loans, Inc. - To open a consumer finance office at 701 Boulevard, Colonial Heights, VA
BAN20072364	Fast Payday Loans, Inc. - To open a consumer finance office at 1936 E. Pembroke Avenue, Hampton, VA
BAN20072365	Fast Payday Loans, Inc. - To open a consumer finance office at 1220 W. Broad Street, Waynesboro, VA
BAN20072366	ClearPoint Financial Solutions, Inc. - To relocate credit counseling office from 1890 Maine Street, Quincy, IL to 1511 South 12th Street, Quincy, IL
BAN20072367	Zurich Funding Holding Corporation - To open a mortgage lender and broker's office at 6408 Gravedale Drive, Suite 204, Alexandria, VA
BAN20072368	Apex Lending, Inc. - To open a mortgage lender and broker's office at 2712 Enterprise Parkway, Richmond, VA
BAN20072369	Nationside Mortgage Inc. - To open a mortgage broker's office at 1320 Fenwick Lane, Suite 101, Silver Spring, MD
BAN20072370	CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 312 Merchants Walk, Suite 7, Tuscaloosa, AL
BAN20072371	American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 5950 Poplar Hall Drive, Suite 105, Norfolk, VA
BAN20072372	Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 7617 Little River Turnpike, Suite 900, Annandale, VA to 815 King Street, Suite 301, Alexandria, VA
BAN20072373	Noriega Mortgage Services, Inc. d/b/a NMC Financial - To relocate mortgage broker's office from 1405-01 Kiln Creek Parkway, Newport News, VA to 1405-H Kiln Creek Parkway, Newport News, VA
BAN20072374	Horizon Finance Corporation (Used in VA by: Horizon Financial Corporation) - To relocate mortgage broker's office from 20 Pleasant Ridge Drive, Suite G, Owings Mills, MD to 38 Bloomsbury Avenue, Suite B, Catonsville, MD
BAN20072375	Horizon Mortgage Corp. d/b/a AmeriChoice Residential Funding - To open a mortgage lender and broker's office at 12602 Lake Ridge Drive, Woodbridge, VA
BAN20072376	Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 3906 Oaklawn Boulevard, Hopewell, VA
BAN20072377	T&B Mortgage Corporation - To open a mortgage lender and broker's office at 2810 Old Lee Highway, Suite 300, Fairfax, VA
BAN20072378	Virginia Commerce Bank - To open a branch at Celebrate Virginia Parkway, Stafford County, VA
BAN20072379	Virginia Commerce Bank - To open a branch at 7115 Leesburg Pike, Fairfax County, VA
BAN20072380	MetAmerica Mortgage Bankers, Inc. - To relocate mortgage lender broker's office from 2271 Valley Avenue, Winchester, VA to 2281 Valley Avenue, Suite 216, Winchester, VA
BAN20072381	Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 725 Primera Boulevard, Suite 220, Lake Mary, FL

BAN20072382	Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 5110 West Eisenhower Boulevard, Suite 150, Tampa, FL
BAN20072383	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2040 Red River Road, Eldersburg, MD
BAN20072384	TMW Mortgage, LLC (Used in VA by: THE MORTGAGE WAREHOUSE, LLC) - To relocate mortgage broker's office from 7400 New LaGrange Road, Suite 402, Louisville, KY to 2011 Lake Point Way, Louisville, KY
BAN20072385	Triple R Group, LLC - To open a check casher at 6222 Richmond Highway, Alexandria, VA
BAN20072386	Unidos Supermarket, Inc. - To open a check casher at 17499 Jefferson Davis Highway, Dumfries, VA
BAN20072387	B & B Financial, LLC - For a mortgage broker's license
BAN20072388	Advanced Funding Solutions, Inc. - For a mortgage broker's license
BAN20072389	GenEquity Mortgage, Inc. - For a mortgage lender and broker license
BAN20072390	Andrade's Grocery, LLC - To open a check casher at 3343 W. Washington Street, Petersburg, VA
BAN20072391	Flagship Financial Group, LLC - To open a mortgage broker's office at 10813 S Riverfront Parkway, Suite 175A, South Jordan, UT
BAN20072392	America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 6020 Parkers Creek, Deale, MD
BAN20072393	Anchor Funding, LLC - To relocate mortgage broker's office from 2160 East Joppa Road, Suite 203, Baltimore, MD to 2409 Hillford Drive, Baltimore, MD
BAN20072394	America One Mortgage Corporation d/b/a America One Mortgage Group - To relocate mortgage broker's office from 523 Encinitas Boulevard, Suite 204, Encinitas, CA to 539 Encinitas Boulevard, Suite 109, Encinitas, CA
BAN20072395	Alcova Mortgage LLC - To relocate mortgage broker's office from 3841-K East Little Creek Road, Norfolk, VA to 900 Granby Street, Suite 203, Norfolk, VA
BAN20072396	CLF Group Inc. - To relocate mortgage broker's office from 17452 Irvine Boulevard, Suite 102, Tustin, CA to 160 South Old Springs Road, Suite 170, Anaheim Hills, CA
BAN20072397	Beltway Mortgage Corporation - For a mortgage broker's license
BAN20072398	Capitol One Mortgage L.L.C. - For a mortgage broker's license
BAN20072399	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 157 Bishop Drive, Westwego, LA to 827 N. Causeway Boulevard, Suite 205, Jefferson, LA
BAN20072400	American General Financial Services, Inc. - To relocate mortgage lender broker's office from 3739 Franklin Road, SW, Roanoke, VA to Cave Spring Corners, 3971 Brambleton Avenue, Roanoke, VA
BAN20072401	American General Financial Services of America, Inc. - To relocate consumer finance office from 3739 Franklin Road, S.W., Roanoke, VA to Cave Springs Corner, 3971 Brambleton Avenue, Roanoke, VA
BAN20072402	CitiFinancial Services, Inc. - To relocate consumer finance office from 4019 Halifax Road, Suite B, South Boston, VA to 3130 Halifax Road, Suite A, South Boston, VA
BAN20072403	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3240 Office Pointe Place, Suite 102, Louisville, KY
BAN20072404	SAI Mortgage, Inc. - To relocate mortgage lender broker's office from 6551 Loisdale Court, Suite 950 A, Springfield, VA to 6551 Loisdale Court, Suite 607, Springfield, VA
BAN20072405	Alliance Bank Corporation - To open a branch at 7023 Little River Turnpike, Annandale, VA
BAN20072406	Residential Loan Centers of America, Inc. - To open a mortgage lender's office at 7101 Executive Center Drive, Suite 297, Brentwood, TN
BAN20072407	Residential Loan Centers of America, Inc. - To open a mortgage lender's office at 4968 William Arnold Road, Memphis, TN
BAN20072408	Empire Mortgage Corp. (Used in VA by: Empire Financial Services Inc.) - To open a mortgage broker's office at 1751 Elton Road, Suite 114, Silver Spring, MD
BAN20072409	OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 505 S Independence Boulevard, Suite 107, Virginia Beach, VA
BAN20072410	USA Online Leads, Inc. - For a mortgage broker's license
BAN20072411	Alcova Mortgage LLC - For additional mortgage authority
BAN20072412	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 4108 Brookwood Valley Circle, NE, Atlanta, GA
BAN20072413	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 824 Greenhedge Drive, Stone Mountain, GA
BAN20072414	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 211 Sea Cliff Drive, Ruther Glen, VA
BAN20072415	Abacus Mortgage Corporation - To open a mortgage broker's office at 605-2B S. Main Street, Culpeper, VA
BAN20072416	Advent Mortgage, LLC - To open a mortgage lender and broker's office at 771 Corporate Drive, Suite 350, Lexington, KY
BAN20072417	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 3007 Cove View Lane, Midlothian, VA
BAN20072418	Equality Mortgage Group, Inc. - To relocate mortgage broker's office from 8245 Boone Boulevard, Suite 600, Vienna, VA to 7702 Leesburg Pike, Suite T400, Falls Church, VA
BAN20072419	Monroe Mortgage Inc. - To relocate mortgage broker's office from 3217 Western Branch Boulevard, Suite B, Chesapeake, VA to 1226 Progressive Drive, Suite 202, Chesapeake, VA
BAN20072420	Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 7459 McConnell Road, Unit 2, Roanoke, VA to 7445 McConnell Road, Roanoke, VA
BAN20072421	1st Solution Mortgage, Inc. - To relocate mortgage broker's office from 7700 Little River Turnpike, Suite 207, Annandale, VA to 103 West Broad Street, Suite 340, Falls Church, VA
BAN20072422	US Mortgage Network L.P. (Used in VA by: US Mortgage Network) - To relocate mortgage broker's office from 115 VIP Drive, Suite 120, Wexford, PA to 115 VIP Drive, Suite 300, Wexford, PA
BAN20072423	Madison First Financial, Inc. d/b/a MADRATE.COM - To relocate mortgage lender broker's office from 801 Springdale Drive, Exton, PA to 1060 Andrew Drive, Suite 140, West Chester, PA
BAN20072424	American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 110 Plaza Circle, Waterloo, IA to 3604 Kimball Avenue, Waterloo, IA
BAN20072425	Covenant Mortgage Corporation - To relocate mortgage broker's office from 202 W. Main Street, Louisa, VA to 332 Eden Farm Road, Bumpass, VA
BAN20072426	Vision One Mortgage, Inc. - For a mortgage broker's license
BAN20072427	Fiserve Acquisition Holding, Inc. - To acquire 25 percent or more of CheckFreePay Corporation
BAN20072428	Fiserve Acquisition Holding, Inc. - To acquire 25 percent or more of CheckFree Services Corporation
BAN20072429	S & S Mortgage, LLC - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072430	Payday Today, LLC - To open a payday lender's office at 3877 Holland Road, Suite 508, Virginia Beach, VA
BAN20072431	Premier 1 Mortgage L.L.C. - To relocate mortgage broker's office from 5875 Allentown Road, Camp Springs, MD to 8181 Professional Place, Suite 201, Landover, MD
BAN20072432	Nations Lending Corporation of Ohio (Used in VA by: Nations Lending Corporation) - To relocate mortgage broker's office from 7055 Engle Road, Suite 501, Middleburg Heights, OH to 7029 Pearl Road, Suite 300, Middleburg Heights, OH
BAN20072433	Homeloan USA Corporation - To open a mortgage lender and broker's office at 8411 Arlington Boulevard, Suite 300, Fairfax, VA
BAN20072434	Homeloan USA Corporation - To open a mortgage lender and broker's office at 14549 Jefferson Davis Highway, Woodbridge, VA
BAN20072435	Mo and Joe LLC - To open a check casher at 8294 Main Street, Marshall, VA
BAN20072436	Quick Mortgage Solutions, LLC - For a mortgage broker's license
BAN20072437	TransStar Corporation d/b/a TransStar Financial Services - To relocate mortgage broker's office from 8605 Cameron Street, Suite M-7, Silver Spring, MD to 11700 Old Columbia Pike, Unit 411, Silver Spring, MD
BAN20072438	Cynthia McClenney - To open a check casher at 23305 Sugar Hill Road, Carrollton, VA
BAN20072439	Colonial Virginia Bank - To open a branch at the south side of State Route 249, New Kent Courthouse Village, New Kent, VA
BAN20072440	Metrocities Mortgage, LLC d/b/a Fidelity & Trust Mortgage (at certain locations) - To relocate mortgage lender broker's office from 2620 Aikens Center, Edwin Miller Boulevard, Martinsburg, WV to 317 Atkins Center, Edwin Miller Boulevard, Martinsburg, WV
BAN20072441	Hock Family Trust Co., Inc. - To begin business as a private trust company
BAN20072442	WashingtonFirst Co. - To open a bank at 11636 Plaza America Drive, Reston, VA
BAN20072443	WashingtonFirst Co. - To merge into it WashingtonFirst Bank
BAN20072444	Universal Mortgage Agency Inc. (Used in VA by: Universal Mortgage Incorporated) - To relocate mortgage broker's office from 7100 Northland Circle, Suite 301, Brooklyn Park, MN to 5701 Kentucky Avenue N, Suite 104, Crystal, MN
BAN20072445	Priority Financial Services, LLC - To open a mortgage broker's office at 9326 Georgia Belle Drive, Perry Hall, MD
BAN20072446	Priority Financial Services, LLC - To open a mortgage broker's office at 177 Mill Green Avenue, Suite 100, Gaithersburg, MD
BAN20072447	Priority Financial Services, LLC - To open a mortgage broker's office at 6849 Old Dominion Drive, Suite 420, McLean, VA
BAN20072448	Priority Financial Services, LLC - To open a mortgage broker's office at 2100 Alice Anna Street, Baltimore, MD
BAN20072449	Homestead Mortgage & Finance Inc. - For a mortgage broker's license
BAN20072450	ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 1000 E. Woodfield Road, Suite 240, Schaumburg, IL to 131 S. Dearborn Street, Suite 800, Chicago, IL
BAN20072451	AmericaHomeKey, Inc. - To open a mortgage lender and broker's office at 3998 Fair Ridge Drive, Suite 200, Fairfax, VA
BAN20072452	AmericaHomeKey, Inc. - To relocate mortgage lender broker's office from 3901 National Drive, Suite 210, Burtonsville, MD to 10015 Old Columbia Road, Suite B215, Columbia, MD
BAN20072453	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 365 Warren Avenue, Unit A104, Silverthorne, CO to 253 Ensign Drive, Dillon, CO
BAN20072454	R. K. Financial Services, Inc. d/b/a Immediate Mortgage, Inc. - To relocate mortgage broker's office from 11793 Fingerboard Road, Monrovia, MD to 3280 Urbana Pike, Suite 105, Ijamsville, MD
BAN20072455	Premier Mortgage Consultants, L.L.C. - To relocate mortgage broker's office from 10485 Frankstown Road, Suite C, Pittsburgh, PA to 670 Rodi Road, Suite 200, Pittsburgh, PA
BAN20072456	Flagship Financial Group, LLC - To open a mortgage broker's office at 8823 S. Redwood Road, Suite C, West Jordan, UT
BAN20072457	New American Mortgage LLC - For a mortgage lender and broker license
BAN20072458	Nova Financial & Investment Corporation - For a mortgage lender and broker license
BAN20072459	Microfinance International Corporation - To open a consumer finance office
BAN20072460	Microfinance International Corporation - To open a consumer finance office at 6303 Little River Turnpike, Alexandria, VA
BAN20072461	Microfinance International Corporation - To open a consumer finance office at 8328 Shoppers Square, Manassas, VA
BAN20072462	Microfinance International Corporation - To open a consumer finance office at 720 Grant Street, Herndon, VA
BAN20072463	Microfinance International Corporation - To conduct consumer finance business where mortgage brokering will also be conducted
BAN20072464	Microfinance International Corporation - To conduct consumer finance business where check cashing business will be conducted
BAN20072465	Microfinance International Corporation - To conduct consumer finance business where money transmission business will be conducted
BAN20072466	Microfinance International Corporation - To conduct consumer finance business where insurance brokering business will be conducted
BAN20072467	Mariner Finance of Virginia, LLC - To open a consumer finance office
BAN20072468	Mariner Finance of Virginia, LLC - To open a consumer finance office at 12654 Jefferson Davis Highway, Chester, VA
BAN20072469	Mariner Finance of Virginia, LLC - To conduct consumer finance business where mortgage lending will also be conducted
BAN20072470	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20072471	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto loans will be made
BAN20072472	Herbert L. Armstrong d/b/a Wayside Grocery - To open a check casher at 14300 Benns Church Boulevard, Smithfield, VA
BAN20072473	Onyx Financial Services, Inc. d/b/a Onyx Funding (Branch Office Only) - To open a mortgage broker's office at 11832 Rock Landing Drive, Suite 204, Newport News, VA
BAN20072474	Valley Broker Services, Inc. d/b/a VBS Mortgage - To open a mortgage lender and broker's office at 411 South Main Street, Broadway, VA
BAN20072475	Entrafund Home Mortgage, L.L.C. - For a mortgage broker's license
BAN20072476	Azzam, Inc. - To open a check casher at 3440 Anderson Highway, Powhatan, VA
BAN20072477	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 4620 Cedar Avenue, Suite 119, Wilmington, NC to 890 S. Kerr Avenue, Suite 210, Wilmington, NC
BAN20072478	Heartland Home Finance, Inc. - To relocate mortgage lender broker's office from 9666 Olive Boulevard, Suite 650, Olivette, MO to 3 Maryland Farms, Suite 121, Brentwood, TN
BAN20072479	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 134 Fairmont Street, Suite E, Clinton, MS
BAN20072480	Capital & Trust Mortgage, LLC - For a mortgage broker's license
BAN20072481	MICG Investment Management, LLC d/b/a MICG Lending Group - To relocate mortgage broker's office from 4801 Courthouse Street, Suite 200, Williamsburg, VA to 5121 Center Street, Suite 100, Williamsburg, VA
BAN20072482	MICG Investment Management, LLC d/b/a MICG Lending Group - To relocate mortgage broker's office from 150 W. Main Street, Suite 1150, Norfolk, VA to 150 West Main Street, Suite 1770, Norfolk, VA
BAN20072483	MICG Investment Management, LLC d/b/a MICG Lending Group - To relocate mortgage broker's office from 1001 Boulders Parkway, Suite 500, Richmond, VA to 1111 East Main Street, Suite 1901, Richmond, VA

BAN20072484 American Reverse Mortgage Corporation - To relocate mortgage lender's office from 1320 Central Park Boulevard, Fredericksburg, VA to 258 Woodchuck Drive, Appomattox, VA

BAN20072485 Millennium Mortgage Corporation - To relocate mortgage lender broker's office from 23046 Avenida de la Carlota, Suite 100, Laguna Hills, CA to 9891 Irvine Center Drive, Suite 200, Irvine, CA

BAN20072486 Johnny Turner d/b/a Qwik Stop #1 - To open a check casher at 715 E. Washington Street, Petersburg, VA

BAN20072487 Joe C. St. George - For a mortgage broker's license

BAN20072488 Strategic Mortgage, LLC - For a mortgage broker's license

BAN20072489 Mahone Mortgage, LLC - For a mortgage broker's license

BAN20072490 Lincoln Mortgage, LLC - To open a mortgage broker's office at 401 James Madison Highway, Suite 102, Culpeper, VA

BAN20072491 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 13105 Booker T Washington Highway, Hardy, VA

BAN20072492 Gateway Mortgage Group, LLC - To relocate mortgage lender broker's office from 1531 Mountain View Road, Vinton, VA to 2762 Electric Road, Suite E, Roanoke, VA

BAN20072493 Stenton Mortgage, Inc. - For a mortgage lender and broker license

BAN20072494 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 24404 Three Notch Road, Hollywood, MD

BAN20072495 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 2600 Park Tower Drive, Suite 101, Fairfax, VA

BAN20072496 Priority Financial Services, LLC - To open a mortgage broker's office at 1314 Bedford Avenue, Suite 114, Pikesville, MD

BAN20072497 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 4146 Woodlake Trail, Ellenwood, GA

BAN20072498 Just Mortgage, Inc. - To relocate mortgage lender's office from 708 Corporate Center Drive, Pomona, CA to 9680 Haven Avenue, Suite 200, Rancho Cucamonga, CA

BAN20072499 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 340 Susan Road, St. Louis, MO to 3270 Hampton Avenue, Suite 203, St. Louis, MO

BAN20072500 Colonial Atlantic Mortgage, Inc. - To relocate mortgage broker's office from 1734 Elton Road, Suite 229, Silver Spring, MD to 11233 Lockwood Drive, Silver Spring, MD

BAN20072501 CBM Mortgage, LLC - To relocate mortgage broker's office from 405-A East Main Street, Front Royal, VA to 450 D Commerce Avenue, Front Royal, VA

BAN20072502 Nugent Mortgage Corporation - To relocate mortgage broker's office from 7315 Wisconsin Avenue, Suite 450 N, Bethesda, MD to 8624 Georgia Avenue, Suite C-3, Silver Spring, MD

BAN20072503 Nirvana Real Estate & Mortgage Services, Inc. - To relocate mortgage broker's office from 15604 Wellingham Court, Accokeek, MD to 5801 Allentown Road, Suite 410, Camp Springs, MD

BAN20072504 Lenders Network, Inc. - To relocate mortgage broker's office from 9525 Georgia Avenue, Suite 208, Silver Spring, MD to 9525 Georgia Avenue, Suite 3, Silver Spring, MD

BAN20072505 FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To relocate mortgage lender broker's office from 11325 Seven Locks Road, Suite 223, Potomac, MD to 7564 Standish Place, Suite 112, Rockville, MD

BAN20072506 FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To relocate mortgage lender broker's office from 300 Talbot Street, Easton, MD to 29 East Dover Street, Easton, MD

BAN20072507 America's Cash Source LLC - To open a consumer finance office

BAN20072508 Lender Financial, Inc. - For a mortgage broker's license

BAN20072509 Securitrust Mortgage Corporation - For a mortgage broker's license

BAN20072510 NLC Holding Corp. - To acquire 25 percent or more of First NLC Financial Services, LLC

BAN20072511 Fernando P. Navarro - To acquire 25 percent or more of

BAN20072512 ADR Inc. d/b/a Dales Grocery - To open a check casher at 702 N. Cameron Street, Winchester, VA

BAN20072513 AMC Funding Corporation - For a mortgage broker's license

BAN20072514 Pro City Mortgage Corporation - For a mortgage broker's license

BAN20072515 Empire Home Mortgage Inc. - For a mortgage broker's license

BAN20072516 Platinum Home Mortgage Corporation - For a mortgage lender and broker license

BAN20072517 Integral Mortgage Company - To relocate mortgage broker's office from 15825 Shady Grove Road, Suite 80, Rockville, MD to 610 Professional Drive, Suite 225, Gaithersburg, MD

BAN20072518 J & R Lending, Inc. d/b/a First Security Lending - To relocate mortgage lender broker's office from 14724 Ventura Boulevard, Suite 110, Sherman Oaks, CA to 17929 Ventura Boulevard, Suite 4, Encino, CA

BAN20072519 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 144 Gould Street, Needham, MA

BAN20072520 Liberty Lending, Inc. - For a mortgage lender and broker license

BAN20072521 Grand Peak Mortgage & Financial Services, LLC - For a mortgage broker's license

BAN20072522 Wesley B. Smiler II - To acquire 25 percent or more of NorthPoint Financial, Inc.

BAN20072523 MortgageStar, Inc. - To relocate mortgage lender broker's office from 9521 Wallingford Drive, Burke, VA to 6803 Kerman Road, Lanham, MD

BAN20072524 The Mortgage Link, Inc. - To relocate mortgage broker's office from 800 S. Frederick Avenue, Suite 203, Gaithersburg, MD to 800 S. Frederick Avenue, Suite 103, Gaithersburg, MD

BAN20072525 Diamond Lending Corporation - To relocate mortgage broker's office from 15825 Shady Grove Road, Suite 190, Rockville, MD to 411 King Farm Boulevard, Suite 401, Rockville, MD

BAN20072526 Mountain Ridge Mortgage, Inc. - To relocate mortgage broker's office from 301 East Bethany Home Road, Phoenix, AZ to 5336 North 19th Avenue, Phoenix, AZ

BAN20072527 First Equitable Financial Corp. - To relocate mortgage broker's office from 2 Cardinal Park Drive, Suite 101C, Leesburg, VA to 663 Potomac Station Drive, Leesburg, VA

BAN20072528 Mortgage Access Corp. d/b/a Weichert Financial Services - To relocate mortgage lenders's office from 2 Cardinal Park Drive, Suite 101C, Leesburg, VA to 663 Potomac Station Drive, Leesburg, VA

BAN20072529 Insite Financial Corp. - For additional mortgage authority

BAN20072530 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 5661 S. Laburnum Avenue, Richmond, VA

BAN20072531 SAK Mortgage Inc. - To relocate mortgage broker's office from 19440 Golf Vista Plaza, Suite 310, Lansdowne, VA to 1549 Old Bridge Road, Suite 201, Woodbridge, VA

BAN20072532 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 5596 Forkwood Drive, Acworth, GA

BAN20072533 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 806 Gettysburg Place, Atlanta, GA

BAN20072534 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1979 Waterton Court, Grayson, GA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072535	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 341 Breeze Meadow, Fairburn, GA
BAN20072536	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 4829 Parkview Drive, Apt. B, Lake Oswego, OR to 1405 NE 86th, Vancouver, WA
BAN20072537	AMA Mortgage Corporation - To relocate mortgage broker's office from 7700 Leesburg Pike, Suite 426, Falls Church, VA to 44081 Pipeline Plaza, Suite 320, Ashburn, VA
BAN20072538	First Premier Mortgage Corporation - To relocate mortgage broker's office from 7850 Walker Drive, 1st Floor, Greenbelt, MD to 1401 Mercantile Lane, 1st Floor, Largo, MD
BAN20072539	Provident Funding Group, Inc. - To relocate mortgage lender's office from 8002 Discovery Drive, Suite 400, Richmond, VA to 8002 Discovery Drive, Suite 417, Richmond, VA
BAN20072540	Leader One Financial Corporation - To open a mortgage lender and broker's office at 400 Holiday Court, Suite 101, Warrenton, VA
BAN20072541	Streamline Holding, LLC d/b/a Streamline Mortgage & Financial of VA - To relocate mortgage broker's office from 12007 Sunrise Valley Dr., Suite 105, Reston, VA to 1660 International Drive, Suite 400, McLean, VA
BAN20072542	Ivy Lending, LLC - For a mortgage broker's license
BAN20072543	Cole Realty and Lending, Inc. - For a mortgage broker's license
BAN20072544	Franklin First Financial, Ltd. - For a mortgage lender and broker license
BAN20072545	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 13807 Silverdust Lane, Chester, VA
BAN20072546	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 8052 Tyson Oaks Court, Gainesville, VA
BAN20072547	Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 2906 Bay to Bay Boulevard, Tampa, FL
BAN20072548	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 5347 Lila Lane, Virginia Beach, VA
BAN20072549	Ideal Mortgage Bankers, Ltd. d/b/a Lend America - To open a mortgage lender and broker's office at 360 Vanderbilt Motor Parkway, Suite 16A, Hauppauge, NY
BAN20072550	Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To relocate mortgage broker's office from 151 Stelton Road, Piscataway, NJ to 525 Milltown Road, Suite 106, North Brunswick, NJ
BAN20072551	Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To relocate mortgage broker's office from 4121 Cox Road, Suite 106, Glen Allen, VA to 12036 Foxfield Circle, Richmond, VA
BAN20072552	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To relocate mortgage lender broker's office from 780 Lynnhaven Parkway, Suite 360, Virginia Beach, VA to 4445 Corporation Lane, Suite 200, Virginia Beach, VA
BAN20072553	Complete Home Mortgage Corp. - To relocate mortgage broker's office from 740 Veterans Memorial Highway, Hauppauge, NY to 606 Johnson Avenue, Suite 5, Bohemia, NY
BAN20072554	Black Business Corporation d/b/a VIP Lending - To conduct payday lending business where open end credit business will be conducted
BAN20072555	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To conduct payday lending business where tax refund anticipation loans will be made
BAN20072556	Today's Mortgage Services, LLC - For a mortgage broker's license
BAN20072557	Retirement Life Funding, LLC - For a mortgage broker's license
BAN20072558	Flagship Financial Group, LLC - To open a mortgage broker's office at 253 S. Orem Boulevard, Orem, UT
BAN20072559	First Securities Financial Services, Inc. - To relocate mortgage broker's office from 25900 Greenfield Road, Suite 400, Oak Park, MI to 34119 West 12 Mile Road, Suite 355, Farmington Hills, MI
BAN20072560	The American Mortgage Corporation - To relocate mortgage broker's office from 3104 W. Waters Avenue, Suite 200, Tampa, FL to 2360 66th Terrace South, Saint Petersburg, FL
BAN20072561	HomeAmerican Mortgage Corporation - To relocate mortgage lender broker's office from 7595 Technology Way, Suite 120, Denver, CO to 6550 Greenwood Plaza Boulevard, Englewood, CO
BAN20072562	Fulton Bank - To merge into it Resource Bank
BAN20072563	Direct Lending Services, LLC - For a mortgage broker's license
BAN20072564	Max \$ Max, LLC - For a money order license
BAN20072565	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 275 Grandview Avenue, Suite 103, Camp Hill, PA
BAN20072566	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 783 Gaither Road, Sykesville, MD
BAN20072567	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 41 Paoli Plaza, Suite D, Paoli, PA
BAN20072568	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 5655 Peachtree Parkway, Suite 112, Norcross, GA
BAN20072569	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 2 Split Rock Drive, Suite 12, Cherry Hill, NJ to 800 N. Kings Highway, Suite 100, 1st Floor, Cherry Hill, NJ
BAN20072570	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 3145 Carson Avenue, Suite 3, Murrysville, PA
BAN20072571	Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 513 19th. Street, Suite 201, Virginia Beach, VA to 681 Lake Meade Drive, Suffolk, VA
BAN20072572	Residential Home Loan Centers, LLC - To relocate mortgage lender broker's office from 1610 West Street, Suite 208, Annapolis, MD to 213 Spring Race Court, Annapolis, MD
BAN20072573	American Advisors Group, Inc. - For a mortgage broker's license
BAN20072574	Guild Mortgage Company, LLC - To acquire 25 percent or more of Guild Mortgage Company
BAN20072575	MortgageStar, Inc. - To relocate mortgage lender broker's office from 12410 Hillmeade Station Drive, Bowie, MD to 1401 Mercantile Road, Suite 200-CC, Largo, MD
BAN20072576	MortgageStar, Inc. - To relocate mortgage lender broker's office from 9304 Leigh Choice Court, Owings Mills, MD to 2113 Caves Road, Owings Mills, MD
BAN20072577	MortgageStar, Inc. - To open a mortgage lender and broker's office at 2310 Hilliard Road, Richmond, VA
BAN20072578	MortgageStar, Inc. - To open a mortgage lender and broker's office at 5122 Jay Street, NE, Washington, DC
BAN20072579	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 11350 Random Hills Road, Suite 800, Fairfax, VA
BAN20072580	Elite Financial Investments, Inc. - To relocate mortgage broker's office from 1211 W 22nd Street, Suite 900, Oakbrook, IL to 1211 W. 22nd Street, Suite 611, Oakbrook, IL
BAN20072581	EVB - To open a branch at 3300 New Kent Highway, Quinton, VA

BAN20072582 Allied Mortgage, L.L.C. d/b/a Continental Mortgage (Verona Office) - To relocate mortgage broker's office from 322 Lee Highway, Verona, VA to 113 Mill Place Parkway, Unit 103, Suite A, Verona, VA

BAN20072583 Middleburg Trust Company - To open a trust office at 5372 Discovery Park Boulevard, Suite B, James City County, Virginia

BAN20072584 Euro Mortgage Bankers, Inc. - For a mortgage lender and broker license

BAN20072585 Olde Dominion Mortgage, LLC - For a mortgage broker's license

BAN20072586 Green Dot Financial Corporation - For a money order license

BAN20072587 Viking Capital, Inc. - For a mortgage lender and broker license

BAN20072588 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 118 Chichester Avenue, Hampton, VA

BAN20072589 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 69 Shadowlake Drive, Mewnan, GA

BAN20072590 Finance USA Corporation - To open a mortgage broker's office at 43676 Trade Center Place, Unit 235, Suite 210, Sterling, VA

BAN20072591 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 4035 Premier Drive, Suite 110, High Point, NC

BAN20072592 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 177 Centre Street, Suite F, Merchantville, NJ to 1 Eves Drive, Suite 169, Marlton, NJ

BAN20072593 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 2001 Lincoln Drive, West, Suite A, Marlton, NJ to 2301 Church Road, Cherry Hill, NJ

BAN20072594 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 1801 Liberty Place, Sicklerville, NJ to 1800 Liberty Place, Sicklerville, NJ

BAN20072595 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 1650 Market Street, 36th Floor, Philadelphia, PA to 1819 JFK Boulevard, Suite 301, Philadelphia, PA

BAN20072596 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 3212 Cutshaw Avenue, Suite 207, Richmond, VA

BAN20072597 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 11809 Quarter Horse Court, Oakton, VA

BAN20072598 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 115 Route 23 N, Suite 5, Hamburg, NJ

BAN20072599 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 920 West Broad Street, Suite C, Falls Church, VA

BAN20072600 CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 142 N. Queen Street, Suite 117-121, Martinsburg, WV to 142 N. Queen Street, Suites 118, 120 and 121, Martinsburg, WV

BAN20072601 TBI Mortgage Company - To relocate mortgage lender broker's office from 46050 Manekin Plaza, Dulles, VA to 19775 Belmont Executive Plaza, Suite 125, Ashburn, VA

BAN20072602 Frontgate Financial Services, LLC - To relocate mortgage broker's office from 4550 Montgomery Avenue, Suite 425N, Bethesda, MD to 10411 Motor City Drive, Suite 750, Bethesda, MD

BAN20072603 M.V.P. Mortgage, LLC - To relocate mortgage broker's office from 43258 Watershed Court, Ashburn, VA to 44031 Pipeline Plaza, Suite 305, Ashburn, VA

BAN20072604 Jacob Dean Mortgage, Inc. - To relocate mortgage broker's office from 1340 Old Chain Bridge Road, Suite 201, McLean, VA to 1340 Old Chain Bridge Road, Suite 200, McLean, VA

BAN20072605 America's Cash Source LLC - To conduct consumer finance business where mortgage brokering will also be conducted

BAN20072606 Consumer One Corp. - For a mortgage broker's license

BAN20072607 Country Mortgage Inc. - For a mortgage broker's license

BAN20072608 WIN Financial Corp. - To relocate mortgage broker's office from 2005 I Street, Suite 2, Sacramento, CA to 2277 Fair Oaks Boulevard, Suite 110, Sacramento, CA

BAN20072609 NVR Mortgage Finance, Inc. - To open a mortgage lender and broker's office at 5360 Discovery Park Boulevard, Suite 201, Williamsburg, VA

BAN20072610 Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 10995 Owings Mills Boulevard, Owings Mills, MD

BAN20072611 MegaStar Financial Corp. - To open a mortgage lender's office at 4836 Brownsboro Center, Louisville, KY

BAN20072612 First Choice Lending, Inc. - To relocate mortgage broker's office from 205 South Street, Suite C, Bluefield, WV to 3133 Grassy Branch Road, Suite C, Bluefield, WV

BAN20072613 Capital Lending Services, Inc. - To relocate mortgage broker's office from 8121 Georgia Avenue, Suite 700, Silver Spring, MD to 8121 Georgia Avenue, Suite 350, Silver Spring, MD

BAN20072614 Myers Park Mortgage, Inc. - To open a mortgage lender's office at 1209 Roseneath Road, Richmond, VA

BAN20072615 GMAC Mortgage, LLC d/b/a Ditech - To open a mortgage lender and broker's office at 1901 South Main Street, Suite 6, Blacksburg, VA

BAN20072616 Homeloan USA Corporation - To open a mortgage lender and broker's office at 18235 - A Flower Hill Way, Gaithersburg, MD

BAN20072617 Mortgage World, LLC - To relocate mortgage broker's office from 9905 Davidson Parkway, Suite 101, Stockbridge, GA to 5627 Allentown Road, Suite 103, Suitland, MD

BAN20072618 1st Choice Mortgage/Equity Corporation of Lexington - To open a mortgage lender and broker's office at 230 Orchard Street, Building E, Stuart, VA

BAN20072619 MortgageStar, Inc. - To relocate mortgage lender broker's office from 4440 Raleigh Street, Suite 201, Alexandria, VA to 2700 South Quincy Street, Suite 220B, Arlington, VA

BAN20072620 4th Dimension Mortgage, Inc. - For a mortgage broker's license

BAN20072621 Foundation Mortgage Corporation - For a mortgage broker's license

BAN20072622 Gold Standard Financial, LLC - For a mortgage broker's license

BAN20072623 Anh Minh Money Transfer, Inc. - For a money order license

BAN20072624 Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 708 Mt. Cross Road, Suite C, Danville, VA

BAN20072625 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 508 Hurffville-Crosskeys Road, Sewell, NJ

BAN20072626 California Loan Servicing, LLC - To relocate mortgage broker's office from 1455 Response Road, Suite 199, Sacramento, CA to 5800 Stanford Ranch Road, Suite 220, Rocklin, CA

BAN20072627 Optima Funding Group, Inc. d/b/a Potomac Lending Group (at 1 office) - To relocate mortgage broker's office from 7617 Little River Turnpike, Suite 520, Annandale, VA to 4208 Evergreen Lane, Suite 223, Annandale, VA

BAN20072628 Southwest Mortgage, LLC - To relocate mortgage broker's office from 2801 Boulevard, Suite G-1, Colonial Heights, VA to 4130 Innslake Drive, Glen Allen, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072629 Greenbrier Home Equity, Inc. - For a mortgage broker's license
 BAN20072630 American Mortgage Capital Inc. - For a mortgage broker's license
 BAN20072631 Ratesmart Inc. - For a mortgage broker's license
 BAN20072632 Kinsale Mortgage Corp. - For a mortgage broker's license
 BAN20072633 Cornerstone Mortgage Group LLC - For a mortgage broker's license
 BAN20072634 Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - To open a mortgage lender and broker's office at 2700 Lighthouse Point East, Suite 401, Baltimore, MD
 BAN20072635 Second Bank & Trust - To open a branch at 3900 Westerre Parkway, Suite 102, Henrico County, VA
 BAN20072636 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 12204 Keats Grove Court, Glen Allen, VA
 BAN20072637 Aasent Mortgage Corporation - To relocate mortgage broker's office from 6190 Powers Ferry Road, NW, Atlanta, GA to 100 Galleria Parkway, Suite 900, Atlanta, GA
 BAN20072638 America's Cash Source LLC - To conduct consumer finance business where mortgage lending will also be conducted
 BAN20072639 Alliance Financial, Inc. of Maryland - For a mortgage broker's license
 BAN20072640 Mulholland & Price Financial, LLC - For a mortgage broker's license
 BAN20072641 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5970 Fairview Road, Suite 718, Charlotte, NC
 BAN20072642 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3195 Old Washington Road, Suite 227, Waldorf, MD
 BAN20072643 USA Patriot Mortgage LLC - To relocate mortgage broker's office from 7700 Little River Turnpike, Suite 102, Annandale, VA to 23 North King Street, Suite B, Leesburg, VA
 BAN20072644 Commonwealth Mortgage Group, Inc. - To open a mortgage broker's office at 1617 East Main Street, Second Floor, Salem, VA
 BAN20072645 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 15 North Thompson Street, Richmond, VA
 BAN20072646 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 3145 Carson Avenue, Suite 3, Murrysville, PA
 BAN20072647 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 8000 Towers Crescent Drive, Suite A120, Vienna, VA
 BAN20072648 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 21744 Duck Creek Square, Ashburn, VA
 BAN20072649 NORAA Mortgage and Financial Services LLC - To relocate mortgage broker's office from 1984 Isaac Newton Square, Suite 202, Reston, VA to 5006 Killebrew Drive, Annandale, VA
 BAN20072650 First Veterans Financial Services, Inc. - To open a consumer finance office
 BAN20072651 Antietam Mortgage, Inc. - To relocate mortgage broker's office from 9029 Shady Grove Court, Gaithersburg, MD to 11949 Robinwood Drive, Hagerstown, MD
 BAN20072652 Continental Lending Corporation of America - To relocate mortgage broker's office from 9199 Reisterstown Road, Suite 206A, Owings Mills, MD to 407 Butler Road, Reisterstown, MD
 BAN20072653 EVB Mortgage, LLC - To open a mortgage lender and broker's office at 209 W. Main Street, Waverly, VA
 BAN20072654 Common Sense Financial of Newport News, LLC - For a mortgage broker's license
 BAN20072655 Primus Mortgage Group, LLC - For a mortgage broker's license
 BAN20072656 ChoiceOne Mortgage Services, Incorporated - For a mortgage broker's license
 BAN20072657 DLJ Mortgage Capital, Inc. - For a mortgage lender's license
 BAN20072658 Multi-Fund of Columbus, Inc. - To relocate mortgage broker's office from 2999 E. Dublin-Granville Road, Columbus, OH to 6456 Havens Road, Blacklick, OH
 BAN20072659 MortgageStar, Inc. - To relocate mortgage lender broker's office from 7735 Old Georgetown Road, Suite 800, Bethesda, MD to 9901 Belward Campus Drive, Suite 125, Rockville, MD
 BAN20072660 Prosperity Enterprises, Inc. d/b/a Xpress Cash Advance - To relocate payday lender's office from 15 Jackson Avenue, Winchester, VA to 155 Grocery Avenue, Winchester, VA
 BAN20072661 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 7-B Oak Branch Drive, Greensboro, NC
 BAN20072662 Assurity Financial Services, LLC. - For a mortgage lender and broker license
 BAN20072663 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 9672 Pennsylvania Avenue, Suite K, Upper Marlboro, MD
 BAN20072664 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 1380 Lead Hill Boulevard, Suite 106, Roseville, CA to 1110 Melody Lane, Suite 118, Roseville, CA
 BAN20072665 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 313 Second Street, Southeast, Suite 112, Charlottesville, VA
 BAN20072666 Joseph Niosi, Jr. - To acquire 25 percent or more of Amerinet Financial, L.L.C.
 BAN20072667 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To relocate mortgage lender broker's office from 2465 Pruden Boulevard, Suffolk, VA to 140 West Washington Street, Suite 107, Suffolk, VA
 BAN20072668 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 4115 Annandale Road, Suite 300, Annandale, VA to 3154 Babashaw Court, Fairfax, VA
 BAN20072669 The Mortgage Vault, Inc. - To relocate mortgage lender broker's office from 232 Main Street, Gaithersburg, MD to 3370 Urbana Pike, Ijamsville, MD
 BAN20072670 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 8000 Towers Crescent Drive, Suite 1350, Vienna, VA
 BAN20072671 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 2105 E. Center Street, Suite C, Kingsport, TN
 BAN20072672 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 20 Doc Stone Road, Stafford, VA
 BAN20072673 Dream House Mortgage Corporation - To relocate mortgage lender broker's office from 385 South Main Street, 2nd. Floor, Providence, RI to The Summit at Warwick Executive Park, 300 Centerville Road, Suite 320E, Warwick, RI
 BAN20072674 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 2240 West 1st. Street, Suite 102, Fort Myers, FL
 BAN20072675 Corridor Mortgage Group, Inc. - To open a mortgage lender and broker's office at 4933 Auburn Avenue, Bethesda, MD
 BAN20072676 Mortgage One Home Loans Corporation - To relocate mortgage broker's office from 6555 Paper Place, Highland, MD to 405 Frederick Road, Suite 11, Catonsville, MD
 BAN20072677 Golden Years Reverse Mortgage, Inc. - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072678	Security Federal Mortgage & Financial Services, Incorporated - To relocate mortgage broker's office from 5126 Dorsey Hall Drive, Suite 202, Ellicott City, MD to 2470 Longstone Lane, Suite N, Marriottsville, MD
BAN20072679	CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To relocate mortgage lender broker's office from 6363 Greenwich Drive, Suite 260, San Diego, CA to 6165 Greenwich Drive, Suite 220, San Diego, CA
BAN20072680	Bank of the Commonwealth - To open a branch at 3732 North Croatan Highway, Kitty Hawk, NC
BAN20072681	Pacific Loan Group, Inc. (Used in VA by: Pacific Loan Group) - To relocate mortgage broker's office from 7817 Ivanhoe Avenue, Suite 200, La Jolla, CA to 2408 La Costa Avenue, Carlsbad, CA
BAN20072682	SanAnn's Mortgage Solutions Inc. - To relocate mortgage broker's office from 2409 Bainbridge Boulevard, Chesapeake, VA to 2035 Sunset Maple Lane, Chesapeake, VA
BAN20072683	M.T.G.E. Mortgage Corporation - To relocate mortgage lender broker's office from 11350 Random Hills Road, Suite 380, Fairfax, VA to 3182 Mary Etta Lane, Oak Hill, VA
BAN20072684	The Thaireau Group, Corp. - For a mortgage broker's license
BAN20072685	Black Business Corporation - To open a check casher at 2713 Park Crecent, Norfolk, VA
BAN20072686	All Homes Financial LLC - For a mortgage broker's license
BAN20072687	Alera Financial, LLC - For additional mortgage authority
BAN20072688	Black Business Corporation d/b/a VIP Lending - To conduct payday lending business where check cashing business will also be conducted
BAN20072689	Mido Express II Inc. - To open a check casher at 1418 Richmond Tappahannock Highway, Manquin, VA
BAN20072690	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 241 Gateway Plaza, Suite 106, Gate City, VA
BAN20072691	Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To relocate mortgage lender's office from 2699 Lee Road, Suite 600A, Winter Park, FL to 2611 Technology Drive, Suite 100, Orlando, FL
BAN20072692	Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To open a mortgage lender's office at 10475 Perry Highway, Suite G 101, Wexford, PA
BAN20072693	Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 553 N. Nova Road, Suite 209, Ormond Beach, FL
BAN20072694	Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To open a mortgage lender and broker's office at 783 Douglas Avenue, Portsmouth, VA
BAN20072695	Premium Capital Funding LLC d/b/a Topdot Mortgage - To relocate mortgage lender broker's office from 515 Washington Road, Suite 2, Parlin, NJ to Raritan Plaza I, Raritan Center, Edison, NJ
BAN20072696	Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 8245 Boone Boulevard, Suite 300, Vienna, VA
BAN20072697	Landmark Funding LLC - To open a mortgage lender and broker's office at 7700 Little River Turnpike, Suite 501, Annandale, VA
BAN20072698	Landmark Funding LLC - To open a mortgage lender and broker's office at 24994 Sussex Highway, Suite 2, Seaford, DE
BAN20072699	Landmark Funding LLC - To open a mortgage lender and broker's office at 19825 Executive Park Circle, Germantown, MD
BAN20072700	American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 2100 Smallman Street, Pittsburgh, PA
BAN20072701	AME Financial Corporation d/b/a Ashford Mortgage - To relocate mortgage lender broker's office from 4036 Wetherburn Way, Norcross, GA to 6455 Shiloh Road, Suite D, Alpharetta, GA
BAN20072702	PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 10306 Eaton Place, Suite 120, Fairfax, VA
BAN20072703	PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 5300 Westview Drive, Suite 303, Frederick, MD
BAN20072704	Admiral Lending, LLC d/b/a TheEquityNetwork.com - To relocate mortgage broker's office from 13490 Bungleweed Lane, Centreville, VA to 5754 Union Mill Road, Clifton, VA
BAN20072705	American Continental Mortgage, Corp. - To relocate mortgage broker's office from 10 Music Fair Road, Owings Mills, MD to Red Brook Corporate Center, 800 RedBrook Boulevard, Suite 300, Owings Mills, MD
BAN20072706	American Dream Homes, Inc. d/b/a American Dream Homes Mortgage - To open a mortgage broker's office at 3630 S. Plaza Trail, Virginia Beach, VA
BAN20072707	Lincoln Mortgage, LLC - To open a mortgage broker's office at 2114 Angus Road, Suite 224, Charlottesville, VA
BAN20072708	Multi-Fund of Columbus, Inc. - To relocate mortgage broker's office from 2999 E. Dublin-Granville Road, Columbus, OH to 6456 Havens Road, Blacklick, OH
BAN20072709	Omar Sarhan - For a mortgage broker's license
BAN20072710	Multi-State Home Lending, Inc. - To relocate mortgage lender broker's office from 23422 Mill Creek Drive, Suite 205, Laguna Hills, CA to 2081 Business Center Drive, Suite 190, Irvine, CA
BAN20072711	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 4180 Highlander Parkway, Richfield, OH
BAN20072712	Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 5926 Baron Kent Lane, Centreville, VA
BAN20072713	Specialty Lending Corporation - To relocate mortgage broker's office from 1900 Campus Commons Drive, Reston, VA to 19990 Gleadsville Road, Suite A, Leesburg, VA
BAN20072714	Priority Financial Services, LLC - To open a mortgage broker's office at 2 W. Rolling Crossroads, Suite 210, Catonsville, MD
BAN20072715	Old Dominion Mortgage, LLC - To open a mortgage broker's office at 11512 Allecingie Parkway, Suite D, Richmond, VA
BAN20072716	Flagship Financial Group, LLC - To open a mortgage broker's office at 1275 Shiloh Road, N.W., Kennesaw, GA
BAN20072717	Homestead Mortgage, L.C. - To relocate mortgage broker's office from 10400 Eaton Place, Suite 400, Fairfax, VA to 9260 Davis Drive, Lorton, VA
BAN20072718	Apex Lending, Inc. - To relocate mortgage lender broker's office from 621 Lynnhaven Parkway, Suite 260, Virginia Beach, VA to 3601 Brickhouse Court, Suite 101, Virginia Beach, VA
BAN20072719	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 4341 Cox Road, Glen Allen, VA
BAN20072720	Cash & Go, Inc. of Virginia (Used in VA by: Cash & Go, Inc.) d/b/a CASH-N-GO - To open a payday lender's office at 2035-55 East Market Street, Harrisonburg, VA
BAN20072721	Numerica Mortgage, LLC - To open a mortgage lender and broker's office at 8137 Showcase Court, Pasadena, MD
BAN20072722	1st Security Mortgage, Inc. - To open a mortgage broker's office at 607 Lynnhaven Parkway, Virginia Beach, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072723 Argentum Resources, LLC - To relocate mortgage broker's office from 370 Seventeenth Street, Suite 5000, Denver, CO to 4340 S. Monaco Street, Second Floor, Denver, CO

BAN20072724 Absolute Advantage Mortgage LLC - For a mortgage broker's license

BAN20072725 Neighborhood Funding, Inc. - For a mortgage lender's license

BAN20072726 Shoreline Mortgage Services, LLC - For a mortgage broker's license

BAN20072727 KGS Mortgage LLC - For a mortgage broker's license

BAN20072728 Ark-La-Tex Financial Services, LLC - For a mortgage lender and broker license

BAN20072729 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 135 Crooked Run Plaza, Suite 60, Front Royal, VA

BAN20072730 Alliance Credit Counseling, Inc. - To relocate credit counseling office from 15720 John J. Delaney Dr., Suite 100, Charlotte, NC to 13777 Ballantyne Corporate Place, Suite 100, Charlotte, NC

BAN20072731 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 702 S. Wolfe Street, Apt. 9, Baltimore, MD

BAN20072732 CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1589 Marco Drive, Pasadena, MD

BAN20072733 Transcontinental Lending Group, Inc. - To relocate mortgage lender broker's office from 200 Knuth Road, Suite 248, Boynton Beach, FL to 200 Knuth Road, Suite 132, Boynton Beach, FL

BAN20072734 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 8601 Georgia Avenue, Suite 701, Silver Spring, MD

BAN20072735 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 732 Thimble Shoals Boulevard, Suite 104, Newport News, VA

BAN20072736 MortgageStar, Inc. - To relocate mortgage lender broker's office from 1401 Mercantile Lane, Suite 221, Largo, MD to 12084 Blue Mount Court, Waldorf, MD

BAN20072737 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 9351 Lakeside Boulevard, Owings Mills, MD

BAN20072738 Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage lender broker's office from 11250 Waples Mill Road, Suite 305, Fairfax, VA to 8521 Leesburg Pike, Suite 302, Vienna, VA

BAN20072739 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2433 Port Tobacco Road, Nanjemoy, MD

BAN20072740 Lime Financial Services, Ltd. - To open a mortgage lender's office at 3815 S. West Temple, Salt Lake City, UT

BAN20072741 Annandale Trey Corporation - To open a check casher at 10900 Old Court House Road, Fredericksburg, VA

BAN20072742 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 26777 Lorain Road, Suite 216, North Olmsted, OH

BAN20072743 C-3 Financial, Inc. d/b/a EZ Cash, Cash Advance - To relocate payday lender's office from 2076 Magnolia Avenue, Suite A, Buena Vista, VA to 2062 Magnolia Avenue, Buena Vista, VA

BAN20072744 Alliance Corporation - To open a branch at 2525 Cowan Boulevard, Fredericksburg, VA

BAN20072745 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 132 Old River Road, Suite 104, Lincoln, RI

BAN20072746 Paul Reilly Kiron - To acquire 25 percent or more of Resource Mortgage Group, Inc.

BAN20072747 Priority Financial Services, LLC - To open a mortgage broker's office at 502 Washington Avenue, Suite 620, Towson, MD

BAN20072748 Columbus Austin Pollard - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20072749 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage broker's office from 70 Scruggs Road, Moneta, VA to 12787 Booker T. Washington Highway, Suite 101, Hardy, VA

BAN20072750 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 1035 Champions Way, Suite 500, Suffolk, VA

BAN20072751 Fair East Mortgage, Inc. - To relocate mortgage broker's office from 9401 Mathy Drive, Suite 380, Fairfax, VA to 3702 Pender Drive, Suite 150, Fairfax, VA

BAN20072752 Open Mortgage, LLC - To relocate mortgage broker's office from 3357 Hazelwood Road, Edgewater, MD to 2661 Riva Road, Suite 611 B, Annapolis, MD

BAN20072753 Advanced Home Loans Corp - To relocate mortgage broker's office from 11319 Aristotle Drive, Suite 105, Fairfax, VA to 5047 Village Fountain Place, Centreville, VA

BAN20072754 B and B Mortgage Group LLC - To relocate mortgage broker's office from 3701 Bank Street, Suite C, Baltimore, MD to 12451 Clarksville Pike, 2nd. Floor, Clarksville, MD

BAN20072755 RKK Associates LLC - To open a mortgage broker's office at 4080 Lafayette Center Drive, Suite 210-A, Chantilly, VA

BAN20072756 ION Capital Inc. - To open a mortgage lender's office at 900 Army Navy Drive, Suite 1225, Arlington, VA

BAN20072757 ION Capital Inc. - To open a mortgage lender's office at 4332 Decator Drive, Woodbridge, VA

BAN20072758 ION Capital Inc. - To open a mortgage lender's office at 7700 Kenmore Circle, Richmond, VA

BAN20072759 Gateway Bank & Trust Co. - To open a branch at 204 Albemarle Square, Charlottesville, VA

BAN20072760 First-Citizens Bank & Trust Company - To open a branch at 950 North Glebe Road, Arlington, VA

BAN20072761 Sadler Bros. Oil Co. Inc. - To open a check casher at 920 West Atlantic Street, Emporia, VA

BAN20072762 Capital Direct Lending Corporation - For a mortgage broker's license

BAN20072763 U S Mortgage & Investment Services, Inc. - To relocate mortgage broker's office from 11820 Parklawn Drive, Suite 401, Rockville, MD to 11821 Parklawn Drive, Suite 304, Rockville, MD

BAN20072764 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 327 Greentree Road, Sewell, NJ

BAN20072765 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 1604 Liberty Place, Sicklerville, NJ

BAN20072766 M & P Mortgage, LLC - To relocate mortgage broker's office from 1100 Business Parkway, South, 2UL, Westminster, MD to 100 E. Main Street, Suite A, Westminster, MD

BAN20072767 MortgageStar, Inc. - To open a mortgage lender and broker's office at 254 Chapman Road, Suite 110, Newark, DE

BAN20072768 MortgageStar, Inc. - To open a mortgage lender and broker's office at 2810 South 20th Street, Arlington, VA

BAN20072769 Jacob Dean Mortgage, Inc. - To relocate mortgage broker's office from 21351 Gentry Drive, Suite 225, Sterling, VA to 1604 Spring Hill Road, 2nd Floor, Vienna, VA

BAN20072770 MNET Mortgage, Inc. (Used in VA by: Mortgage Network, Inc.) - To open a mortgage lender's office at 501 Holiday Drive, Foster Plaza, Building 4, Pittsburgh, PA

BAN20072771 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 177 West Spotswood Avenue, Elkton, VA

BAN20072772 Guaranteed Home Mortgage Company Inc. - To open a mortgage lender and broker's office at 79-49 Myrtle Avenue, Glendale, NY

BAN20072773 Coast to Coast Mortgage, LLC - For a mortgage broker's license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072774	Currency Exchange International, Corp. - To open a check casher at Potomac Mills Mall, 2700 Potomac Mills Circle, #430, Prince William, VA
BAN20072775	Better Loans Now, LLC - For a mortgage broker's license
BAN20072776	Towne Bank - To relocate office from 1103 William Styron Square South, Newport News, VA to 1030 Loftis Boulevard, Suite 100, Newport News, VA
BAN20072777	Trinity Credit Counseling, Inc. d/b/a Trinity Debt Management - To open an additional credit counseling office at 11350 Deerfield Road, Blue Ash, OH
BAN20072778	Empire Mortgage Corp. (Used in Va by: Empire Financial Services Inc.) - To open a mortgage broker's office at 1900 Parklawn Drive, Suite 150, Rockville, VA
BAN20072779	American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 1517 Huguenot Road, Suite 102, Midlothian, VA
BAN20072780	Cash Solution, LLC - To open a check casher at 12809-E Jefferson Avenue, Newport News, VA
BAN20072781	Global Mortgage Group, Inc. - To relocate mortgage broker's office from 146 Fairchild Street, Suite 115, Daniel Island, SC to 669 Marina Drive, Suite A3, Charleston, SC
BAN20072782	Paramount Lending, LLC - For a mortgage broker's license
BAN20072783	Gulf Coast Processing and Finance, LLC - For a mortgage broker's license
BAN20072784	Flagship Financial Group, LLC - To open a mortgage broker's office at 1349 Galleria Drive, Suite 110, Henderson, NV
BAN20072785	Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 251 Keisler Drive, Suite 100, Cary, NC to 790 SE Cary Parkway, Suite 204, Cary, NC
BAN20072786	MicroFinance International Corporation d/b/a Alante Financial - To open a mortgage broker's office at 3253 Columbia Pike, Arlington, VA
BAN20072787	J & D Home Loans, Inc. - For a mortgage broker's license
BAN20072788	First Capital Bank - To open a branch at 2810 Buford Road, Chesterfield County, VA
BAN20072789	Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 2455 Etting Street, Baltimore, MD
BAN20072790	Barron Mortgage Corp. - To relocate mortgage broker's office from 9800 McKnight Road, Building B, Pittsburgh, PA to 1388 Freepoint Road, Suite 105, Pittsburgh, PA
BAN20072791	Evergreen Lending LLC - To relocate mortgage broker's office from 18200 Georgia Avenue, Suite I, Olney, MD to 4936 Fairmont Avenue, Suite 100, Bethesda, MD
BAN20072792	Wells Fargo Financial Virginia, Inc. - To relocate consumer finance office from 1705 Parkview Drive, Suite 26, Chesapeake, VA to 733 Eden Way North, Suite 408, Chesapeake, VA
BAN20072793	CP Enterprises of Virginia, Inc. - To open a check casher at 511 Jefferson Davis Highway, Fredericksburg, VA
BAN20072794	1st Fidelity Mortgage Group, LTD. (Used in VA by: First Fidelity Mortgage Group, Ltd.) - To relocate mortgage broker's office from 201 Old Country Road, Melville, NY to 732 Smithtown Bypass, Suite 300, Smithtown, NY
BAN20072795	NJ Lenders Corp. - To relocate mortgage lender broker's office from 80 Maiden Lane, Suite 1901, New York, NY to 80 Maiden Lane, Suite 701, New York, NY
BAN20072796	Residential Mortgage Group, Inc. - To relocate mortgage broker's office from 101 Founders Way, Unit 2, Strasburg, VA to 122 Holiday Street, Strasburg, VA
BAN20072797	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 5950 Symphony Woods Road, Suite 420, Columbia, MD to 6230 Old Dobbin Lane, Suite 211, Columbia, MD
BAN20072798	Home Wise Lending LLC - For a mortgage broker's license
BAN20072799	Coast 2 Coast Funding Group, Inc. - For a mortgage lender and broker license
BAN20072800	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 350 Cypress Creek Road, Suite 522, Cedar Park, TX to 11021 Short Springs Drive, Austin, TX
BAN20072801	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 13505 Clear Lake Court, Oak Hill, VA
BAN20072802	MortgageStar, Inc. - To open a mortgage lender and broker's office at 4109 Carriage Drive, Temple Hills, MD
BAN20072803	Black Business Corporation d/b/a VIP Lending - To relocate payday lender's office from 2713 Park Crescent, Norfolk, VA to 3200 Elm Avenue, Portsmouth, VA
BAN20072804	EquiPoint Financial Network, Inc. - To open a mortgage lender and broker's office at 806 Loudoun Avenue, Portsmouth, VA
BAN20072805	Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 3069 Trenwest Drive, Suite 2204, Winston-Salem, NC
BAN20072806	Old Dominion Mortgage, LLC - To relocate mortgage broker's office from 2743 Buford Road, Richmond, VA to 1905 Huguenot Road, Suite 200, Richmond, VA
BAN20072807	1st Personal Mortgage Service, Inc. - To relocate mortgage broker's office from 8062 Brightwood Court, Ellicott City, MD to 3280 Pine Orchard Lane, Suite C, Ellicott City, MD
BAN20072808	Bayside Financial Services, LLC - To relocate mortgage broker's office from 1022 High Dunes Quay-101, Hampton, VA to 198 Arcadia Drive, Newport News, VA
BAN20072809	Cornerstone Home Mortgage, L.L.C. - To relocate mortgage broker's office from 1226 Progressive Drive, Suite 210, Chesapeake, VA to 400 North Center Drive, Suite 212, Norfolk, VA
BAN20072810	Dorothy Brooks - To acquire 25 percent or more of Spectrum Funding Corporation
BAN20072811	Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 2450 Atlanta Highway, Suite 803, Cumming, GA
BAN20072812	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 8006 Longfellow Place, Midlothian, VA
BAN20072813	Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 692 Clay Road, Skipwith, VA
BAN20072814	American Affordable Homes, Inc. - To relocate mortgage lender broker's office from 1650 Tysons Boulevard, Suite 900, McLean, VA to 1650 Tysons Boulevard, Suite 200, McLean, VA
BAN20072815	First Rate Mortgage, LLC. - For a mortgage broker's license
BAN20072816	Bank of Botetourt - To open a branch at 9 Lloyd Tolley Road, Natural Bridge Station, VA
BAN20072817	Global Financial Mortgage Inc. (Used in VA by: Global Financial Services Inc.) - To open a mortgage broker's office at 8400 Westpark Drive, Suite 111, McLean, VA
BAN20072818	Advance America, Cash Advance Centers of Virginia, Inc. - To conduct payday lending business where ax preparation business will be conducted

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072819 Heritage Mortgage, LLC - To open a mortgage lender and broker's office at 10124 W. Broad Street, Suite C, Glen Allen, VA

BAN20072820 Branch Banking and Trust Company - To open a branch at 6244A Little River Turnpike, Fairfax County, VA

BAN20072821 Branch Banking and Trust Company - To open a branch at 11990 Market Street, Reston, VA

BAN20072822 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 3651 Canton Road, Suite 102, Marietta, GA

BAN20072823 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 1563 Postal Road, Suite 1B, Chester, MD

BAN20072824 nFinanSe Payments Inc. - For a money order license

BAN20072825 TriVantage Bancorp, LLC - For a mortgage broker's license

BAN20072826 A L I Group, Inc. - To open a check casher at 1642 W. Broad Street, Richmond, VA

BAN20072827 AmericaHomeKey, Inc. - To relocate mortgage lender broker's office from 10015 Old Columbia Road, Suite B215, Columbia, MD to 3905 National Drive, Suite 360, Burtonsville, MD

BAN20072828 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 575 Lynnhaven Parkway, Suite 280A, Virginia Beach, VA

BAN20072829 Home Loan Center, Inc. d/b/a LendingTree Loans - To relocate mortgage lender broker's office from 11016 Rushmore Drive, Charlotte, NC to 11215 Rushmore Drive, Charlotte, NC

BAN20072830 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a check casher at 1311 Piney Forest Road, Suite H, Danville, VA

BAN20072831 Avon Alexander - For a mortgage broker's license

BAN20072832 Lusk Investments, Inc. d/b/a Elan Financial Group - To relocate mortgage broker's office from 100 E. Kirk Avenue, Suite 100, Roanoke, VA to 4136 Arlington Hills Drive, Roanoke, VA

BAN20072833 Frontgate Financial Services, LLC - To open a mortgage broker's office at 9114 Old Georgetown Road, Bethesda, MD

BAN20072834 Virginia Partners Bank - To open a bank at 317-319 William Street, Fredericksburg

BAN20072835 Neighborhood Lender, Inc. - For a mortgage broker's license

BAN20072836 All-America Financial Incorporated - For a mortgage broker's license

BAN20072837 Money Market Lending, LLC - For a mortgage broker's license

BAN20072838 Mortgage Sources Corp. - For additional mortgage authority

BAN20072839 Paulino J. Gonzales - To open a check casher at 24254 Bennett Street, Parksley, VA

BAN20072840 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 47 Birchbark Drive, Hanson, MA

BAN20072841 1st Choice Mortgage/Equity Corporation of Lexington - To relocate mortgage lender broker's office from 230 Orchard Street, Building E, Stuart, VA to 141 North Main Street, Suite 216, Stuart, VA

BAN20072842 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 6370 Lusk Boulevard, Suite F208 A-C, San Diego, CA

BAN20072843 1st Fidelity Financial, LLC - To relocate mortgage broker's office from 12011 Lee Jackson Memorial Highway, Fairfax, VA to 14100 Parke Long Court, Chantilly, VA

BAN20072844 A. Anderson Scott Mortgage Group, Incorporated - To relocate mortgage lender broker's office from 7702 Leesburg Pike, Suite 400, Falls Church, VA to 6354 Walker Lane, Suite 100, Alexandria, VA

BAN20072845 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 16701 Melford Boulevard, Suite 323, Bowie, MD to 16701 Melford Boulevard, Suite 400, Bowie, MD

BAN20072846 John K. Hatzidakis - For a mortgage broker's license

BAN20072847 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 223 Central Avenue, Suite B, Christiansburg, VA to 7379 Lee Highway, Suite B, Road, VA

BAN20072848 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 8437 Mayfield Road, Chesterland, OH to 12661 Chillicothe Road, Chesterland, OH

BAN20072849 Federal Hill Mortgage Company, LLC - To relocate mortgage broker's office from 1526 Light Street, Baltimore, MD to 1021 Patapsco Street, Baltimore, MD

BAN20072850 Transcontinental Lending Group, Inc. - To open a mortgage lender and broker's office at 6555 North Powerline Road, Suite 204, Fort Lauderdale, FL

BAN20072851 Paramount Mortgage Services, Inc. - To relocate mortgage lender's office from 231 Crosswicks Road, Suite 5, Bordentown, NJ to 60 Fostertown Road, Medford, NJ

BAN20072852 Quicken Loans Inc. - To relocate mortgage lender's office from 3252 University Drive, Suite 130, Auburn Hills, MI to 27555 Farmington Road, Suite 300, Farmington Hills, MI

BAN20072853 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 4530 Walney Road, Suite 103, Chantilly, VA to 4443 Brookfield Corporate Drive, Suite 210, Chantilly, VA

BAN20072854 David Zugheri Separate Property Trust - To acquire 25 percent or more of First Houston Mortgage, LP

BAN20072855 JMAC Lending, Inc. - For a mortgage lender and broker license

BAN20072856 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 3500 Jefferson Street, Suite 315, Austin, TX

BAN20072857 Euclid Mortgage Services, LLC - To open a mortgage broker's office at 5835 Rexford Drive, Springfield, VA

BAN20072858 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1030 W. Hamilton Street, Allentown, PA

BAN20072859 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 3220 West Southlake Boulevard, Suite A, Southlake, TX

BAN20072860 Best Option Mortgage Inc. - To open a mortgage lender and broker's office at 1326 Jamestown Road, Suite A, Williamsburg, VA

BAN20072861 MortgageYourHouse LLC d/b/a Mortgage House - To relocate mortgage lender broker's office from 2041 N. Battlefield Boulevard, Chesapeake, VA to 676 N. Battlefield Boulevard, Chesapeake, VA

BAN20072862 Domus Holdings Corp. - To acquire 25 percent or more of PHH Home Loans, LLC

BAN20072863 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 6960 Booker T. Washington Highway, Wirtz, VA

BAN20072864 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 14245-K Centreville Square, Centreville, VA

BAN20072865 Capital Quest Mortgage, Inc. d/b/a MortgageCorpUSA (Vienna Office Only) - To relocate mortgage lender broker's office from 8618 Westwood Center Drive, Suite 315, Vienna, VA to 9312 Shouse Drive, Vienna, VA

BAN20072866 Epic Management Group, Inc. d/b/a Epic Financial - To relocate mortgage broker's office from 1407 Route 9, Building 2, Clifton Park, NY to 9943 Cherry Hills Avenue Circle, Bradenton, FL

BAN20072867 Great Lakes Financial Corporation - To relocate mortgage broker's office from 192 Ohio River Boulevard, Suite 3, Ambridge, PA to 800 Pine Street, Ambridge, PA

BAN20072868 Virginia HomeLoan, L.C. - To relocate mortgage broker's office from Ladysmith Professional Building, Ladysmith, VA to 18130 Bridlewood Lane, Ruther Glen, VA

BAN20072869 JH Mortgage Inc. - To relocate mortgage broker's office from 7023 Little River Turnpike, Suite 203, Annandale, VA to 7023 Little River Turnpike, Suite LL300, Annandale, VA

BAN20072870 ACE Cash Express, Inc. - To open a payday lender's office at 8626 Richmond Highway, Suite 1A, Alexandria, VA

BAN20072871 ACE Cash Express, Inc. - To open a payday lender's office at 6911 Richmond Highway, Suite 100, Alexandria, VA

BAN20072872 United Home Mortgage Services, Inc. - To open a mortgage broker's office at 1216 Saddleback Landing, Chesapeake, VA

BAN20072873 Priority Financial Services, LLC - To open a mortgage broker's office at 1323 North Main Street, Hampstead, MD

BAN20072874 Global Equity Finance, Inc. - To relocate mortgage broker's office from 575 Anton Boulevard, 3rd Floor, Costa Mesa, CA to 4660 La Jolla Village Drive, Fifth Floor, PMB-50040, San Diego, CA

BAN20072875 Select Mortgage Resource Center Inc. - To relocate mortgage broker's office from 8227 Cloverleaf Drive, Suite 303, Millersville, MD to 321 N. Front Street, Suite 206, Wilmington, NC

BAN20072876 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 14719 Windjammer Drive, Midlothian, VA

BAN20072877 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 288 Atlantic Avenue, Hux, MA

BAN20072878 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 3071 Lenox Road, Suite 11, Atlanta, GA

BAN20072879 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 937 Saint Charles Avenue, NE, Atlanta, GA

BAN20072880 MNET Mortgage, Inc. (Used in VA by: Mortgage Network, Inc.) - To open a mortgage lender's office at 600 Sable Oaks Drive, South Portland, ME

BAN20072881 Oxford Lending Group, LLC - To open a mortgage lender and broker's office at 17200 North Perimeter Drive, Scottsdale, AZ

BAN20072882 Latinvest Holdings II, Inc. - To acquire 25 percent or more of Remesas Quisqueyana, Inc.

BAN20072883 First Bank of Virginia (Used in VA by: First Bank) - To open a branch at 131 Ivanhoe Road, Unit 131D, Max Meadows, VA

BAN20072884 Eagle Mortgage, LLC - For a mortgage broker's license

BAN20072885 Ascent Home Loans, Inc. - To open a mortgage lender and broker's office at 5101 Cooks Lane, Dublin, VA

BAN20072886 Network Funding, L.P. - To relocate mortgage lender broker's office from 113 W. Fire Tower Road, Suite O, Winterville, NC to 235 Commerce Street, Suite 11, Greenville, NC

BAN20072887 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 110 Mid Atlantic Place, Yorktown, VA

BAN20072888 Access Home Mortgages LLC - To open a mortgage broker's office at 620 Moorefield Park Drive, Suite 101, Richmond, VA

BAN20072889 Fidelity Mortgage Warehouse, Inc. - To relocate mortgage broker's office from 7200 Coastal Highway, Ocean City, MD to 6008 Pantherwood Drive, Myrtle Beach, SC

BAN20072890 Highlands Mortgage Services LLC - To relocate mortgage broker's office from 1060 West Main Street, Suite 10A, Abingdon, VA to 439A East Main Street, Abingdon, VA

BAN20072891 Platinum Funding of Maryland, Inc. (Used in VA by: Platinum Funding, Inc.) - To open a mortgage broker's office at 921 South Main Street, Suite B, Hampstead, MD

BAN20072892 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To relocate credit counseling office from 10000 North 31st Avenue, Suite D-100, Phoenix, AZ to 13430 North Black Canyon Highway, Suite 250, Phoenix, AZ

BAN20072893 E-Z Financial Services, Inc. - To conduct payday lending business where money order sales business will be conducted

BAN20072894 First Choice Funding, Inc. - For a mortgage lender and broker license

BAN20072895 Sukh Sagar, LLC - To open a check casher at 5 Kenway Avenue, Richmond, VA

BAN20072896 Sage Credit Company, Inc. d/b/a TradelineUSA (Only at 8001 Irvine Center Drive, Suite 200, Irvine, CA 92618) - To relocate mortgage lender broker's office from 5122 Katella Avenue, Suite 300, Los Alamitos, CA to 5122 Katella Avenue, Suite 307, Los Alamitos, CA

BAN20072897 Garden State Consumer Credit Counseling, Inc. d/b/a NovaDebt - To relocate credit counseling office from 2535 Camino Del Rio, South, Suite 140, San Diego, CA to 2655 Camino Del Rio, South, Suite 120, San Diego, CA

BAN20072898 Dominion Residential Mortgage, LLC - To relocate mortgage broker's office from 116 East Franklin Street, Suite 105, Richmond, VA to 10423 Crumpets Lane, Richmond, VA

BAN20072899 Spectrum Funding Corporation - To relocate mortgage broker's office from 909 Glenrock Road, Suite A, Norfolk, VA to 4012 Raintree Drive, Suite 100 A, Norfolk, VA

BAN20072900 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 165 Passaic Avenue, Suite 303, Fairfield, NJ to 21 Law Drive, 2nd Floor, Fairfield, NJ

BAN20072901 Absolute Mortgage Solutions, LLC - To relocate mortgage broker's office from 111 Founders Plaza, 19th Floor, East Hartford, CT to 124 Hebron Avenue, Glastonbury, CT

BAN20072902 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 5243 Alexander Road, Dublin, VA

BAN20072903 America Lending Group, LLC - For a mortgage broker's license

BAN20072904 Omni-Fund, Inc. - For a mortgage broker's license

BAN20072905 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 304 Amelon Square, Unit 17, Madison Heights, VA

BAN20072906 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 1932 Arlington Boulevard, Suite 1, Charlottesville, VA

BAN20072907 Washington Capital Investment & Loan, Inc. d/b/a Washington Capital Lending - To relocate mortgage broker's office from 6371 Little River Turnpike, Alexandria, VA to 8300 Arlington Boulevard, Suite D2, Fairfax, VA

BAN20072908 Cranbrook Loans - For a mortgage broker's license

BAN20072909 Andrew Abraham - To acquire 25 percent or more of Christopher E. Hobson Inc.

BAN20072910 Vincent L. Marconi - To acquire 25 percent or more of Christopher E. Hobson Inc.

BAN20072911 Christopher E. Hobson - To acquire 25 percent or more of Christopher E. Hobson Inc.

BAN20072912 Charles Michael Arus - To acquire 25 percent or more of Christopher E. Hobson Inc.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20072913	America's Lending Solutions, Ltd., LLC (Used in VA by: America's Lending Solutions, Ltd.) - To relocate mortgage broker's office from 27887 Clemens Road, Westlake, OH to 6180 Emerald Street, NiRidgeville, OH
BAN20072914	America's Lending Solutions, Ltd., LLC (Used in VA by: America's Lending Solutions, Ltd.) - To open a mortgage broker's office at 175 Montrose W Avenue, Suite 110, Copley, OH
BAN20072915	America's Lending Solutions, Ltd., LLC (Used in VA by: America's Lending Solutions, Ltd.) - To open a mortgage broker's office at 4154 Ruple Road, South Euclid, OH
BAN20072916	America's Lending Solutions, Ltd., LLC (Used in VA by: America's Lending Solutions, Ltd.) - To open a mortgage broker's office at 5700 Lombardo Center, Suite 235, Seven Hills, OH
BAN20072917	CareOne Services, Inc. d/b/a CareOne - To relocate credit counseling office from 6347 Mallard Lane, Lothian, MD to 5961 Stephen Reid Road, Huntington, MD
BAN20072918	NextDoor Mortgage Corporation - To relocate mortgage broker's office from 7202 Arlington Boulevard, Suite 300, Falls Church, VA to 8200 Greensboro Drive, Suite 900, McLean, VA
BAN20072919	United Capital, Inc. d/b/a United Capital Mortgage - To relocate mortgage lender broker's office from 2809 East Oakland Avenue, Suite 2, Johnson City, TN to Burlington Business Park, 2203 McKinley Road, Suite 130, Johnson City, TN
BAN20072920	Skeens Consulting Corporation - For a mortgage broker's license
BAN20072921	Nationside Mortgage Inc. - To open a mortgage broker's office at 930 Farm Haven Drive, Rockville, MD
BAN20072922	Middleburg Bank - To relocate office from 20955 Professional Plaza, Ashburn, VA to 43325 Junction Plaza, Ashburn, VA
BAN20072923	Mortgage and Equity Funding Corporation - To open a mortgage lender and broker's office at 6931 Arlington Road, Suite 501, Bethesda, MD
BAN20072924	Northside Mortgage Group LLC - To relocate mortgage broker's office from 235 E. Independence Boulevard, Mount Airy, NC to 172 West Independence Boulevard, Mount Airy, NC
BAN20072925	MortgageStar, Inc. - To open a mortgage lender and broker's office at 105 Stan Fey Drive, Upper Marlboro, MD
BAN20072926	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 110 1/2 Bridge Street, Bedford, VA
BAN20072927	CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 1100 W. Patrick Street, Frederick, MD to 370 Virginia Avenue, Hagerstown, MD
BAN20072928	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To open a mortgage lender and broker's office at 4445 Corporation Lane, Suite 239, Virginia Beach, VA
BAN20072929	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 11 N. Washington Street, Suite 310, Rockville, MD to 2273 Research Boulevard, Suite 210, Rockville, MD
BAN20072930	MAS Associates, LLC d/b/a Equity Mortgage Lending - To open a mortgage lender and broker's office at 821 Oregon Avenue, Suite I-J, Linthicum, MD
BAN20072931	Union Bank and Trust Company - To merge into it Prosperity Bank & Trust Company
BAN20072932	Home Energy Savings Corp. - To acquire 25 percent or more of MLI Capital Group, Inc.
BAN20072933	Heritage Mortgage, LLC - To open a mortgage lender and broker's office at 5029 Corporate Woods Drive, Suite C 200, Virginia Beach, VA
BAN20072934	America East Mortgage LLC - To relocate mortgage lender's office from 100 West Church Street, 2nd Floor, Frederick, MD to 50 Citizens Way, Suite 302, Frederick, MD
BAN20072935	Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 613 S. Lynnhaven Parkway, Suite 100, Virginia Beach, VA to 3473 Brandon Avenue, S.W., Roanoke, VA
BAN20072936	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 820 University City Boulevard, Suite 2, Blacksburg, VA
BAN20072937	NMAC, LLC (Used in VA by: National Mortgage Access Center, LLC) - To relocate mortgage broker's office from 545 Beckett Road, Suite 103, Logan Township, NJ to 1892 70 East, Suite C, Cherry Hill, NJ
BAN20072938	Market Mortgage Inc. (Used in VA by: Superior Mortgage Inc.) - To relocate mortgage broker's office from 7900 West 78th Street, Suite 230, Edina, MN to 2515 White Bear Avenue, #A-8 - #302, Maplewood, MN
BAN20072939	Saratoga Corporation Finance LLC - For a mortgage broker's license
BAN20072940	Millennium Mortgage Bankers, Inc. - To relocate mortgage broker's office from 2000 L Street, NW, Suite 508, Washington, DC to 5833 Potomac Avenue, NW, Washington, DC
BAN20072941	Global Financial Mortgage Inc. (Used in VA by: Global Financial Services Inc.) - To relocate mortgage broker's office from 8000 Towers Crescent Drive, Vienna, VA to 8400 Westpark Drive, Suite 111, McLean, VA
BAN20072942	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 9838 Valley View Road, Suite 1, Macedonia, OH
BAN20072943	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 14231 Postal Court, Suite 204, Pasadena, MD
BAN20072944	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 2190 Pimmit Drive, Suite 202-A, Falls Church, VA to 5884 Leesburg Pike, Falls Church, VA
BAN20072945	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 9023 Forest Hill Avenue, Suite 3-E, Richmond, VA to 301 Southlake Boulevard, Suite 204, Richmond, VA
BAN20072946	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 3278 Stuarts Draft Highway, Suite 5, Waynesboro, VA to 531 West Main Street, Waynesboro, VA
BAN20072947	Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 115 Jefferson Highway, Louisa, VA to 1940 Sandy Hook Road, Goochland, VA
BAN20072948	IKMS, Inc. - To open a check casher at 3301 Roanoke Avenue, Newport News, VA
BFI-2004-00111	Shenandoah County Credit Union - To merge into Dupont Community Credit Union
BFI-2005-00112	American Mortgage Group, Inc., a Corporation of North Carolina (Used in VA by: American Mortgage Group, Inc.) - Alleged violation of VA Code § 6.1-410
BFI-2006-00021	ABC Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2006-00037	First Capital Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2006-00041	Greater Acceptance Mortgage Corp. - Alleged violation of VA Code § 6.1-418
BFI-2006-00104	Rommel R. Medina - Alleged violation of VA Code § 6.1-378.2
BFI-2006-00105	Ruell R. Medina - Alleged violation of VA Code § 6.1-378.2
BFI-2006-00120	Northstar Mortgage Corp. - Alleged violation of VA Code § 6.1-416

BFI-2006-00124 DBSA Holdings, Inc. d/b/a Foundation Capital Group, Inc. - Alleged violation of VA Code § 6.1-410
 BFI-2006-00133 United Freedom Funding Corp. - Alleged violation of 10 VAC 5-160-50
 BFI-2006-00135 Mortgage Lending Associates, Inc. - Alleged violation of 10 VAC 5-160-50
 BFI-2006-00137 Capital Markets LLC - Alleged violation of VA Code § 6.1-413
 BFI-2006-00140 First Community Lending, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00002 Greater Acceptance Mortgage Corp. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00006 Superior Mortgage, Inc. d/b/a Market Mortgage, Inc. - Alleged violation of VA Code § 6.1-416
 BFI-2007-00007 Northern Virginia Family Service - Alleged violation of VA Code § 6.1-363.5
 BFI-2007-00008 Abba Mortgage Company, LLC - Alleged violation of VA Code § 6.1-410
 BFI-2007-00010 David G. Javdan - Alleged violation of VA Code § 6.1-410
 BFI-2007-00015 In re: services for nonmembers within the field of membership
 BFI-2007-00017 Norwestern Mortgage Group, L.L.C. - Alleged violation of VA Code § 6.1-416
 BFI-2007-00018 In re: annual assessment of credit unions under Chapter 4.01 of Title 6.1 of the Code of Virginia
 BFI-2007-00020 Opteum, Inc. - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00022 Loans and Mortgages, LLC - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia
 BFI-2007-00023 e-HomeCredit Corp. d/b/a FHB Funding - Alleged violation of VA Code § 6.1-410
 BFI-2007-00024 Professional Financial Partners, LLC - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00027 Blessed Mortgage & Financials, Inc. - Alleged violation of VA Code § 6.1-410
 BFI-2007-00028 AEGIS Wholesale Corporation - Alleged violation of VA Code § 6.1-416
 BFI-2007-00031 United Home Savings, LLC - Alleged violation of VA Code § 6.1-420
 BFI-2007-00034 Greystone Financial Services, Inc. - Alleged violation of VA Code § 6.1-420
 BFI-2007-00037 American Loans II, Inc. - Alleged violation of VA Code § 6.4-420
 BFI-2007-00043 4 Capital M, LLC - Alleged violation of VA Code § 6.1-420
 BFI-2007-00044 Wall Street Mortgage Corporation - Alleged violation of VA Code § 6.1-420
 BFI-2007-00049 First American Savings Corporation - Alleged violation of VA Code § 6.1-413
 BFI-2007-00050 Mortgage Group of America, LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00052 In re: Annual Assessment of Licensees under Chapter 16 of Title 6.1 of the Code of Virginia
 BFI-2007-00054 Terrell L. Gravely, Sr. d/b/a AAA Cash Advance - Alleged violation of VA Code § 6.1-445 A
 BFI-2007-00055 Telegiros Virginia, Inc. - Alleged violation of VA Code § 6.1-372
 BFI-2007-00060 Scott D. Shumway d/b/a Residential Lending Services - Alleged violation of VA Code § 6.1-418
 BFI-2007-00062 1st United Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00065 4 Capital M, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00066 Aarow Mortgage Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00067 AccessAmerica Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00068 ACT Lending Corporation d/b/a ACT Mortgage Capital - Alleged violation of VA Code § 6.1-418
 BFI-2007-00069 ALDA Financial Services, Inc. d/b/a ALDA Home Mortgage - Alleged violation of VA Code § 6.1-418
 BFI-2007-00071 American Heritage Home Loans, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00072 American Loans II, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00073 Atlas Mortgage, LLC d/b/a Atlas Mortgage of Virginia, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00074 B. D. Nationwide Mortgage Company - Alleged violation of VA Code § 6.1-418
 BFI-2007-00076 Cambridge Mortgage Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00079 Commonwealth Funding, LLC d/b/a Agents Mortgage Company - Alleged violation of VA Code § 6.1-418
 BFI-2007-00080 Commonwealth Home Loans, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00081 Commonwealth Investment Alliance LLC d/b/a People Mortgage - Alleged violation of VA Code § 6.1-418
 BFI-2007-00082 Commonwealth Mortgage Associates, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00083 Community Trust Mortgage Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00086 Cross Atlantic Mortgage Bank, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00087 D&S United Corporation d/b/a USA First Mortgage - Alleged violation of VA Code § 6.1-418
 BFI-2007-00089 Equality Finance & Realty, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00090 Equifund, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00091 Euclid Mortgage Services, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00092 Executive Financial Services Company - Alleged violation of VA Code § 6.1-418
 BFI-2007-00095 First Advantage Mortgage Company - Alleged violation of VA Code § 6.1-418
 BFI-2007-00097 FirstMac Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00099 General Funding Solutions, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00100 First Capital Financial Services Corp. d/b/a Full Compass Lending Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00102 Gordon Lending Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00103 Greystone Financial Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00104 Home Advantage Funding Group, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00105 Home Improvement Financial Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00107 Intrust Mortgage Services, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00108 iwayloan, L.P. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00111 Liberty Funding Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00112 Marathon Mortgage Solutions, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00113 Masari, Inc. USA - Alleged violation of VA Code § 6.1-418
 BFI-2007-00115 Metro Financial Group, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00117 Mortgage Alternatives Corp. d/b/a Mortgage Advocates - Alleged violation of VA Code § 6.1-418
 BFI-2007-00121 New Life Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00124 Payne Financial Services, Ltd. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00125 Platinum Capital Group d/b/a Platinum Capital Group, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00126 Premier Home Equity Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00127 Prestige Funding, LLC - Alleged violation of VA Code § 6.1-418

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BFI-2007-00128 Preston Funding, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00129 Prime Option Financial Services, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00131 Quality Florida Group, Corp. d/b/a Quality Virginia Mortgage Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00132 Ronald E. Umberger and Sheri L. Wedmore d/b/a New Hope Mortgage - Alleged violation of VA Code § 6.1-418
 BFI-2007-00133 Safeguard Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00134 Shelternet Capital Group, Incorporated d/b/a Shelternet Capital Group - Alleged violation of VA Code § 6.1-418
 BFI-2007-00135 Southern Financial Mortgage Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00137 Strategic Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00138 The Americas Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00140 Towne and Country Home Loans, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00141 Union Equity Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00142 United Home Savings, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00144 Village Mortgage Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00146 Wall Street Mortgage Corporation - Alleged violation of VA Code § 6.1-418
 BFI-2007-00147 Washington Home Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00148 Winthrop Oppenheimer, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00149 Xyber Finance, Inc. d/b/a PSA Funding, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00151 Bynum Finance Corporation - Alleged violation of VA Code § 6.1-301
 BFI-2007-00152 FNRES Holdings, Inc. - Alleged violation of Code § 6.1-416.1
 BFI-2007-00153 Michael R. Adams - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00154 Legends Investments Group, Inc. d/b/a LMI Mortgage - Alleged violation of VA Code § 6.1-413
 BFI-2007-00156 Union Equity Corporation - Alleged violation of VA Code § 6.1-413
 BFI-2007-00157 Equifund, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00160 John M. Cushwa - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00161 In re: credit union service organizations
 BFI-2007-00162 Lawrence R. Lesiger - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00163 CitiFinancial of Virginia, Inc. - For cancellation of certificate to engage in industrial loan business
 BFI-2007-00164 21st Century Capital Corp. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00165 American Equity Finance, Inc. - Alleged violation of VA Code § 6.4-413
 BFI-2007-00168 J. Todd Rawle - Alleged violation of VA Code § 6.1-452
 BFI-2007-00169 R. Tracy Rawle - Alleged violation of VA Code § 6.1-452
 BFI-2007-00170 In Re: Annual Assessment Financial Institutions under Chapter 2 and 3.01 of Title 6.1 of the Code of Virginia
 BFI-2007-00171 In Re: Annual Assessment of Industrial Loan associations under Chapter 5 of Title 6.1 of the Code of Virginia
 BFI-2007-00174 America's Choice Mortgage, Inc. - Alleged violation of 10 VAC 5-160-50
 BFI-2007-00176 Lifetime Mortgage, Inc. - Alleged violations of 10 VAC 5-160-60
 BFI-2007-00177 Said Malin - Alleged violation of VA Code § 6.1-378.2
 BFI-2007-00178 Robert C. Anderson - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00183 Family Home Lending Corporation - Alleged violation of VA Code § 6.1-413
 BFI-2007-00186 Richard Jeynson d/b/a Olympic Bancorp Mortgage - Alleged violation of VA Code § 6.1-418
 BFI-2007-00187 A. Anderson Scott Mortgage Group Incorporated - Alleged violation of VA Code § 6.1-418
 BFI-2007-00188 A.T. Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00189 Acclaimed Financial Group, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00190 American Mortgage, Inc. d/b/a America's Mortgage Lender, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00191 Andy May Group, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00192 The Home Loan Center, L.L.C. d/b/a Apollo Mortgage Group LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00193 California Loan Servicing, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00194 Capital Financial Mortgage Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00197 CrossCountry Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00198 Diversified Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00200 Family Mortgage Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00205 Green Leaf Mortgage Corp. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00208 Integrity Financial, Inc. d/b/a Integrity Financial of Virginia, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00210 Liberty Financial Mortgage Group, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00212 Mortgage America Bankers, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00213 Pacific Wholesale Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00215 Premier 1 Mortgage, L.L.C. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00216 Premier Mortgage Services, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00217 Progressive Funding LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00218 Quote Match, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00219 Resicom Funding, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00221 Security Federal Mortgage & Financial Services, Incorporated - Alleged violation of VA Code § 6.1-418
 BFI-2007-00222 Sun National Mortgage and Funding, LLC d/b/a Sun Mortgage and Funding, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00224 Temple Mortgage, L.L.C. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00225 The Alta Companies, Inc. d/b/a Alta Home Funding - Alleged violation of VA Code § 6.1-418
 BFI-2007-00226 The Dixon Financial Group, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00228 1st Principle Mortgage, LLC - Alleged violation of VA Code § 6.1-418
 BFI-2007-00229 12th Street Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00230 Freedom Banc Mortgage Services, Inc. - Alleged violation of VA Code § 6.1-418
 BFI-2007-00234 Sigue, LLC - Alleged violation of VA Code § 6.1-373
 BFI-2007-00235 Allstate Lending Services, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00237 H & O Mortgage, LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00238 T&B Mortgage Corporation - Alleged violation of VA Code § 6.1-413

BFI-2007-00240 Equis Financial, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00241 Brooks Financial Group, LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00242 Marissa P. Gomez - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00246 Vanguard Mortgage & Title, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00248 Preferred Home Mortgage Company - Alleged violation of VA Code § 6.1-416
 BFI-2007-00249 James B. Luke, Sr. - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00250 Scott Cole - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00251 In re: annual assessment of licensees under Chapter 18 of Title 6.1 of the Code of Virginia
 BFI-2007-00252 Pacific Shore Funding Corporation (Used in Virginia by: Pacific Shore Funding) - Alleged violation of VA Code § 6.1-413
 BFI-2007-00255 Mutual Funding MY, Inc. (Used in VA by: Mutual Funding, Inc.) - Alleged violation of VA Code § 6.1-413
 BFI-2007-00258 Vanguard Capital Funding, LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00260 Fidelity Mortgage Network, LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00261 North State Finance Company of Goldsboro, N. C., Inc. d/b/a Imperail Cash Advance - Alleged violation of VA Code § 6.1-413
 BFI-2007-00053 In re: Annual Assessment of licensees under Chapter 6 of Title 6.1 of the Code of Virginia
 BFI-2007-00264 ECI Loan.com, Inc. (Used in VA by: Equity Concepts, Inc.) - Alleged violation of VA Code § 6.1-413
 BFI-2007-00265 Independent Financial Mortgage, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00267 PreCash, Inc. - Alleged violation of VA Code § 6.1-371
 BFI-2007-00268 Preferred Mortgage Consultants, Inc. d/b/a Alero Home Loans - Alleged violation of 10 VAC 5-160-60
 BFI-2007-00270 Vina Transfer Express Corporation - Alleged violation of 10 VAC 5-120-40
 BFI-2007-00271 Compare, LLC - Alleged violation of VA Code § 6.1-416.1
 BFI-2007-00272 WashingtonFirst Bank - For a reduction in fees pursuant to VA Code § 6.1-94 B
 BFI-2007-00274 Home Capital, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00276 Regent Mortgage Funding LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00277 Apex Finance LLC - Alleged violation of VA Code § 6.1-413
 BFI-2007-00280 Custom Mortgage Solutions, Inc. - Alleged violation of VA Code § 6.1-413
 BFI-2007-00281 JMH Financial Mortgage, Corp. d/b/a Lenox Financial Mortgage - Alleged violation of VA Code § 6.1-413
 BFI-2007-00288 Metrocities Mortgage, LLC - Alleged violation of VA Code § 6.1-416
 BFI-2007-00289 Primary Residential Mortgage, Inc. - Alleged violation of VA Code § 6.1-416
 BFI-2007-00290 Nations Lending Corporation d/b/a Nations Lending Corporation of Ohio - Alleged violation of VA Code § 6.1-410

CLK: CLERK'S OFFICE

CLK-2007-00001 Election of Commission Chairman Pursuant to VA Code § 12.1-7
 CLK-2007-00002 Boulevard Animal Hospital, Inc. - Petition to nullify the merger with and into Health Pet Corp. of Virginia, Inc.
 CLK-2007-00003 In re: Uniform Commercial Code Filing Rules
 CLK-2007-00004 Management Recruiters of Richmond, Incorporated into The Richmond Group USA, Inc. - For Declaratory Judgment to Vacate Certificate of Merger and to Restore Separate Existence of Non-Surviving Corporation
 CLK-2007-00005 Ex Parte: In the matter concerning revised State Corporation Commission Rules of Practice and Procedure
 CLK-2007-00006 Blues Strategies, LLC - For vacation of certificate and refund of money
 CLK-2007-00007 Petroleum Transport, Inc. a West Virginia corporation and Petroleum Transport, Inc. a Virginia Corporation - For order vacating order and authorizing order
 CLK-2007-00008 ESM Enterprises, Inc. - For order of dissolution

INS: BUREAU OF INSURANCE

INS-2004-00331 Meyers & Tabakin Furniture, Inc. - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1833
 INS-2005-00157 Howard C. Jenkins - Alleged violation of VA Code § 38.2-1813
 INS-2005-00204 In the matter of 2005 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund
 INS-2006-00195 Reliastar Life Insurance Company - Alleged violation of VA Code §§ 38.2-502 1, 38.2-503, et al.
 INS-2006-00229 MAMSI Life and Health Insurance Company - Alleged violation of VA Code §§ 38.2-502, et al.
 INS-2006-00245 In the matter of 2006 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund
 INS-2006-00248 American Bankers Life Assurance Company of Florida - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, et al.
 INS-2006-00261 Darrell P. Morgan - Alleged violation of VA Code § 38.2-503
 INS-2006-00263 Life Settlement Corporation - Alleged violation of VA Code §§ 38.2-6002 A 3, 38.2-6011 E and 14 VAC 5-71-31 I 1
 INS-2006-00265 American Chiropractic Association Insurance Trust - Alleged violation of 14 VAC 5-410-40 D
 INS-2006-00308 Central States Health & Life Company of Omaha - Alleged violation of VA Code §§ 38.2-502, 38.2-503, et al.
 INS-2006-00310 Jeffrey Scott Phillips - Alleged violation of VA Code §§ 38.2-1812, 38.2-1813 and 38.2-1822
 INS-2006-00311 Eric Thomas Mueller d/b/a Mueller Insurance - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1812.2
 INS-2006-00313 Samuel David Williamovsky - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00314 MG Title, LLC - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00315 National Settlement Solutions, LLC - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00316 Grace Title, Inc. - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00317 Quality Title & Abstract Agency, Inc. - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00319 First National Title Insurance Agency, Inc. - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00322 Progressive Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2006-00323 Automobile Ins. Co. of Hartford, Connecticut, Charter Oak Fire Ins. Co., Phoenix Insurance Co., Standard Fire Ins. Co., Travelers Indemnity Co., Travelers Indemnity Co. of America, et al. - Alleged violation of VA Code § 38.2-2220
 INS-2006-00324 Security Title Guaranty Company - Alleged violation of VA Code § 6.1-2.26
 INS-2006-00325 Financial Title Company - Alleged violation of VA Code § 6.1-2.26
 INS-2006-00326 Mercury Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.26
 INS-2006-00327 Alliance Title Company, Inc. - Alleged violation of VA Code § 6.1-2.26
 INS-2006-00328 United Title Companies, Inc. - Alleged violation of VA Code § 6.1-2.26

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

INS-2006-00329 First American Title Insurance Company - Alleged violation of VA Code § 6.1-2.21
 INS-2006-00330 Fidelity National Title Insurance Company - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1833
 INS-2006-00331 Troese/Hughes Title Services, Inc. - Alleged violation of VA Code §§ 6.1-2.26, 38.2-1822 and 38.2-1833
 INS-2006-00332 Troese Title Services, Inc. - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, et al.
 INS-2006-00333 Legacy Title, Inc. - Alleged violation of VA Code § 6.1-2.23
 INS-2006-00334 Fiserv Fulfillment Services, Inc. - Alleged violation of VA Code § 6.2-2.23
 INS-2006-00335 Michael M. Vaughan & Coastal Bonding Company, Inc. - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
 INS-2006-00336 Marcel J. Goetz - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831
 INS-2006-00337 Harold B. Reniere - Alleged violation of VA Code § 38.2-512
 INS-2006-00339 Liberty Insurance Corporation, Liberty Mutual Fire Insurance Company and The First Liberty Insurance Corporation - Alleged violation of VA Code § 38.2-1906 D
 INS-2006-00340 Farmers Insurance Group - Alleged violation of VA Code §§ 38.2-2114 and 38.2-2212
 INS-2006-00341 Lawyers Title Insurance Corporation - For refund of retaliatory costs incurred during 2005 taxable year
 INS-2006-00342 M & M Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
 INS-2006-00344 Liberty Insurance Corporation, Liberty Mutual Fire Insurance Company and The First Liberty Insurance Corporation - Alleged violation of VA Code § 38.2-2220
 INS-2007-00001 Magdi A. Abbas - Alleged violation of VA Code §§ 38.2-5020 for assessment year 2003
 INS-2007-00002 Magdi A. Abbas - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00003 Magdi A. Abbas - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00004 Scott B. Adams - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00005 Mehrdad Akhlaghi - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00006 Gregg R. Albers - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00007 Angela C. Bess - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00008 Nazir A. Chaudhary - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00009 Debra-Ann M. Clarke - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00011 John B. Davidson, Jr. - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00012 Jagdev S. Dhillon - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00013 Phillip B. Duncan - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00014 Phillip B. Duncan - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00015 Nicholas Ellyn - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00016 Semra Engin - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00017 John M. Fannin - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00018 Seddigheh A. Feisee - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00019 Michael C. Ficenc - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00021 Francis H. George - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00022 Francis H. George - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00023 Francis H. George - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00024 Monica O. Granovsky - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00025 Monica O. Granovsky - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00026 Monica O. Granovsky - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00027 Eric S. Havens - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00028 Barbara B. Head - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00029 Barbara B. Head - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00030 Irfan Idrees - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00031 Rotimi A. Iluyomade - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00032 Rotimi A. Iluyomade - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00033 Zelda W. Johnson - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00034 Adel S. Kebaish - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00035 Kenneth D. Kiser - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00036 Kenneth D. Kiser - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00037 Kenneth D. Kiser - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00039 Rodolfo L. Lopez - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00041 Anthony Martinez - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00042 Paul H. McCauley - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00043 Hesham I. Nagi - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00044 Joseph O. Nnadike - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00045 Joseph O. Nnadike - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00046 John B. Olmsted - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00047 Rajesh Puri - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00048 Khurram Rashid - Alleged violation of VA Code § 38.2-5020 for assessment year 2004
 INS-2007-00049 Jolan S. Rhodes - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00050 Saquib Samee - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00051 Richard A. Smith - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00052 Panteha Tamjidi - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00053 Karlene R. Ware - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00054 Elizabeth M. Weaver - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00055 Paul C. Webb - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00056 Rudolph E. Willis - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00057 Mojgan M. Zolghadr - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00058 Mojgan M. Zolghadr - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
 INS-2007-00059 Jagdev S. Dhillon - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
 INS-2007-00060 Optima Health Plan - For issuance of a consent order

INS-2007-00061 Conseco Senior Health Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 2, et al.
 INS-2007-00063 Steven C. Brezenski - Alleged violation of VA Code § 38.2-1831 1
 INS-2007-00064 Matthew Clark Casselman - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00065 Reciprocal of America and The Reciprocal Group - For Approval to Increase Payment Percentage from 17% to 25%
 INS-2007-00066 In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2005
 INS-2007-00067 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2004
 INS-2007-00068 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2005
 INS-2007-00069 In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2004
 INS-2007-00070 In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2005
 INS-2007-00071 Union Security Life Insurance Company - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, et al.
 INS-2007-00073 Julio S. Coelho and The Coelho Agency, LLC - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
 INS-2007-00074 International Fidelity Insurance Company - Alleged violation of VA Code § 38.2-1040(4)
 INS-2007-00075 Eric Desmond Jones - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
 INS-2007-00076 Graphic Arts Benefit Corporation - Alleged violation of VA Code § 38.2-1040
 INS-2007-00077 Cindy Cornwall - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00078 Connecticut General Life Insurance Company - Alleged violation of VA Code §§ 38.2-316 A, et al.
 INS-2007-00079 Protective Life Insurance Company - Alleged violation of 38.2-602 subsection 7 b 1, et al.
 INS-2007-00080 Clarendon National Insurance Company - Alleged violation of VA Code § 38.2-5801
 INS-2007-00081 Shenandoah Life Insurance Company - Alleged violation of VA Code § 38.2-610
 INS-2007-00082 Henderson & Phillips, Inc. t/a USI Insurance Services - Alleged violation of VA Code §§ 38.2-1822, et al.
 INS-2007-00083 Vanliner Insurance Company - Alleged violation of VA Code § 38.2-1812 and 38.2-1833
 INS-2007-00085 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2005
 INS-2007-00086 Nicole Marie Petkovic - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00087 David Alexander Martin - Alleged violation of VA Code §§ 38.2-512, 38.2-1809 and 38.2-1813
 INS-2007-00088 Brian K. Hill - Alleged violation of VA Code §§ 38.2-502 and 38.2-512
 INS-2007-00089 American Network Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00090 Penn Treaty Network America Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00092 Westchester Fire Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00094 Americom Life & Annuity Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00095 OM Financial Life Insurance Company formerly Fidelity and Guaranty Life Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00096 SCOR Life Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00097 SCOR Life U. S. Re Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00098 Ace American Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00099 Ace Fire Underwriters Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00100 Ace Indemnity Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00101 Ace Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00102 Bankers Standard Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00103 Indemnity Insurance Company of North America - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00104 Insurance Company of North America - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00105 Pacific Employers Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50
 INS-2007-00106 Susan White Von Ancken and Acorn Insurance Services, Ltd. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1826
 INS-2007-00107 Felix C. Walker, III - Alleged violation of VA Code § 38.2-1826 A
 INS-2007-00108 Jeffrey W. Simmons - Alleged violation of VA Code §§ 38.2-1809, 38.2-1812, 38.2-1813 and 38.2-1822
 INS-2007-00109 Progressive Gulf Insurance Company - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1822
 INS-2007-00110 David R. Emery - Alleged violation of VA Code §§ 38.2-512, 38.2-1809 and 38.2-1813
 INS-2007-00111 Jamarr A. Smith - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00112 Linda Ellen Scott - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00113 Excelsior Insurance Co., Montgomery Mutual Insurance Co., The Netherlands Insurance Co., Peerless Indemnity Insurance Co. and Peerless Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
 INS-2007-00114 Church Mutual Insurance Company - Alleged violations of VA Code §§ 38.2-317 and 38.2-1906 D
 INS-2007-00115 Balboa Insurance Company - Alleged violations of VA Code §§ 38.2-317 and 38.2-1906 D
 INS-2007-00116 Consumers Insurance USA - Alleged violations of VA Code § 38.2-512
 INS-2007-00117 Lawrence J. O'Donohue, Jr. - Alleged violation of VA Code § 38.2-613.2
 INS-2007-00118 Anthony G. Wittig - Alleged violation of VA Code § 38.2-613.2
 INS-2007-00119 Murry Tyrone Bruno Jr. - Alleged violation of VA Code § 38.2-1831
 INS-2007-00120 Appalachian Title and Abstracting Inc. - Alleged violations of VA Code §§ 6.1-2.23, 6.1-2.24 and 14 VAC 5-395-60
 INS-2007-00121 Select Settlements, LLC - Alleged violation of VA Code § 6.1-2.23
 INS-2007-00122 Mildred B. Moorefield d/b/a A Plus Auto Insurance - Alleged violation of VA Code § 38.2-1813
 INS-2007-00123 Medical Savings Insurance Company - Alleged violations of VA Code § 38.2-502 subsection 1, et al.
 INS-2007-00124 State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company - Alleged violation of VA Code §§ 38.2-1904 D and 38.2-1905 A
 INS-2007-00125 Commonwealth Dealers Life Insurance Company - Alleged violation of VA Code § 38.2-3126 B
 INS-2007-00126 Melvin J. Taylor - Alleged violation of VA Code § 38.2-1813
 INS-2007-00127 IDS Property Casualty Insurance Company - Alleged violation of VA Code § 38.2-228
 INS-2007-00129 Downtown Title and Escrow Company, Inc. - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00130 Isaac Jekuthal Brown - Alleged violation of subsection 1 of VA Code § 38.2-1831
 INS-2007-00131 Champions Title Corporation - Alleged violation of VA Code § 6.1-2.23

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

INS-2007-00132	Milestone Title, LLC - Alleged violation of VA Code § 6.1-2.23
INS-2007-00133	Platinum Title & Escrow LLC - Alleged violation of VA Code § 6.1-2.24
INS-2007-00134	Kieu My Wong - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00135	Cheryl Denise Williams - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00136	PXRE Group Ltd. - For approval of acquisition of control of Colony Insurance Company and Colony National Insurance Company
INS-2007-00138	In the matter of Adopting Revisions to the Rules Governing Independent External Review of Final Adverse Utilization Review Decisions
INS-2007-00139	Carmen Chyrisse Whittenberg-Farrar - Alleged violation of VA Code § 38.2-1831
INS-2007-00020	Bruce G. Freeman - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
INS-2007-00010	Jack M. Costa - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
INS-2007-00140	Guaranty Land Title, Inc. - Alleged violation of VA Code § 38.2-1813
INS-2007-00141	Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health Care, Inc., Peninsula Health Care, Inc., Wellpoint, Inc. and Anthem Southeast, Inc. - For amendment of Final Order in Case No. INS-2002-00131
INS-2007-00142	Essick & Barr, LLC - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00143	FreedomWorks, Inc. f/k/a Citizens for a Sound Economy - For failure to comply with Judgment Order issued in Case No. INS-2005-00216
INS-2007-00144	Jonathan Lee Mills and Marobe Bail Bonding Services, LLC - Alleged violation of VA Code §§ 38.2-1809, 38.2-1812, 38.2-1812.2 and 38.2-1813
INS-2007-00145	Joseph W. Schutt - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00146	New Jersey Department of Community Affairs - For review of HOW Insurance Co., Home Warranty Corp. and Home Owners Warranty Corp. Deputy Receiver's Determination of Appeal
INS-2007-00147	Matthew C. Walters - Alleged violation of VA Code § 38.2-503
INS-2007-00148	Danielle Tamarra Johnson - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00150	Paula Lejeune Cuellar - Alleged violation of VA Code §§ 38.2-512 and 38.2-1822
INS-2007-00151	John R. Kennedy - Alleged violation of subsection 1 of VA Code § 38.2-1831
INS-2007-00152	Scott William Long - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00153	Candy Shavaun Fisher - Alleged violation of VA Code § 38.2-1826 A
INS-2007-00154	International Water Safety Foundation and North American Marine & General Insurance Co., Ltd. - Alleged violation of VA Code §§ 38.2-1802 and 38.2-1040
INS-2007-00155	Global Bonding, Incorporated, Global Risk Management, Millennium Bonding and Robert Joe Hanson - Alleged violation of VA Code § 38.2-1040
INS-2007-00156	Madison Settlement Services, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2007-00157	JKV Real Estate Services, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2007-00158	John C. Flood, Jr. - Alleged violation of VA Code § 38.2-1813
INS-2007-00159	Ciro Jorge Aguilar - Alleged violation of VA Code §§ 38.2-512, 38.2-1809 and 38.2-1813
INS-2007-00160	Group Hospitalization and Medical Services, Inc. - Alleged violation of VA Code §§ 38.2-502, et al.
INS-2007-00161	United Services Automobile Association, USAA General Indemnity Company and USAA Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-2212 E 4, 38.2-2212 E 5, 38.2-2114 C 3 and 38.2-2114 C 4
INS-2007-00040	Jeffrey D. Lowenkron - Alleged violation of VA Code § 38.2-5020 for assessment year 2003
INS-2007-00038	Vincent Lee - Alleged violation of VA Code § 38.2-5020 for assessment year 2005
INS-2007-00162	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of surplus lines brokers for the assessable year 2006
INS-2007-00163	In the matter of refunding overpayments of the premium license tax on direct gross premium income of surplus lines brokers for the taxable year 2006
INS-2007-00164	AMEX Assurance Company - Alleged violation of VA Code §§ 38.2-305, et al.
INS-2007-00165	Transamerica Life Insurance Company - Alleged violation of VA Code § 38.2-1834 D
INS-2007-00166	CareFirst Bluechoice, Inc. - Alleged violation of 14 VAC 5-234-40 C
INS-2007-00167	Kaiser Permanente Insurance Company - Alleged violation of 14 VAC 5-234-40 C
INS-2007-00168	Group Hospitalization and Medical Services, Inc. - Alleged violation of 14 VAC 5-234-40 C
INS-2007-00169	Victor A. Lindsey - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00170	Certified Title and Escrow, Inc. - Alleged violation of VA Code §§ 6.1-2.21 and 6.1-2.26
INS-2007-00171	Judie Marie Chisolm - Alleged violation of VA Code § 38.2-1831.1
INS-2007-00172	Bryan Lee Newcomb - Alleged violation of VA Code § 38.2-1831
INS-2007-00173	Schalisa M. Tate - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00174	Fidelity and Deposit Company of Maryland and Colonial American Casualty & Surety Company - Alleged violation of VA Code § 38.2-1906 D
INS-2007-00175	Cornhusker Casualty Company - Alleged violation of VA Code § 38.2-1906 D
INS-2007-00176	Technology Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2007-00177	Sharon Ann Mastbrook - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00178	Mark J. Elliott - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00179	Kathryn Leigh Algee - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00180	Thomas G. Todd - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00181	Anthony Scott Convery - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00182	Chia-Lu Jeff Pan - Alleged violation of VA Code § 38.2-4807 A
INS-2007-00183	M & O Agencies, Inc. - Alleged violation of VA Code §§ 38.2-4807 A and 38.2-4809 A
INS-2007-00184	Tychar Devonnae Smith - Alleged violation of VA Code § 38.2-1813
INS-2007-00185	The Fountainhead Title Group Corporation - Alleged violation of VA Code § 6.1-2.23
INS-2007-00186	AcuLink Mortgage Solutions, LLC - Alleged violation of VA Code §§ 6.1-2.23 and 14 VAC 5-395-60
INS-2007-00187	Array Title & Escrow, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2007-00188	Commonwealth Dealers Life Insurance Company - Alleged violation of VA Code § 38.2-3127.1 B
INS-2007-00189	Victoria Automobile Insurance Company, Victoria Fire & Casualty Company and Victoria Select Insurance Company - Alleged violation of VA Code § 38.2-2212 E

INS-2007-00190 Michael Todd Hall and All American Financial Group, LLC - Alleged Violation of VA Code §§ 38.2-1809 and 38.2-1813
 INS-2007-00191 CareFirst BlueChoice, Inc. - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, et al.
 INS-2007-00192 In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of insurance companies for the assessable year 2006
 INS-2007-00193 In the matter of refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2006
 INS-2007-00194 Washington Settlement Group, LLC - Alleged violation of VA Code §§ 6.1-2.26 and 14 VAC 5-395-30
 INS-2007-00195 Accurate Settlement Company, LLC - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60
 INS-2007-00196 Performance Title, Inc. - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60
 INS-2007-00197 Fredericksburg Title & Escrow, LLC - Alleged violation of VA Code § 6.1-2.23
 INS-2007-00198 Cleartract, Inc. - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00199 Quality Settlements, Inc. - Alleged violation of VA Code §§ 6.1-2.24 and 38.2-1809
 INS-2007-00200 Thomas J. Cavalari - Alleged violation of VA Code § 38.2-1831.1
 INS-2007-00202 Management Information Company of America, LC - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00203 Joseph A. Maurer III and Commonwealth Professional Group, Ltd. - Alleged violation of VA Code §§ 38.2-1831 and 38.2-1356
 INS-2007-00204 Nellie Williams - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831
 INS-2007-00206 Karen S. Jamerson and Insurpro Services, Inc. - Alleged violation of VA Code §§ 38.2-1813 and 38.2-1826
 INS-2007-00207 Cuna Mutual Insurance Society - Alleged violation of subsection 1 of VA Code §§ 38.2-502 and 38.2-503, et al.
 INS-2007-00208 Banner Life Insurance Company - Alleged violation of VA Code § 38.2-610
 INS-2007-00209 Eunice Robinson - Alleged violation of VA Code §§ 38.2-512, 38.2-1804, 38.2-1812, 38.2-1813 and 38.2-1822
 INS-2007-00210 Randy Craig Wimmer - Alleged violation of VA Code § 38.2-1831
 INS-2007-00211 Glenn Bradford Olivo - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00212 First Washington Title Corporation - Alleged violation of VA Code §§ 6.1-2.23, 6.1-2.23:1 and 14 VAC 5-395-60
 INS-2007-00213 Nationwide Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.23
 INS-2007-00214 Vintage Settlement Services, LLC - Alleged violation of VA Code § 6.1-2.26
 INS-2007-00215 Trustcorp Title Services, LLC - Alleged violation of VA Code § 6.1-2.26
 INS-2007-00216 Network Closing Services, Inc. - Alleged violation of VA Code § 6.1-2.26
 INS-2007-00217 Stafford Title, LLC - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00218 Monitor Title & Escrow of Herndon, LLC - Alleged violation of VA Code § 38.2-1809
 INS-2007-00219 Anthem Health Plans of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-502, et al.
 INS-2007-00220 Marika Lynn Merritt - Alleged violation of VA Code §§ 38.2-1826 C and 38.2-1831.1
 INS-2007-00221 In the matter of Approval of a Multi-State Regulatory Settlement Agreement between UnitedHealthcare Insurance Co., et al. and the Arkansas Department of Insurance, the Connecticut Department of Insurance, the Florida Office of Insurance Regulation, the Iowa Insurance Division, and the New York State Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of all the remaining States and the District of Columbia
 INS-2007-00223 Christopher T. Skaggs - Alleged violation of VA Code § 38.2-1831 1
 INS-2007-00224 National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates
 INS-2007-00225 Peninsula Health Care, Inc., HealthKeepers, Inc. and Priority Health Care, Inc. - Alleged violation of VA Code §§ 38.2-510 A and 38.2-4312.3
 INS-2007-00226 Tecumseh Irvin Bey - Alleged violation of VA Code § 38.2-1809
 INS-2007-00228 In the matter of refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2006
 INS-2007-00229 Sharon Burton McCormick - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1822
 INS-2007-00230 Anthony Caruso - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00231 Jillrae Dill Coltart - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00232 National Trade Business Alliance of America, Professional Benefits Consultants of Delaware, Inc. a/k/a Personal Benefits Consultants, Inc., d/b/a PBC Direct, America's Best Benefits, et al. - Alleged violation of VA Code § 38.2-1024
 INS-2007-00234 Kristina Patricia Johnson - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00235 Wakamba Kamarangee Guichard - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1826 C
 INS-2007-00236 United American Insurance Company - Alleged violation of VA Code §§ 38.2-316 A, et al.
 INS-2007-00237 Justin Marc Howard - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00238 Premier Brokers, Inc. - Alleged violation of VA Code § 38.2-1813
 INS-2007-00239 Thomas J. Spellman, III - Alleged violation of VA Code § 38.2-1813
 INS-2007-00240 Integon Casualty Insurance Company, Integon Indemnity Corporation, Integon Preferred Insurance Company and New South Insurance Company - Alleged violation of VA Code § 38.2-1905 A
 INS-2007-00242 Old Republic Insurance Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2007-00243 Virginia Surety Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2007-00244 Nations Escrow & Title, LLC - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00245 1st Olympic Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.23
 INS-2007-00246 Conquest Title, Inc. - Alleged violation of VA Code §§ 6.1-2.26, et al.
 INS-2007-00247 Fidelity Title, Inc. - Alleged violation of VA Code §§ 6.1-2.21 and 6.1-2.26
 INS-2007-00248 Answer Title-VA LLC - Alleged violation of VA Code § 6.1-2.26
 INS-2007-00250 Prosperity Title & Real Estate Settlement Company - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00251 Greater Chesapeake Title Company, LLC - Alleged violation of VA Code § 6.1-2.21
 INS-2007-00252 Jason Nathan Leigh - Alleged violation of VA Code §§ 38.2-1809, 38.2-1826 C and 38.2-1831(2)
 INS-2007-00253 Nicholas Paul Saldutti - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00254 Terri J. Shakir - Alleged violation of VA Code § 38.2-1826 C
 INS-2007-00256 Zurich American Insurance Company - Alleged violation of 14 VAC 5-335-10-10 et seq.
 INS-2007-00257 Chubb Indemnity Insurance Company, Federal Insurance Company, Great Northern Insurance Company, Pacific Indemnity Company and Vigilant Insurance Company - Alleged violation of VA Code § 38.2-1906 A
 INS-2007-00258 Integrity Title Escrow & Settlement Corporation - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, et al.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

INS-2007-00259 David Brian Rutstein - Alleged violation of VA Code §§ 38.2-1826 C and subsection 1 of 38.2-1831

INS-2007-00260 Sarita Michelle Richard - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1826 C

INS-2007-00261 Lance Justin Morgan - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1826 C

INS-2007-00262 JillAnn Auty - Alleged violation of VA Code § 38.2-1831 1

INS-2007-00263 Sentara Healthcare - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal

INS-2007-00264 Steven Timothy Seitzinger - Alleged violation of VA Code § 38.2-1826 C

INS-2007-00265 Dana Brett Polk - Alleged violation of VA Code §§ 38.2-1809, 38.2-1826 A, 38.2-1826 C, and subsection 2 of 38.2-1831

INS-2007-00266 Smartertitle.com, LLC - Alleged violation of VA Code § 6.1-2.26 and 14 VAC 5-395-30

INS-2007-00267 Metropolitan Title & Escrow Company, LLC - Alleged violation of VA Code § 6.1-2.23

INS-2007-00268 In the matter of Adopting New Rules Governing Military Sales Practices

INS-2007-00269 Anthem Health Plans of Virginia Inc. - For approval to provide services to a new national account from a location outside of Virginia and for expedited treatment

INS-2007-00270 Alfred W. Gross, as Deputy Receiver of Reciprocal of America and The Reciprocal Group, in Receivership for Liquidation, Plaintiff v. Amerisist Management Company, L.L.C. - Petition for Collection of Insurance Policy Premium Due against Amerisist

INS-2007-00271 Peter M. Lampert - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1838

INS-2007-00272 Ann Marie Nashif Nelson - Alleged violation of VA Code §§ 38.2-512, 38.2-1826 and subsections 6 and 10 of 38.2-1831

INS-2007-00273 Allstate Insurance Company and Allstate Indemnity Company - Alleged violation of VA Code § 38.2-1906 D

INS-2006-00181 Metropolitan Life Insurance Company - Alleged violation of VA Code § 38.2-3115 B

INS-2007-00275 Bruce Edward Cluett - Alleged violation of subsection 1 of VA Code § 38.2-1831

INS-2007-00276 Metropolitan Life Insurance Company - Alleged violation of VA Code § 38.2-3115 B

INS-2007-00277 In the matter of 2006 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund

INS-2007-00278 Southern Health Services, Inc. - Alleged violation of VA Code §§ 38.2-316 C 1, et al.

INS-2007-00280 In the matter of Adopting Revisions to the Rules Governing Annual Audited Financial Reports

INS-2007-00281 James H. Cyriax - Alleged violation of 14 VAC 5-40-40

INS-2007-00282 Aviena Marlo Moreira - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831

INS-2007-00283 Michael Abraham Leibowitz - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831

INS-2007-00284 Monitor Insurance, LLC - Alleged violation of VA Code § 38.2-4809 A

INS-2007-00285 Martin Alexander Hartley - Alleged violation of VA Code § 38.2-4809 A

INS-2007-00286 Michael D. Clayton - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831

INS-2007-00287 Markel American Insurance Company - For refund of retaliatory costs incurred during 2006 taxable year

INS-2007-00288 Genworth Financial, Inc. - For refund of retaliatory costs incurred during 2006 taxable year

INS-2007-00289 Joshua Valdez - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1826 C

INS-2007-00290 Lori M. Herron - Alleged violation of VA Code § 38.2-1826 C

INS-2007-00291 Charles Jon Pellissier - Alleged violation of subsection 1 of VA Code § 38.2-1831

INS-2007-00292 James F. McMenamin & Frenkel & Co., Inc. - Alleged violation of VA Code § 38.2-1802

INS-2007-00295 William Joseph Reese Jr. - Alleged violation of VA Code § 38.2-1826 C

INS-2007-00296 Accredited Insurance Agency of Chesapeake, Inc. - Alleged violation of VA Code § 38.2-1813

INS-2007-00297 Horace Mann Insurance Company, Horace Mann Property and Casualty Insurance Company and Teachers Insurance Company - Alleged violation of VA Code §§ 38.2-304, 38.2-305, et al.

INS-2007-00299 Kenneth B. Harrison - Alleged violation of VA Code §§ 38.2-512 and 38.2-1826 A

INS-2007-00300 Everardo Flores - Alleged violation of VA Code § 38.2-1826 A

INS-2007-00301 Agency Development Services, Inc. - Alleged violation of VA Code § 38.2-1826 C

INS-2007-00302 Warren A. Gerber - Alleged violation of VA Code §§ 38.2-502 and 38.2-503

INS-2007-00303 ABC Title Services & Escrow, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00304 Best Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.21

INS-2007-00305 Title 2000, LLC d/b/a Commerce Title Company - Alleged violation of VA Code § 6.1-2.21

INS-2007-00306 Nations Title, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00307 Reliant Title & Settlements, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00308 CFS Settlements, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00309 USTA, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00310 TitleSource, Ltd. - Alleged violation of VA Code § 6.1-2.21

INS-2007-00311 American Homeowners Title Agency, Inc. - Alleged violation of VA Code § 6.1-2.21

INS-2007-00312 Historic Title, Inc. - Alleged violation of VA Code § 6.1-2.23

INS-2007-00314 The Nelco Companies - Alleged violation of 14 VAC 5-410-40-D, et al.

INS-2007-00317 Samuel J. Barnes - Alleged violation of VA Code § 38.2-502

INS-2007-00318 Philip A. Gasser - Alleged violation of VA Code §§ 38.2-502, 38.2-503 and subsection 5 of 38.2-1831 and 14 VAC 5-40-40

INS-2007-00320 Korean Benefits Planning, Inc. Welfare Benefits Plan - Alleged violation of 14 VAC 5-410-40-D

INS-2007-00321 18 Plus Health Plan Trust - Alleged violation of 14 VAC 5-410-40-D

INS-2007-00322 Commonwealth Annuity and Life Insurance Company - For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136 C

INS-2007-00323 Closeline, LLC - Alleged violation of VA Code § 6.1-2.21

INS-2007-00324 Clear Trust Title Agency, Inc. - Alleged violation of VA Code §§ 6.1-2.23, 6.1-2.24 and 38.2-1813

INS-2007-00325 Seaside Title & Escrow, LLC - Alleged violation of VA Code 6.1-2.21

INS-2007-00326 American Home Assurance Co., National Union Fire Insurance Co. of Pittsburgh, PA, The Insurance Co. of the State of Pennsylvania, American International South Insurance Co. & AIG Premier Insurance Co. - Alleged violation of VA Code § 38.2-2206 A

INS-2007-00327 American National Property and Casualty Company - Alleged violation of VA Code § 38.2-2113 A 1

INS-2007-00328 Anthem Health Plans of Virginia, Inc., et al. - For approval to provide case management and utilization management for transplant services from a location outside of Virginia and for expedited treatment

INS-2007-00329 Jeffrey A. Reed d/b/a Signature Settlement Services - Alleged violation of VA Code § 6.1-2.23

INS-2007-00330 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2006

INS-2007-00331	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2006
INS-2007-00332	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2006
INS-2007-00333	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2005
INS-2007-00334	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2004
INS-2007-00335	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2005
INS-2007-00336	In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2005
INS-2007-00337	Sentara Health Systems - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2007-00338	In re: Assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2008
INS-2007-00339	Jack T. Sampson and AC&S Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-512, et al.
INS-2007-00341	C & M Settlements, LLC - Alleged violation of VA Code § 6.1-2.26
INS-2007-00342	Douglas Alan Garling - Alleged violation of VA Code § 38.2-512
INS-2007-00349	James F. Cadle - Alleged violation of sub§ 6 of VA Code §§ 38.2-502 and 38.2-503
INS-2007-00350	Calvin Jones, Jr. - Alleged violation of subsection 6 of VA Code §§ 38.2-502 and 38.2-1813
INS-2007-00352	Metropolitan Property and Casualty, Metropolitan Casualty Insurance Company, Metropolitan Direct Property and Casualty Company, Metropolitan General Insurance Company and Economy Premier Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2007-00353	Sentinel Insurance Company - Alleged violation of VA Code § 38.2-2220
INS-2007-00354	American Security Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2007-00355	MutualAid Exchange - Alleged violation of VA Code § 38.2-1906 D
INS-2007-00358	Kilona Settlements, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2007-00364	American Deed Company, LLC - Alleged violation of VA Code § 38.2-1826 C
INS-2007-00365	Title Pro, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2007-00366	Southwest Virginia Settlement, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2007-00368	Electric Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2007-00375	Mercury Casualty Company - Alleged violation of VA Code §§ 38.2-502, 38.2-510 A 10, et al.

PST: DIVISION OF PUBLIC SERVICE TAXATION

PST-2005-00029	Elantic Telecom, Inc. - For review and correction of assessments of the value of property subject to local taxation - Tax Year 2005
PST-2007-00003	Primus Telecommunications, Inc. - For review and correction of gross receipts certified to the Department of Taxation for Tax Year 2006
PST-2007-00018	DIECA Communications Inc. d/b/a Covad Communications - For Review and Correction of Certification of Gross Receipts
PST-2007-00019	Level 3 Communications, LLC - For Review and Correction of Certification of Gross Receipts
PST-2007-00021	Elantic Telecom, Inc. - For review and correction of assessments of the value of property subject to local taxation - Tax Year 2007

PUC: DIVISION OF COMMUNICATIONS

PUC-2002-00159	Verizon Virginia Inc. and CTC Communications of Virginia, Inc. - For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC-2004-00025	All In One Company - Alleged violation of VA Code §§ 56-508.15, et al.
PUC-2004-00026	Meridian Interactive Communications, Inc. - Alleged violation of VA Code §§ 56-508.15, et al.
PUC-2006-00158	Lightyear Network Solutions, LLC, First Communications, LLC and First Communications, Inc. - Joint Petition For approval of Transfer of Control
PUC-2007-00001	AT&T Communications of Virginia, LLC - For a waiver of price ceilings for residential local exchange service of its Call Plan Unlimited Plus
PUC-2007-00004	Metro Fiber Networks, Inc. - For certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00005	Everest Broadband Networks of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00008	Verizon Virginia Inc. and Verizon South Inc. - For a Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same
PUC-2007-00009	LMK Communications, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00010	CityNet Telecom of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00012	New Access Communications, LLC - For cancellation of certificate to provide local exchange telecommunications services
PUC-2007-00013	Central Telephone Company of Virginia and United Telephone-Southeast, Inc. (collectively EMBARQ) and 1-800-Reconex, Inc., d/b/a U.S. Tel - For approval of Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2007-00014	Eureka Broadband Corp., Eureka Telecom of VA, Inc., InfoHighway of Virginia, Inc. and Broadview Networks Holding, Inc. - For approval of the indirect transfer of control of Eureka Telecom of VA, Inc. and InfoHighway of Virginia, Inc. to Broadview Networks Holdings, Inc.
PUC-2007-00015	Bandwidth.com CLEC, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00016	Amelia Telephone Co., New Castle Telephone Co., Virginia Telephone Co., TDS Telecommunications Corp., Telephone and Data Systems, Inc. and other TDS affiliates - For approval of tax allocation arrangement among affiliates pursuant to Chapter 4 of Title 56
PUC-2007-00017	Time Warner Telecom of Virginia LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2007-00018	Xspedius Management Co. of Virginia, Inc. - For amendment of its certificates to reflect applicant's new name, Xspedius Management Co. of Virginia LLC
PUC-2007-00019	SBC Long Distance, LLC d/b/a AT&T Long Distance - For partial discontinuance of local exchange telecommunications services
PUC-2007-00020	DukeNet Communications, LLC - For a certificate to provide local exchange telecommunications services

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- PUC-2007-00021 Verizon South Inc. - Interconnection Agreement between Verizon South Inc. and R.T.O. Communications L.L.C. d/b/a Best-Way Phone, etc.
- PUC-2007-00022 Verizon Virginia Inc. - Interconnection Agreement between Verizon Virginia Inc. and R.T.O. Communications L.L.C. d/b/a Best-Way Phone, etc.
- PUC-2007-00023 Blonder Tongue Telephone, LLC - For cancellation of its certificate to provide local exchange telecommunications services
- PUC-2007-00024 FiberGate, LLC - For amendment of its certificate to reflect applicant's new name, FiberGate of Virginia, LLC
- PUC-2007-00025 TelCove of Virginia, LLC - For cancellation of certificates and withdrawal of tariff
- PUC-2007-00026 Mobilite, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00027 Verizon South Inc. - For exemption from physical collocation at its Harmony Heights and Westgate central offices
- PUC-2007-00028 NEON Virginia Connect, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00031 Verizon Access Transmission Services Inc. - For Arbitration of an Interconnection Agreement with Central Telephone Co. of Virginia d/b/a Embarq and United Telephone - Southeast, Inc. d/b/a Embarq, under § 252(b) of the Telecommunications Act of 1996
- PUC-2007-00033 Amendment of Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers
- PUC-2007-00034 Sunesys of Virginia, Inc., InfraSource Services, Inc. and Quanta Services, Inc. - For approval of the transfer of ultimate control of Sunesys of Virginia, Inc. from InfraSource Services, Inc. to Quanta Services, Inc.
- PUC-2007-00035 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. (collectively "Embarq") and Citynet Virginia, LLC - Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2007-00036 360networks (USA) of Virginia, inc. - For cancellation of certificates to provide interexchange telecommunications services
- PUC-2007-00037 SBC Long Distance, LLC d/b/a AT&T Long Distance - For approval to partially discontinue local exchange service
- PUC-2007-00038 RNK VA, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00039 Neutral Tandem-Virginia, LLC, et al and Xspedius Management Co. of Virginia, Inc., et al. - Traffic termination agreement
- PUC-2007-00040 Verizon Virginia Inc. and Verizon South Inc. - Alleged violation of Rules 20 VAC 5-427-130.D and 20 VAC 5-427-150.B
- PUC-2007-00041 Verizon Virginia Inc. and Verizon South Inc. - For a waiver of Rule 20 VAC 5-427-130(D)
- PUC-2007-00042 TelCove Operations, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00043 TelCove of Virginia, LLC and TelCove Operations, LLC - For approval of an internal reorganization and direct transfer of control of TelCove of Virginia, LLC to TelCove Operations, LLC
- PUC-2007-00045 Central Telephone Company of Virginia and United Telephone-Southeast Inc - Interconnection Agreement with Vista PCS LLC
- PUC-2007-00046 Qwest Interprise America of Virginia, Inc. - For cancellation of certificates
- PUC-2007-00047 FairPoint Communications, Inc., Peoples Mutual Telephone Co. and FairPoint Communications Solutions Corp. - Virginia - For approval of transfer of control pursuant to the Utility Transfer Act, VA Code § 56-88 et seq.
- PUC-2007-00048 Global Connection Inc. of Virginia - For designation as an eligible telecommunications carrier pursuant to § 214(e)(2) of the Communications Act of 1934
- PUC-2007-00049 Comtel Virginia LLC - For approval of an indirect change of control of Comtel Virginia LLC
- PUC-2007-00050 Peoples Mutual Telephone Company - Wireless Traffic Exchange Agreement between Peoples Mutual Telephone Company and Verizon Wireless
- PUC-2007-00051 Trinsic Communications of Virginia, Inc., Touch 1 Communications, Inc. and any Successor in Interest, Including Chapter 7 Bankruptcy Trustee and Matrix Telecom, Inc. - For approval of transfer of control
- PUC-2007-00052 OnFiber Carrier Services-Virginia, Inc. - For cancellation of certificates and associated tariffs
- PUC-2007-00053 PPL Telecom, LLC, PPL Prism, LLC, PPL Energy Services Group, LLC and CII Holdco, Inc. - For approval of the transfer of control of PPL Telecom, LLC and PPL Prism, LLC, from PPL Energy Services Group, LLC, to CII Holdco, Inc.
- PUC-2007-00055 BetterWorld Telecom, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00058 NTELOS Telephone Inc. - Interconnection Agreement between NTELOS Telephone Inc. and Comcast Phone of Virginia LLC
- PUC-2007-00060 Pac-West Telecom of Virginia, Inc. - For authority to discontinue telecommunications services in Virginia
- PUC-2007-00061 Charter Fiberlink VA-CCO, LLC - For approval of an Interconnection Agreement between Charter Fiberlink VA-CCO, LLC and Verizon Virginia Inc. and Verizon South Inc.
- PUC-2007-00062 RCN New York Communications LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00063 YTV, Inc., Yipes Enterprise Services, Inc. and FLAG Telecom Group Services Limited - For approval of transfer of control of YTV, Inc. from Yipes Holdings, Inc. to FLAG Telecom Group Services Limited
- PUC-2007-00064 Norstar Telecommunications, LLC - For certificates to provide local exchange and interexchange telecommunication services
- PUC-2007-00066 Verizon Virginia Inc. and Mikrotec Communications of Virginia, LLC - Resale Agreement between Verizon Virginia Inc. and Mikrotec Communications of Virginia, LLC under § 252(e) of the Telecommunications Act of 1996
- PUC-2007-00067 Verizon South Inc. and LTS of Rocky Mount, LLC - Resale Agreement between Verizon South Inc. and LTS of Rocky Mount, LLC under § 252(e) of the Telecommunications Act of 1996
- PUC-2007-00068 Verizon Virginia Inc. and LTS of Rocky Mount, LLC - Resale Agreement between Verizon Virginia Inc. and LTS of Rocky Mount, LLC under § 252(e) of the Telecommunications Act of 1996
- PUC-2007-00069 Verizon Virginia Inc. and NEON Virginia Connect, LLC - Interconnection Agreement between Verizon Virginia Inc. and NEON Virginia Connect, LLC under § 252(e) of the Telecommunications Act of 1996
- PUC-2007-00070 Verizon South Inc. and Broadwing Communications, LLC - Amendment No. 1 to the Interconnection Agreement between Verizon South Inc. and Broadwing Communications, LLC
- PUC-2007-00071 Xspedius Management Co. of Virginia LLC - For amendment of its certificates to reflect the applicant's new name, Time Warner Telecom of Virginia LLC
- PUC-2007-00072 NEON Virginia Connect, LLC and RCN Corporation - For approval of a transfer of control
- PUC-2007-00073 Baldwin County Internet/DSSI Service, L.L.C. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00074 PPL Telecom, LLC and PPL Prism, LLC - For Amended and Reissued Certificates to Reflect Their Changed Names
- PUC-2007-00075 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. - For Waiver of Rule 20 VAC 5-413-20 A of the Commission's Rules Governing Disconnection of Local Exchange Telephone Services
- PUC-2007-00077 United Telephone-Southeast, Inc. d/b/a Embarq and Central Telephone Company of Virginia d/b/a Embarq v. Cat Communications International, Inc. - Petition for Resolution of Disputed Issues with Cat Communications International, Inc.
- PUC-2007-00079 Verizon South Inc. - Interconnection Agreement between Verizon South Inc. and CloseCall America Inc. of Virginia
- PUC-2007-00080 Verizon Virginia Inc. - Interconnection Agreement between Verizon Virginia Inc. and CloseCall America Inc. of Virginia

- PUC-2007-00081 MCG Capital Corporation, Broadview Networks Holdings, Inc., Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc. and InfoHighway of Virginia, Inc. - For approval of the indirect transfer of control of Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., and InfoHighway of Virginia, Inc.
- PUC-2007-00082 Citizens Telephone Cooperative - Wireless Interconnection and Reciprocal Compensation Agreement negotiated between Citizens Telephone Cooperative and United States Cellular Corporation
- PUC-2007-00083 Central Telephone Company of Virginia and United Telephone-Southeast Inc - Interconnection, Collocation and Resale Agreement with BullsEye Telecom of Virginia LLC
- PUC-2007-00085 NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., R&B Network, Inc., NTELOS Holdings Corp., Quadrangle NTELOS Holdings II LP, and Quadrangle Capital Partners LP - For approval of an indirect transfer of control of NTELOS Telephone Inc., Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., and R&B Network, Inc. to Quadrangle Capital Partners LP and Quadrangle NTELOS Holdings II LP
- PUC-2007-00086 American Fiber Network of Virginia, Inc., CloseCall America, Inc. of Virginia, MobilePro Corp., American Fiber Network, Inc., CloseCall America, Inc., and United Systems Access, Inc. - For approval of a transfer of control of American Fiber Network of Virginia, Inc. and CloseCall America, Inc. of Virginia from MobilePro Corp. to United Systems Access, Inc.
- PUC-2007-00087 Roanoke and Botetourt Telephone Company - Interconnection Agreement between Roanoke and Botetourt Telephone Company and R&B Network Inc. and Cox Virginia Telecom, Inc.
- PUC-2007-00088 Shenandoah Telephone Company, Shenandoah Telecommunications Company, Shenandoah Cable Television Company, Shentel Service Company, Shenandoah Valley Leasing Company, Shenandoah Mobile Company, Shenandoah Long Distance Company, Shenandoah Network Company, Shentel Foundation, Shenandoah Personal Communications Company, Shentel Communications Company, Shentel Management Company, Shentel Converged Services, Inc., and Shentel Converged Services of West Virginia, Inc. - For approval to amend affiliates agreement to modify cost allocation factors as to certain cost centers
- PUC-2007-00089 East Tennessee Network, LLC - For Authority to Discontinue Telecommunications Services in Virginia and for Cancellation of Certificate and Tariffs
- PUC-2007-00090 AT&T Communications of Virginia, LLC - For a waiver of the price ceilings for the residential local exchange service of Call Plan Unlimited Plus
- PUC-2007-00092 Cat Communications International, Inc. - For Authority to Discontinue All Local Exchange Telecommunications Services in Virginia and Cancellation of Certificate and Tariffs
- PUC-2007-00093 Central Telephone Company of Virginia and United Telephone-Southeast Inc. and Cavalier Broadband LLC - Negotiated Interconnection, Collocation and Resale Agreement Between Central Telephone & United Telephone-Southeast and Cavalier Broadband LLC
- PUC-2007-00094 Bandwidth.com CLEC, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00095 TDS Telecom - Wireless Interconnection Agreement between TDS Telecom on behalf of Amelia Telephone Company, New Castle Telephone Company, and Virginia Telephone Company and NPCR, Inc. d/b/a Nextel Partners
- PUC-2007-00096 CNT Telecom Services, Inc. - For cancellation of certificates to provide telecommunications services
- PUC-2007-00097 Inter-Tel NetSolutions of Virginia, Inc. - For a certificate to provide local exchange telecommunications services
- PUC-2007-00098 Verizon South Inc. - Amendment No. 1 to the Interconnection Agreement between Verizon South Inc. and Charter Fiberlink VA-CCO LLC
- PUC-2007-00099 Verizon Virginia Inc. - Amendment No. 1 to the Interconnection Agreement between Verizon Virginia Inc. and Charter Fiberlink VA-CCO LLC
- PUC-2007-00101 Wholesale Carrier Services of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00102 DSLnet Communications VA, Inc., DSLnet Communications, LLC and DSL.net, Inc. - For authority to transfer control of DSLnet Communications VA, Inc. to its affiliate DSLnet Communications, LLC
- PUC-2007-00103 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. - Interconnection, Collocation and Resale Agreement between Central Telephone Company of Virginia and United Telephone-Southeast, Inc. and dPI Teleconnect, L.L.C.
- PUC-2007-00105 Verizon Virginia Inc. - Amendment No 1 to the Interconnection Agreement between Verizon Virginia Inc. and Cbeyond
- PUC-2007-00106 Verizon Virginia Inc. - Interconnection Agreement between Verizon Virginia Inc. and Syniverse Technologies of Virginia Inc.
- PUC-2007-00107 Verizon South Inc. - Interconnection Agreement between Verizon South Inc. and Syniverse Technologies of Virginia Inc.
- PUC-2007-00108 Sprint Communications Company of Virginia Inc., Sprint Spectrum L.P., Sprintcom, Inc., Nextel Communications of the Mid-Atlantic, Inc. and NPCR, Inc. d/b/a Nextel Partners (collectively "Sprint Nextel") - For a reduction in the intrastate carrier access rates of Central Telephone Company of Virginia and United Telephone-Southeast Inc.
- PUC-2007-00110 RNK, VA, LLC, RNK, Inc. and Wave2Wave Communications, Inc. - For approval of change in ownership of authorized telecommunications provider in connection with a transaction and for authority to provide security in connection with new financing
- PUC-2007-00111 Pathnet Operating of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00112 Intrado Communications of Virginia Inc. - For Arbitration pursuant to § 252(b) of Communications Act of 1934, as amended, to Establish an Interconnection Agreement with Central Telephone Co. of Virginia and United Telephone - Southeast, Inc.
- PUC-2007-00113 Level 3 Communications, Inc., Level 3 Communications, LLC, Wiltel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, Telcove of Virginia, LLC, Broadwing Communications, LLC and Southeastern Asset Management, Inc., on behalf of its advisory clients - For approval of an increase in the aggregate beneficial ownership of shares of common stock of Level 3 Communications, Inc. by Southeastern Asset Management, Inc. resulting in the transfer of control of Level 3 Communications, LLC, Wiltel Communications of Virginia, Inc., Looking Glass Networks of Virginia, LLC, Telcove of Virginia, LLC and Broadwing Communications, LLC
- PUC-2007-00114 TelCove Operations, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2007-00117 Central Telephone Company of Virginia and United Telephone-Southeast Inc - Master Resale Agreement with Ernest Communications Inc.
- PUC-2007-00118 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. - For approval of a replacement Alternative Regulatory Plan
- PUC-2007-00120 United Telephone-Southeast, Inc. - For cancellation and reissuance of certificates to provide local exchange and interexchange telecommunications services to reflect company name change to United Telephone Southeast LLC

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

PUE:	DIVISION OF ENERGY REGULATION
PUE-2006-00082	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For a certificate for facilities in Arlington County: Clarendon-Ballston 230 kV Transmission Line
PUE-2006-00104	Wintergreen Valley Utility Company, LP - To amend its certificates to provide water and sewer service in the Stoney Creek Community located in the Wintergreen Development in Nelson County, VA
PUE-2006-00123	Liberty Power Delaware, LLC - For a license to conduct business as a competitive service provider for electricity
PUE-2006-00124	Liberty Power Holdings, LLC - For a license to conduct business as a competitive service provider for electricity
PUE-2006-00126	Massanutten Public Service Corporation - For an increase in water and sewer rates
PUE-2006-00128	Land 'Or Utility Company, Inc. - For a general increase in rates
PUE-2007-00001	Appalachian Power Company - For authority to issue debt securities under Chapter 3 of Title 56 of the Code of Virginia
PUE-2007-00003	Atmos Energy Corporation and Blueflame Insurance Services Ltd - For approval of an insurance services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00004	Virginia American Water Company - Annual Informational Filing 2006
PUE-2007-00005	Sunset Bay Utilities, Inc. - For issuance of a certificate to provide wastewater utility service pursuant to VA Code §§ 56-265.2 and 56-265.3
PUE-2007-00006	Atmos Energy Corporation - For an Annual Informational Filing for 2006
PUE-2007-00007	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00008	Appalachian Power Company - To revise its cogeneration tariff pursuant to PURPA § 210
PUE-2007-00009	Kentucky Utilities Company d/b/a Old Dominion Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2007-00012	Roanoke Gas Company and Appalachian Natural Gas Distribution Company - For approval of a change in ownership of utility assets and for issuance of a certificate
PUE-2007-00013	Delmarva Power & Light Company - For an increase in its electric rates pursuant to VA Code §§ 56-249.6 and 56-582
PUE-2007-00014	Appalachian Power Company - For authority to factor its accounts receivables to an affiliate
PUE-2007-00015	Atmos Energy Corporation - For authority to issue common stock
PUE-2007-00016	Columbia Gas of Virginia, Inc. - For an Annual Informational Filing for 2006
PUE-2007-00017	Appalachian Power Company - 2006 Annual Informational Filing
PUE-2007-00018	CPV Warren, LLC - For approval of a certificate pursuant to VA Code § 56-580 D
PUE-2007-00019	Atmos Energy Corporation - For Declaratory Judgment Regarding Tariff Interpretation for Calculation of Demand Allocation
PUE-2007-00020	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For a certificate to construct facilities: Carson-Suffolk-Thrasher 500 kV and 230 kV Transmission Lines
PUE-2007-00021	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia
PUE-2007-00022	Delmarva Power & Light Company - Annual Informational Filing for Calendar year 2006
PUE-2007-00023	Virginia Electric and Power Company - 2006 Annual Informational Filing
PUE-2007-00024	Virginia Natural Gas, Inc. - Annual Information Filing for 2006
PUE-2007-00025	Virginia Electric and Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2007-00026	The Potomac Edison Company d/b/a Allegheny Power - For an increase in its electric rates pursuant to VA Code §§ 56-249.6 and 56-582
PUE-2007-00027	Massie Power LLC - For licenses to conduct business as a competitive service provider and aggregator for electricity
PUE-2007-00028	Blue Ridge Heights Corporation and Water Distributors d/b/a Aqua Virginia, Inc. - For approval of change of ownership of utility assets, expansion of service territory, and implementation of new rates
PUE-2007-00029	Aqua Virginia, Inc. - For an extension to file Annual Informational Filing (2006 Test Year)
PUE-2007-00030	Paramont Energy, LC - To furnish natural gas service to Sonic Restaurants, Inc. pursuant to VA Code § 56-265.4:5
PUE-2007-00031	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Trans-Allegheny Interstate Line Company - For certificates to construct facilities: 500 kV Transmission Line from Transmission Line #580 to Loudoun Substation and Trans-Allegheny Interstate Line Company - For certificates to construct facilities: 500 kV Transmission Line from Virginia-West Virginia Boundary to Virginia Electric and Power Company Transmission Line #580
PUE-2007-00032	Virginia Electric and Power Co. and Dominion Wholesale, Inc. - For approval and certification of electric generating facilities under VA Code §§ 56-580 D and 56-46.1 and for approval of affiliate transactions under Chapter 4 of Title 56 of the Code of VA
PUE-2007-00033	The Potomac Edison Company and Trans-Allegheny Interstate Line Company - For Approval of a Contract or Arrangement
PUE-2007-00034	Virginia Electric and Power Company - To revise its cogeneration tariff pursuant to PURPA § 210
PUE-2007-00035	Northern Virginia Electric Cooperative - For authority to issue long-term debt
PUE-2007-00036	Appalachian Natural Gas Distribution Company - 2006 Annual Informational Filing
PUE-2007-00037	Kentucky Utilities Company d/b/a Old Dominion Power Company - 2006 Annual Informational Filing
PUE-2007-00038	The Potomac Edison Company d/b/a Allegheny Power - 2006 Annual Informational Filing
PUE-2007-00040	Spectra Energy Early Grove Company - Annual Informational Filing for the period 1/1/06 through 12/31/06
PUE-2007-00041	Spectra Energy Virginia Pipeline Company f/k/a Duke Energy Virginia Pipeline Company - Annual Informational Filing
PUE-2007-00042	Dale Service Corporation - Annual Informational Filing for Calendar Year 2006
PUE-2007-00043	A & N Electric Cooperative - For approval to increase a line of credit limit up to \$7,200,000
PUE-2007-00044	A & N Electric Cooperative - For authority to establish a loan agreement to issue long-term debt
PUE-2007-00045	Massanutten Public Service Corporation - For Waiver of 2006 AIF filing
PUE-2007-00046	Washington Gas Light Company - For waiver of Annual Informational Filing
PUE-2007-00047	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - For authority to borrow short-term funds from an affiliate
PUE-2007-00049	In the matter of determining a recommended mix of programs, including demand side management(DSM), conservation, energy efficiency, load management, real-time pricing and consumer education to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-102 of the Code of Virginia to reduce electric energy consumption
PUE-2007-00051	Virginia Natural Gas, Inc. and AGL C&I Energy Services Inc. - For an exemption from filing and prior approval requirements or, in the alternative, for approval of natural gas sales under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00052	Virginia Electric and Power Company, Virginia Power Energy Marketing, Inc. and Virginia Power Services Energy Corp. Inc. - For approval of cash reimbursement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

PUE-2007-00053	Mecklenburg Electric Cooperative - For authority to incur long-term debt
PUE-2007-00055	Appalachian Power Company and American Electric Power Service Corporation - For authority to enter into an affiliate transaction Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00056	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia
PUE-2007-00057	Cogentrix Virginia Leasing Corporation - For a certificate to operate as an electric generating facility pursuant to VA Code § 56-580 D
PUE-2007-00058	Utility Management Services, Inc. - For a license to conduct business as an electric aggregator
PUE-2007-00059	Shenandoah Valley Electric Cooperative - For authority to issue securities under Chapter 3, Title 56 of the Code of Virginia
PUE-2007-00060	A&N Cooperative and Delmarva Power & Light Company - For approval of purchase and sale of service territory and facilities
PUE-2007-00061	A&N Electric Cooperative and Delmarva Power & Light Company - For approval of certificates
PUE-2007-00062	Old Dominion Electric Cooperative and Delmarva Power & Light Company - For approval of purchase and sale of transmission facilities
PUE-2007-00063	Old Dominion Electric Cooperative and Delmarva Power & Light Company - For approval of certificates
PUE-2007-00064	Columbia Gas of Virginia, Inc. - For approval to revise its tariff to allow the implementation of an Off-System Sales and Capacity Release Incentive Mechanism
PUE-2007-00065	A & N Electric Cooperative - For approval of special rates
PUE-2007-00066	Virginia Electric and Power Company - For a certificate to construct and operate electric generation facility in Wise County, VA and for approval of a rate adjustment clause under VA Code §§ 56-585.1, 56-580 D and 56-46.1
PUE-2007-00067	Appalachian Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2007-00068	Appalachian Power Company - For a Rate Adjustment Clause Pursuant to VA Code § 56-585.1 A 6
PUE-2007-00069	Appalachian Power Company - For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia
PUE-2007-00070	Virginia Electric and Power Company - For waiver of certain provisions of the Rules Governing Retail Access to Competitive Energy Services
PUE-2007-00071	Virginia Electric and Power Company - For approval of acquisition of the electric generating facilities constituting Possum Point Unit 6 and for expedited consideration
PUE-2007-00072	Columbia Gas of Virginia, Inc. - For approval of an amendment to a corporate services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00073	Appalachian Power Company and Ohio Power Company - For authority to enter into a Gypsum and Purge Stream Waste Disposal Agreement
PUE-2007-00074	Appalachian Power Company - For a certificate for facilities in Buchanan County: Shack Mills-Consol 138 kV Transmission Line
PUE-2007-00075	A & N Electric Cooperative - For authorization to incur debt
PUE-2007-00048	Columbia Gas of Virginia, Inc. - For approval of an amendment to a Firm Storage Service/Storage Service Transportation Agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00076	Dale Service Corporation - For an expedited increase in rates
PUE-2007-00077	Appalachian Natural Gas Distribution Company - For approval of a certificate to provide natural gas service pursuant to VA Code § 56-265.3
PUE-2007-00079	Mecklenburg Electric Cooperative - For authority to incur long-term debt
PUE-2007-00081	Virginia Ridge Water Company Inc - For a certificate to provide water and sewer service
PUE-2007-00082	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00083	MRDB Holdings LP d/b/a LPB Energy Consulting - For a permanent license to conduct business as an electric and gas aggregator
PUE-2007-00084	Virginia Natural Gas, Inc - For a certificate to construct compressor stations in Caroline and Charles City Counties, Virginia
PUE-2007-00085	The Potomac Edison Company d/b/a Allegheny Power - For an increase in its electric rates pursuant to VA Code §§ 56-249.6 and 56-582
PUE-2007-00086	Roanoke Gas Company - For an expedited increase in rates
PUE-2007-00087	Appalachian Power Company - For a certificate for facilities in Montgomery County: Tech Drive 138 kV Extension
PUE-2007-00088	Old Dominion Electric Cooperative and Columbia Gas of Virginia, Inc. - For approval for Columbia Gas of Virginia, Inc. to dispose of and for Old Dominion Electric Cooperative to acquire a partial ownership interest in a natural gas pipeline and Old Dominion Electric Cooperative - For a certificate to acquire an ownership interest in a natural gas pipeline
PUE-2007-00089	Virginia Electric and Power Company - For expedited approval of conservation, energy efficiency, education, demand response and load management pilots
PUE-2007-00090	Central Water Company, Inc. - To amend its certificate to furnish water service
PUE-2007-00091	Sydnor Hydrodynamics, Inc. - For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia, or for a declaratory order
PUE-2007-00092	James River Cogeneration Company - For a certificate to operate as an Electric Generating Facility pursuant to VA Code § 56-580 D
PUE-2007-00093	Appalachian Power Company - For authority to incur long-term debt
PUE-2007-00094	Virginia Electric and Power Company and Dominion Products and Services, Inc. - For exemption from the filing and prior approval requirements of a promotional offering pursuant to Chapter 4, Title 56 of the Code of Virginia
PUE-2007-00095	Virginia Natural Gas, Inc. - For authority to issue long-term debt securities
PUE-2007-00096	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - For authority to incur short-term debt and to lend and borrow short-term funds to and with its affiliate
PUE-2007-00097	Massanutten Public Service Corporation - Requesting an extension to file Annual Informational Filing (2007 Test Year)
PUE-2007-00098	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia
PUE-2007-00099	GW Corporation, John K. Hamner and Brenda J. Hamner - For approval to sell utility assets to County of Henrico, Virginia pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2007-00100	Rappahannock Electric Cooperative and Virginia Electric and Power Company d/b/a Dominion Virginia Power - For revision of certificates under the Utility Facility Act
PUE-2007-00101	Rappahannock Electric Cooperative - For authority to issue long-term debt
PUE-2007-00102	Southwestern Virginia Gas Company- Annual Information Filing
PUE-2007-00103	Appalachian Power Company and American Electric Power Company - For authority to receive cash capital contributions from an affiliate

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

PUE-2007-00104	Covanta Fairfax, Inc. - For a certificate to operate as an electric generating facility pursuant to VA Code § 56-580 D
PUE-2007-00106	Spectra Energy Early Grove Company f/k/a Duke Energy Early Grove Company - For an extension of time to file an ancillary regulatory filing
PUE-2007-00107	In the matter of establishing rules and regulations to implement the sale of electricity from renewable sources through a renewable energy portfolio standard program pursuant to VA Code § 56-585.2
PUE-2007-00108	Virginia Natural Gas, Inc., AGL Resources Inc. and AGL Services Company - For authority to issue short-term debt, long-term debt and common stock to an affiliate Under Chapters 3 and 4, Title 56 of the Code of Virginia
PUE-2007-00109	Southwestern Virginia Gas Company - For a waiver of certain Rate Case Rules otherwise applicable to Annual Informational Filings
PUE-2007-00110	Fillmore CCA Holdings, Inc. and Homestead Water Company, L.C. - For a declaration of non-jurisdiction, or in the alternative, application for authorization to transfer water utility assets out of time pursuant to § 56-88; and for issuance of a certificate pursuant to § 56-265.3; for approval of articles of entity conversion pursuant to § 13.1-722.12; approval of articles of incorporation and approval of proposed rates, rules and regulations of service
PUE-2007-00112	Southside Electric Cooperative - For authority to incur long-term debt
PUE-2007-00114	Virginia Electric and Power Company and Dominion Nuclear North Anna LLC - For approval of extension of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia
PUE-2007-00116	Virginia American Water Company and American Water Capital Corp. - Motion for Interim Authority
PUE-2007-00117	Virginia Electric and Power Company - For authority to issue up to \$3.0 billion in debt and preferred securities and to establish trust financing facilities

SEC:**DIVISION OF SECURITIES AND RETAIL FRANCHISING**

SEC-2005-00012	Artemis Vision Fund, Inc. - Alleged violation of VA Code §§ 13.1-507. et al.
SEC-2005-00013	Artemis Strategy Fund, Inc. - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2005-00029	Thomas Trexler - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2005-00044	Logical Fashion, Inc. - Alleged violation of VA Code §§ 13.1-504 A, et al.
SEC-2006-00021	Rebel Holiday - Alleged violation of VA Code §§ 13.1-502, et al.
SEC-2006-00024	James DeMocker - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2006-00028	Rebel Holiday - Alleged violation of VA Code §§ 13.1-502, et al.
SEC-2006-00029	James DeMocker - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2006-00030	Thomas C. Trexler - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2006-00040	USB Financial Services, Inc. - Alleged violation of VA Code §§ 13.1-502(3), et al.
SEC-2006-00060	Michael R. Taylor - Alleged violation of VA Code §§ 13.1-502 (2), et al.
SEC-2006-00062	Cornerstone Ministries Investments, Inc. - Alleged violation of VA Code §§ 13.1-502 (2) and 13.1-507
SEC-2006-00069	Rodney Lee Hinkle d/b/a Creative Solutions - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2006-00073	James Fallin Tate - Alleged violation of VA Code § 13.1-504 A
SEC-2006-00074	Tate Wealth Management, Inc. - Alleged violation of VA Code § 13.1-504 A
SEC-2006-00077	Environmental Directions, Inc. - Alleged violation of VA Code §§ 13.1-504 A, et al.
SEC-2006-00079	Fashion Technology Ventures, Inc. - Alleged violation of VA Code § 13.1-502
SEC-2006-00080	S. Deborah Oyler - Alleged violation of VA Code §§ 13.1-504 A, et al.
SEC-2006-00081	Comtel, Inc. - Alleged violation of VA Code § 13.1-507
SEC-2006-00082	Commonwealth Telecommunications Corporation - Alleged violation of VA Code § 13.1-507
SEC-2006-00083	Benjamin R. Humphreys, Jr. - Alleged violation of VA Code § 13.1-507
SEC-2006-00084	Zachary T. Slagel d/b/a Slagel Asset Managers - Alleged violation of VAC 5-80-40 A et al.
SEC-2006-00088	Jersey Mike's Franchise Systems, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2007-00001	Count Me In For Women's Economic Independence, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00002	Champion Child, Inc. d/b/a Stretch-N-Grow International and Robert E. Manly - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
SEC-2007-00003	Mark A. Yates - Alleged violation of VA Code § 13.1-507
SEC-2007-00004	CleanNet USA, Inc. - Alleged violation of VA Code § 13.1-563(e)(ii) and 21 VAC 5-110-90
SEC-2007-00005	Wanda P. Sears - Alleged violation of VA Code § 13.1-504 A
SEC-2006-00053	Michael Linn Hofe d/b/a Michael L. Hofe & Associates - For failure to comply with Commission's subpoena
SEC-2007-00008	Saskatchewan Wheat Pool, Inc. - For an official interpretation pursuant to VA Code § 13.1-525
SEC-2007-00009	Catholic United Investment Trust - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00013	Virginia Tech Foundation, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00015	Reg's Carolina Barbeque, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2007-00016	In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act
SEC-2007-00017	In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act
SEC-2007-00018	National Covenant Properties - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00019	Reginald Lewis - Alleged violation of VA Code §§ 13.1-557, et al.
SEC-2007-00020	Commonwealth Church Finance, Inc. a/k/a Charter Financial Services and Jeffrey S. Siegel - Alleged violation of VA Code §§ 13.1-502 (2), et al.
SEC-2007-00022	Charles M. Kelley, Jr. - Alleged violation of VA Code §§ 13.1-502 (1), et al.
SEC-2007-00024	First Georgetown Securities, Inc. and Mario J. Segreti - Alleged violation of VA Code §§ 13.1-504 A (i), et al.
SEC-2007-00025	All American Ice Cream and Donut Shops, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2007-00026	Jumping Party, Inc. and Vern E. Six - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (b) and (e)
SEC-2007-00027	Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00028	Mission Investment Fund of the Evangelical Lutheran Church in America - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2007-00029	Thomas Trexler - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2007-00030	Rebel Holiday - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2007-00031	Tomme Timboe Bromseth, d/b/a The Onesimus Company - Alleged violation of VA Code §§ 13.1-504 A and 13.1-503 B
SEC-2007-00032	Logical Fashion Center Tysons Corner, Inc. - Alleged violation of VA Code §§ 13.1-504 A, et al.

SEC-2007-00033 Capital Area Title, LLC - For Registration of Securities, Pursuant to VA Code § 13.1-510
 SEC-2007-00037 Tax Consultants, Inc. - Alleged violation of VA Code §§ 13.1-503 B, et al.
 SEC-2007-00038 H. David Soble - Alleged violation of VA Code §§ 13.1-503 B, et al.
 SEC-2007-00039 Children of America, Inc. - Alleged violation of VA Code §§ 13.1-504 B, et al.
 SEC-2007-00040 The Church of the Valley - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00041 Shared Interest, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00042 Church Extension Services, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00043 Regal Nails, LLC and Quy T. Ton - Alleged violation of VA Code §§ 13.1-560, et al.
 SEC-2007-00044 Tate Wealth Management, Inc. - For Special Supervision
 SEC-2007-00046 Dry-B-Lo International, Inc. - Alleged violation of VA Code §§ 13.1-563 (b), et al.
 SEC-2007-00048 Wanda P. Sears - Alleged violation of VA Code § 13.1-504 A
 SEC-2007-00050 Computer Medics of America, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
 SEC-2007-00051 Oogles N Googles Franchising, LLC - Alleged violation of VA Code §§ 13.1-560, et al.
 SEC-2007-00052 Whole Child Franchising, LLC - Alleged violation of VA Code §§ 13.1-560, et al.
 SEC-2007-00057 Blue Ridge Christian Fellowship - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00058 Boardwalk Finance Corporation - Alleged violation of VA Code § 13.1-507
 SEC-2007-00059 Metro Dream Homes, LLC - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00060 Isaac Smith - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00061 POS DH, LLC - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00062 First Pentecostal Church of Richmond, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00063 Metropolitan Grapevine, LLC - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00064 Metro Dream Homes of Fredericksburg, LLC - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00065 Andrew Williams - Alleged violation of VA Code §§ 13.1-501, et seq.
 SEC-2007-00066 Lutheran Church Extension Fund - Missouri Synod - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2007-00068 Great Oaks Investment Management, LLC - Alleged violation of VA Code §§ 13.1-504 C (i), et al.
 SEC-2007-00069 Theodore J. Hogan & Associates, LLC and Theodore J. Hogan - Alleged violation of VA Code §§ 13.1-502 (2), et al.

URS:**DIVISION OF UTILITY AND RAILROAD SAFETY**

URS-2004-00404 Delta Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2005-00260 Columbia Gas of Virginia, Inc. - Alleged violation of Federal Pipeline Safety Standards
 URS-2005-00262 Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Standards
 URS-2005-00704 Wayjo, Inc. - Alleged violation of VA Code § 56-256.24 A
 URS-2006-00053 Tyco Construction - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00056 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00102 Foley Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00118 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00163 Ruger Construction, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2006-00180 C. S. Flournoy, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00195 NC Communications, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00253 J. S. C. Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00255 New Image Contracting - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00268 Computer Cabling & Technology Services - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00304 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2006-00316 Braun Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00317 Chesapeake Bay Cable, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00319 Medlin Plumbing - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00322 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00325 Wilkins & Associates, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00339 Lambert's Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00354 Lakins Irrigation, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00363 Stoneman Paving Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00371 Kingery Bros., Inc. - Alleged violation of VA Code §§ 56-265.17 C, et al.
 URS-2006-00375 Andrews & Sons - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00388 Triple E Utility Service, Inc. - Alleged violation of VA Code §§ 56-265.19 A and 56-265.19 D
 URS-2006-00390 Alphin, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00400 DCI/Shires, Inc. - Alleged violation of VA Code § 56-265.17 D
 URS-2006-00404 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2006-00406 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00423 Triple E Utility Service, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00424 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00426 Hall Mechanical & Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00432 Empire Salvage & Recycling, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00433 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2006-00439 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00441 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2006-00442 OCS of VA, Inc. - Alleged violation of VA Code §§ 56-265.24 D, et al.
 URS-2006-00443 Dynalectric Company - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00444 Rock Ventures, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00445 Hoggard/Eure Associates, P.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00448 Triple E Utility Service, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00449 Al's Septic Tank Cleaning Service, Inc. - Alleged violation of VA Code § 56-265.17 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2006-00455 Conrad Brothers, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00463 Falls Church Paving Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00465 Hall Mechanical & Associates, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2006-00479 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00480 Trafford Corporation - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2006-00482 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00483 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00484 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.
 URS-2006-00485 De-Tech Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00486 Utiliquist, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2006-00487 Perfect Landscapes, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00489 Burton & Robinson, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00494 D & D Decks - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00495 D. H. Griffin Wrecking Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00496 Guster's Fencing Service - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00498 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00503 Fairfax Excavation & Paving Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00506 McCallum Testing Laboratories, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00507 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00514 Franklee Irrigation and Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00515 Heads-Up Sprinkler Systems, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00516 Huffman Home Improvements, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00517 Luxterra Electrical, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00521 Washington Gas Light Co. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00522 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00523 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00524 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00527 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00531 Sanders Electrical, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00532 John W. Stetzer, Individually and t/a Shalom Improvements - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00533 Tate & Hill, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00534 Richardson-Wayland Electrical Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00537 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00538 Leo Construction Company - Alleged violation of VA Code § 56-265.17 B
 URS-2006-00539 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00541 Southwestern Lawn & Landscaping - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00542 AMPM Electric Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00543 Bissette Construction Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00544 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00545 Cascade Contracting, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00547 Credle Concrete, Inc. - Alleged violation of VA Code §§ 56-265.17 B, et al.
 URS-2006-00549 F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00552 Maintenance Service, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00553 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00555 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00556 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 B
 URS-2006-00557 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00558 John Gorman Custom Paving - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00559 New York Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00560 Nyquist Masonry - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00561 Power Systems Electric Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00562 T & K Contracting, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00563 Richardson-Wayland Electrical Corporation - Alleged violation of VA Code § 56-265.324 A
 URS-2006-00564 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00565 W. M. Jordan Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00566 Avis Construction, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00567 Cornerstone Builders, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00568 Fields Brothers Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00569 Plant Systems - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00570 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00572 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00573 Triangle Electric Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2006-00574 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00576 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.A, et al.
 URS-2006-00577 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00578 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2006-00579 Utiliquist, LLC - Alleged violation of VA Code §§ 56-265.19, A et al.
 URS-2006-00580 Columbia Gas of Virginia, Inc. - Alleged violation of Federal Pipeline Safety Act
 URS-2006-00581 Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Act
 URS-2006-00582 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Standards
 URS-2006-00130 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2006-00151 Indian Creek Farms, Inc. - Alleged violation of VA Code § 56-265.17 D

URS-2007-00001 ADM Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00002 Atlantic Cable, LLC - Alleged violation of VA Code § 56-265.24 B
 URS-2007-00003 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00005 Blackwater Electric Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00006 CEH Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00007 Central Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00008 Daniel Bryant Excavating and Septic Service - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00009 David R. Hall, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00010 Dwight H. Snead Landscaping & Paving, Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00011 East Coast Abatement Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00012 Lloyd Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00013 Lyttle Service Company, L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00014 M. B. Kahn Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.
 URS-2007-00015 Owens Irrigation, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00016 Parking Lot Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00017 Payless Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00018 Rudy L. Hawkins Electrical Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00019 S. W. Rodgers Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00020 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.18
 URS-2007-00022 Valleycrest Landscape Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00023 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00024 Virtual Homes, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00025 West Utilities, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00026 Chris Nichols - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00027 Cline Electrical Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00028 Hale's Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00030 Infrasure Underground Construction Services, LLC - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00031 Unique Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00032 Bright Masonry, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00037 Freestate Electrical Service Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00038 Howard Landscapes, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00039 James Vito, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00040 John H Morgal Plumbing - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00043 Shackelford's Plumbing - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00044 Shirley Contracting Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00045 Signature Renovations, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00047 Van Metre Custom Homes, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00049 B & C Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00050 Berry Paving and Concrete Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00051 Branch Highways, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00052 Cantrell Excavating, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00053 Clearwater Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00054 Commercial Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00056 East Coast Fire Protection, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00057 H. C. Eavers & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00058 HECO, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00059 Hydro-Tech Irrigation, Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00060 New York Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00061 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00062 Potomac Masonry, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00063 Southern Asphalt Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00064 Tessa Construction & Tech Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00065 Tidewater Underground Communications, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00066 Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00068 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00069 C. Lee White Concrete, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00071 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00073 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00074 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00075 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00076 Atmos Energy Corporation - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00077 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00078 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00079 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00080 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00081 Jeff Minnich Garden Design, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00082 CSX Transportation, Inc. - Alleged violations of VA Code § 56-412.1
 URS-2006-00165 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00087 Rose Backhoe & Construction, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00088 AM Broadband, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00089 Byler Plumbing and Heating Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00090 Integrity, Inc. t/a Colonial Tree Care Service - Alleged violation of VA Code § 56-265.17 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2007-00091 Croatan Construction and Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00092 Draft Electric and Plumbing Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00093 Excel Paving Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00094 F. D. Harrell Plumbing Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00095 Flint Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00097 Hitt Electric Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00098 L and S Landscaping - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00099 M & S Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00101 Pike Electric, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00102 Plumbright Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00103 Ritchie-Curbow Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00104 Rockingham Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00105 Shelton Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00106 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00107 The Fishel Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00108 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2007-00109 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00110 Waverton Associates, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00111 Williams Concrete Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00113 Woodie's Plumbing Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00114 Building and Design of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00115 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00117 Allied Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00118 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00119 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00120 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00121 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00124 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00125 CSX Transportation, Inc. - Alleged violation of the Rail Safety Act, VA Code § 56-412.1
 URS-2007-00126 Bowers Design Build, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00128 Cherry Hill Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00129 Robert W. Childs Landscape Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00133 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00134 O'Leary Asphalt, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00135 Oak Haven Development, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00136 Post Time Sign Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00137 Ridge & Long Limited Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00138 Stephen Cromer - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00139 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00140 Columbia Gas of Virginia, Inc. - Alleged violation of Federal Pipeline Safety Act
 URS-2007-00141 Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Act
 URS-2007-00142 B & J Building, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00146 Chesapeake Bay Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00147 Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00148 Colony Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00150 D. Glen Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00152 De-Tech Holdings Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00153 Draper Aden Associates, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00155 Engineering & Environment, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00156 GW Communications, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00157 Hallstead Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00158 C. W. Wright Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00160 Harold Farquhar Footing Services - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00163 Danella Construction Corporation of Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00164 Henderson, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00165 Dietze Construction Group, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00167 Green of Virginia, Ltd. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00168 Dittmar Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00169 Donovan Trucking & Excavating, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00170 EZ Contracting Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00171 Ironhorse Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00172 J. A. Barker Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00173 John A. Clem, V Contractor - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00174 Lee Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00176 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00179 Potomac Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00180 Quality Plus Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00182 Ralph's Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00183 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00184 Empire Builders, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00185 Service Electric Corporation of VA. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00186 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2007-00187 The Fishel Company - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00188 The Pepperdine Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00189 Engineering & Environment, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00190 Timber Ridge Lumber Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00192 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00193 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00194 Wooldridge Heating and Air, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00196 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00200 Branch Highways, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00202 GT Contracting Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00204 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.17 D
 URS-2007-00205 Kentucky Bluegrass Contracting, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00207 List Excavating, Inc. - Alleged violation of VA Code § 56-265.18
 URS-2007-00210 Pito's Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00211 R. J. S. Contractors, Inc. - Alleged violation of VA Code § 56-265.18
 URS-2007-00212 Richard Bailey Contractors Inc. - Alleged violation of VA Code § 56-256.17 A
 URS-2007-00213 Roche Bros., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00214 Ronco Irrigation, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00217 Shirley Contracting Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00218 Site Works, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00219 SLM Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00220 Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00223 W. A. Fisher, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00224 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00225 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00226 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00227 One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00228 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2007-00230 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00231 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00232 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00233 T. A. Sheets Mechanical General Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00234 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00235 Vico Construction Corporation - Alleged violation of VA Code §§ 56-265.24 A and D
 URS-2007-00237 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00239 Ben Morris Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00240 C. W. Wright Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00241 F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00242 Great Falls Septic Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00243 Green Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00244 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00245 Shackelford's Plumbing - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00246 Sparkle Commercial Services - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00247 The Fishel Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00249 W. E. Curling, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00250 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2007-00255 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00256 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00257 Richardson Electric - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00258 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00260 Branscome Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2007-00262 Discount Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00263 Holland Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00264 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00266 Knight Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00268 Ross and Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00269 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00270 Warwick Plumbing & Heating Corp. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00272 Donovan Trucking & Excavating, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00273 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00274 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00275 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00277 C. Lee White Concrete, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00278 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00280 Joseph H. Properties, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00281 Lineal Industries, Inc. - Alleged violation of VA Code §§ 56-265.24, A et al.
 URS-2007-00284 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00285 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00286 De-Tech Holdings Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00287 Delta Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00288 Duke Contracting of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00289 Dwight Snead Landscaping & Paving Co. - Alleged violation of VA Code § 56-265.24 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2007-00290 Jose Orellana, Individually and t/a J. O. Contracting - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00291 Jeff Killen - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00293 McLane Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00294 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00295 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.17 D
 URS-2007-00296 Superior Excavating and Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00297 T. A. Sheets Mechanical General Contractor, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00299 Virginia-American Water Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00300 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00301 Colonial Pipeline Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00302 Henson Plumbing & Mechanical, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00303 Parsell & Zeigler Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00304 Town & Country Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00306 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00307 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00308 The Fishel Company - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00309 Atlantic Cable, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00310 One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00313 Ponderosa Carpentry, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00314 Atmos Energy Corporation - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00316 Leo Construction Company - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2006-00518 M. E. Lee, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00320 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00322 Kjellstrom and Lee, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00323 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00324 Ready Enterprises Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00325 Richardson-Wayland Electrical Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00326 Ricky I. Parsons t/a Ricky I. Parsons Builders - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00328 Obec, Inc. t/a Signature Landscapes - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00329 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00330 TJ's Lawn Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00331 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00332 Triple E Utility Service, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00333 W. A. Cowan Contractors, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00335 Frank Blankenship Electrical Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00338 R. L. Price Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00341 D&F Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00342 Hall Mechanical & Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00343 Kenny Williams Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00346 Lee Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00347 Palencia Construction, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00348 R. B. Hinkle Construction Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
 URS-2007-00349 Richard L. Crowder Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00350 Shenandoah Gas Company, Division of Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00351 Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00352 Adams Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00353 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00354 Ironhorse Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00356 Utiliquist, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
 URS-2007-00357 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00358 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2006-00529 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00360 R. L. Price Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00361 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2007-00362 Southwest Electric Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00364 A-1 Plumbing & Heating Company - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00366 BCM, Landworks, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00371 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00375 Moores Electrical & Mechanical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00377 National Turf, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00378 Olde Virginia Stone Masonry, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00379 Peanut City Vegetable Oil Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00382 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2007-00383 Southside Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00384 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00385 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00387 Branscome Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2007-00388 C. Allen Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00389 Callahan Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00391 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00392 Hawaiian Pool & Spa - Alleged violation of VA Code § 56-265.17 A
 URS-2007-00394 Jim's Electric Motor Co., Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2007-00395 Louis Smith Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2007-00397 Rock Hard Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00398 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00400 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2007-00401 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2007-00402 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2007-00403 One Vision Utility Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2007-00404 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2007-00405 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00407 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2007-00276 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2007-00409 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2007-00413 Atomic Plumbing and Heating and Electrical Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2007-00415 Creative Building Concepts, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00417 Dudley S. Waltrip & Sons, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00418 E. G. Middleton, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2007-00419 G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2007-00420 General Services Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2007-00421 H & B Railroad Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00422 J & J Enterprises - Alleged violation of VA Code § 56-265.17 A
URS-2007-00425 Talley & Armstrong, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2007-00426 Thompson Electric of Virginia - Alleged violation of VA Code § 56-265.17 A
URS-2007-00427 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.241 A
URS-2007-00433 Andres Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00434 Buhl Electric Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2007-00438 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2007-00442 Elite Electrical Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2007-00443 Everything Residential, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00444 Four Points Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00445 Geofreeze Construction Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2007-00446 H / B Electrical Services, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00447 John Baker Plumbing and Utilities, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2007-00451 Protech Service Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00452 Ragnarok, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00453 Ready Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00454 Settle Construction Group - Alleged violation of VA Code § 56-265.17 A
URS-2007-00455 Shenandoah Sand, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00456 The Fishel Company - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2007-00459 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2007-00460 De-Tech Holdings Company - Alleged violation of VA Code § 56-265.19 A
URS-2007-00461 Etec Mechanical Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2007-00463 One Vision Utility Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
URS-2007-00464 Promark Utility Locators, Inc. c/o Consolidated Utility Services, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.
URS-2007-00465 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2007-00469 LSH Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00470 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 B
URS-2006-00392 Crap, Inc. t/a Concrete America - Alleged violation of VA Code § 56-265.24 A
URS-2007-00473 Bowman Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00475 Pine Ridge Nursery & Landscaping - Alleged violation of VA Code § 56-265.17 A
URS-2007-00477 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
URS-2007-00479 C. E. Baker Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00480 Cable Constructors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00489 Todds Clearing & Grading, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2007-00523 HMS Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2007-00524 HP Design Homes LLC - Alleged violation of VA Code § 56-265.17 A
URS-2007-00563 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A