STATE CORPORATION COMMISSION

One Hundred Eleventh Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2013

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2013*

To the Honorable Robert F. McDonnell

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred eleventh Annual Report of the State Corporation Commission for the year 2013.

Respectfully submitted,

James C. Dimitri, Chairman

Mark C. Christie, Commissioner

Judith Williams Jagdmann, Commissioner

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State Corporation Commission

COMMISSIONERS

**James C. Dimitri	Chairman
*Mark C. Christie	Chairman
Judith Williams Jagdmann	Commissioner

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2013

**Elected Chairman effective for term of one year, February 1, 2013

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
Beverley 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	
James C. Dimitri	September 3, 2008 to	

From 1903 through 2013 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	10	Dimitri	5
Jagdmann	8				

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

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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 these 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 the individual or a qualified officer or agent of the entity. Documents signed pursuant to this rule 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, the pleading, motion or other document 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) the pleading, motion or other document 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 it is 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.

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 authority, 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 subsection A or B of this section 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 or other responsive pleading 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 or other responsive pleading 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 or other responsive pleading 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 subsection B of this section 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 and the commission staff.

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 these rules. In the discharge of his 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 at the conclusion of the proceedings.

B. Objections and certification of issues. An objection to a ruling by the hearing examiner during a hearing shall be stated with the reasons therefor at the time of the ruling. Any objection to a hearing examiner's ruling 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 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 pleading or other 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 was 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 during all or part of a business day, the filing will be timely if made on the next regular business day that the office is open to the public. Except as otherwise ordered by the commission, 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 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 or overnight express mail delivery service properly addressed and postage prepaid, or via hand-delivery, 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 by the Clerk of the Commission 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, motions, responsive pleadings, briefs, and other documents filed by parties must be filed in an original and 15 copies unless otherwise directed by the commission. 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, must be capable of being reproduced in copies of archival quality, and only one side of the paper may be used. Submissions filed electronically shall be made in portable document format (PDF).

Each document 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.

Each document 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 good faith in a formal proceeding that information to be filed with or delivered 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 deliver the information under seal to the commission staff, or both, as may be required. Items filed or delivered under seal shall be securely sealed in an opaque container that is clearly labeled "UNDER SEAL," and, if filed, shall meet the other requirements for filing contained in these rules. An original and 15 copies of all such information shall be filed with the clerk. One additional copy of all such information shall also be delivered 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.

When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment. The provision to a party of information claimed to be trade secrets, privileged, or confidential commercial or financial information shall be governed by a protective order or other individual arrangements for confidential treatment.

On every document filed or delivered under seal, the producing party shall mark each individual page of the document that contains confidential information, and on each such page shall clearly indicate the specific information requested to be treated as confidential by use of highlighting, underscoring, bracketing or other appropriate marking. All remaining materials on each page of the document shall be treated as nonconfidential and available for public use and review. If an entire document is confidential, or if all information provided in electronic format under Part IV of these rules is confidential, a marking prominently displayed on the first page of such document or at the beginning of any information provided in electronic format, indicating that the entire document is confidential shall suffice.

Upon challenge, the information shall be treated as confidential pursuant to these rules only where the party requesting confidential treatment can demonstrate to the satisfaction of the commission that the risk of harm of publicly disclosing the information outweighs the presumption in favor of 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 original and one copy of 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. Upon a determination by the

commission or a hearing examiner that all or portions of any materials filed under seal are not entitled to confidential treatment, the filing party shall file one original and one copy of the expurgated or redacted version of the document reflecting the ruling.

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.

A party may request additional protection for extraordinarily sensitive information by motion filed pursuant to 5 VAC 5-20-110, and filing the information with the Clerk of the Commission under seal and delivering a copy of the information to commission staff counsel under seal as directed above. Whenever such treatment has been requested under Part IV of these rules, the commission may make such orders as necessary to permit parties to challenge the requested additional protection.

The commission, hearing examiners, any party and the commission staff may make use of confidential material in orders, filing pleadings, testimony, or other documents, as directed by order of the commission. When a party or commission staff uses confidential material in a filed pleading, testimony, or other document, the party or commission staff must file both confidential and nonconfidential versions of the pleading, testimony, or other document. Confidential versions of filed pleadings, testimony, or other documents shall clearly indicate the confidential material contained within by highlighting, underscoring, bracketing or other appropriate marking. When filing confidential pleadings, testimony, or other documents, parties must submit the confidential version to the Clerk of the Commission securely sealed in an opaque container that is clearly labeled "UNDER SEAL." Nonconfidential versions of filed pleadings, testimony, or other documents shall expurgate, redact, or otherwise omit all references to confidential material.

The commission may issue such order as it deems necessary to prevent the use of confidentiality claims for the purpose of delay or obstruction of the proceeding.

A person who proposes in good faith that information to be delivered to the commission staff outside of a formal proceeding be withheld from public disclosure on the ground that it contains trade secrets, privileged, or confidential commercial or financial information may deliver the information under seal to the commission staff, subject to the same protections afforded confidential information in formal proceedings.

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's office. If the transcript includes confidential information, an expurgated or redacted version of the transcript shall be made available for public inspection in the clerk's office. Only the parties who have executed an agreement to adhere to a protective order or other arrangement for access to confidential treatment in such proceeding and the commission staff shall be entitled to access to an unexpurgated or unredacted version of the transcript. 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.

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 otherwise 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 any 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. Document subpoenas. In a pending proceeding, 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. Witness subpoenas. In a pending proceeding, at the request of commission staff or any party, the Clerk of the Commission shall issue a subpoena.

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

The commission staff and any party in a formal proceeding before the commission, other than a proceeding under 5VAC5-20-100 A, 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 staff or requesting party information as is known. Interrogatories or requests for production of documents, including workpapers pursuant to 5VAC5-20-270, 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. Such otherwise untimely interrogatories or requests for production of documents, including workpapers pursuant to 5VAC5-20-270, may not be served until such leave is granted. Interrogatories or requests for production of documents may be served upon a member of the commission staff, or an expert or consultant filing testimony on behalf of the commission staff, in a proceeding under 5 VAC 5-20-80 to discover: (i) factual information that supports the workpapers submitted by the staff pursuant to 5VAC5-20-270, including electronic spreadsheets that include underlying formulas and assumptions; (ii) any other documents relied upon as a basis for recommendations or assertions in prefiled testimony, staff reports or exhibits filed by staff, or by an expert or consultant filing testimony on behalf of the staff; or (iii) the identity of other formal proceedings in which an expert or consultant filing testimony on behalf of the staff testified regarding the same or a substantially similar subject matter. The disclosure of communications within the commission shall not be required and, except for good cause shown, no interrogatories or requests for production of documents may be served upon a member of the commission staff, or an expert or consultant filing testimony on behalf of the staff, prior to the filing of staff's testimony. All interrogatories and requests for production of documents shall be filed with the Clerk of the Commission. Responses to interrogatories and requests for production of documents shall not 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. Any objection to an interrogatory or document request shall identify the interrogatory or document request to which the objection is raised, and shall state with specificity the basis and supporting legal theory for the objection. Objections shall be served with the list of responses or in such manner as the commission may designate by order. Responses and objections to interrogatories or requests for production of documents shall be served within 10 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 shall, upon the filing of its testimony, exhibits, or report, provide (in either paper or electronic format) a copy of any workpapers that support the recommendations made in its testimony or report to any party upon request and may additionally file a copy of such workpapers with the Clerk of the Commission. The Clerk of the Commission shall make any filed workpapers available for public inspection and copying during regular business hours.

5 VAC 5-20-280. Discovery applicable only to 5 VAC 5-20-90 proceedings.

This rule applies only to a proceeding in which a defendant is subject to a monetary penalty or injunction, or revocation, cancellation, or curtailment of a license, certificate of authority, registration, or similar authority previously issued by the commission to the defendant:

1. 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 (exclusive of investigative notes): (i) 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 (a) the defendant, or representatives or agents of the defendant if the defendant is other than an individual, or (b) any witness whom the commission staff intends, or does not intend, to call to testify at the hearing, to a commission staff member or law enforcement officer; (ii) designated books, tangible objects, papers, documents, or copies or portions thereof, that are within the custody, possession, or control of commission staff and that commission staff intends to introduce into evidence at the hearing or that the commission staff obtained for the purpose of the instant proceeding; and (iii) the list of the witnesses that commission staff intends to call to testify at the hearing. Upon good cause shown to protect the identity of persons not named as a defendant, the commission or hearing examiner may direct the commission staff to withhold disclosure of material requested under this rule. The term "statement" as used in relation to any witness (other than a defendant) described in clause (i) of this subdivision includes a written statement made by said witness and signed or otherwise adopted or approved by him, and verbatim transcriptions or recordings of a witness' statement that are made contemporaneously with the statement by the witness.

A motion by the defendant or staff under this rule shall be filed and served at least 30 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 interest of justice. An order or ruling granting relief under this rule 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.

Upon written motion of the commission staff, staff may also obtain the list of witnesses that the defendant intends to call to testify at the hearing, and inspect, copy, and photograph, at commission staff's expense, the evidence that the defendant intends to introduce into evidence at the hearing.

The commission staff and the defendant shall be required to produce the information described above as directed by the commission or hearing examiner, but not later than 10 days prior to the scheduled hearing; and the admission of any additional evidence not provided in accordance herewith shall not be denied solely on the basis that it was not produced timely, provided the additional evidence was produced to commission staff or the defendant as soon as practicable prior to the hearing, or prior to the introduction of such evidence at the hearing. The requirement to produce the information described in this section shall be in addition to any requirement by commission staff or the defendant to timely respond to an interrogatory or document request made pursuant to 5VAC5-20-260.

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

2. Depositions. After commencement of a proceeding to which this rule applies, the commission staff or a party may take the testimony of (i) a party, or (ii) a person not a party for good cause shown to the commission or hearing examiner, 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 person 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 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.

3. Requests for admissions. The commission staff or a party to a 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 proceeding.

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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
Revised: February 24, 2009 by Case No. CLK-2008-00002
Revised: August 9, 2011 by Case No. CLK-2011-00001

LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

BUREAU OF FINANCIAL INSTITUTIONS

CASE NO. BAN20110498
JUNE 21, 2013

APPLICATION OF
GUARANTEED PAYDAY LOANS L.L.C

For a license to engage in business as a payday lender

CORRECTING AND LICENSE REISSUANCE ORDER

On January 20, 2012, the State Corporation Commission ("Commission") entered an Order in this case granting Guaranteed Payday Loans L.L.C. ("Company"), a license to engage in business as a payday lender under Chapter 18 of Title 6.2 of the Code of Virginia. Thereafter, the Bureau of Financial Institutions ("Bureau") reported to the Commission that the office address contained in the Order is incorrect as a result of information supplied by the Company and that the Company paid the fee required by Commission regulation for reissuance of its license certificate.

Accordingly, IT IS ORDERED THAT:

(1) The office location referenced in the Order Granting a License entered on January 20, 2012, is hereby corrected, *nunc pro tunc* to that date, to read "8191 Brook Road, Suite G, Richmond, Virginia 23227" rather than "8191 Brook Road, Suite 9, Richmond, Virginia 23227."

(2) All other provisions of the Order Granting a License entered on January 20, 2012, shall remain in full force and effect.

(3) The Bureau shall issue and deliver to the Company a corrected license certificate.

CASE NO. BAN20120175
JUNE 12, 2013

APPLICATION OF
DAVID L. SOKOL
and
THE DAVID L. SOKOL: REVOCABLE TRUST

To acquire control of Middleburg Financial Corporation

ORDER GRANTING EXTENSION OF TIME

On June 19, 2012, the State Corporation Commission ("Commission") entered an Order in this case approving the acquisition of up to 30% of the voting stock of Middleburg Financial Corporation, a Virginia bank holding company, by David L. Sokol and The David L. Sokol Revocable Trust ("Applicant"). Thereafter, the Bureau of Financial Institutions ("Bureau") reported to the Commission that the Applicant has requested an extension of time to complete the acquisition.

Accordingly, IT IS ORDERED THAT:

(1) The date by which the Applicant may acquire up to 30% of the voting stock of Middleburg Financial Corporation is hereby extended from June 19, 2013 to June 19, 2014;

(2) The Applicant shall notify the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20120270
OCTOBER 23, 2012

APPLICATION OF
WASHINGTONFIRST BANK

For a certificate of authority to conduct a banking business following a merger with Alliance Bank Corporation and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

WashingtonFirst Bank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with Alliance Bank Corporation, a Virginia state-

chartered bank. WashingtonFirst 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 application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be $37,235,000, and its surplus will be not less than $55,315,000; (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 § 6.2-863 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.

Accordingly, IT IS ORDERED THAT a certificate of authority to conduct a banking business is GRANTED to WashingtonFirst 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 11636 Plaza America Drive, Reston, Fairfax County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Alliance Bank Corporation listed in Attachment A. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20120318
OCTOBER 31, 2013

REQUEST BY
HABITAT FOR HUMANITY IN THE ROANOKE VALLEY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Habitat for Humanity in the Roanoke Valley, Inc., a Virginia corporation, has requested that the State Corporation Commission ("Commission") designate it as a bona fide nonprofit organization pursuant to § 6.2-1701.1 of the Code of Virginia and 10 VAC 5-161-75 of the Commission's rules governing mortgage loan originators, 10 VAC 5-161-10 *et seq*. ("Rules"). The request was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the organization's request and the Bureau's report, finds that the request meets the criteria in Rule 10 VAC 5-161-75.

Accordingly, IT IS ORDERED THAT Habitat for Humanity in the Roanoke Valley, Inc. is designated as a bona fide nonprofit organization for purposes of Chapter 17 of Title 6.2 of the Code of Virginia and the Commission's Rules.

CASE NO. BAN20120320
JANUARY 22, 2013

APPLICATION OF
GLOBAL DYNAMICS INC. D/B/A EZ TITLE LENDERS

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

Global Dynamics Inc. d/b/a EZ Title Lenders ("Applicant"), a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 624 B South Washington Street, Falls Church, Virginia 22046. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NO. BAN20120348
JANUARY 2, 2012

APPLICATION OF
CITY HOLDING COMPANY

To acquire Community Financial Corporation

ORDER OF APPROVAL

City Holding Company, an out-of-state bank holding company with headquarters in Charleston, West Virginia, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-1157 B of the Code of Virginia to acquire Community Financial Corporation, a Virginia corporation which is the holding company of Community Bank, a federal savings bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in §§ 6.2-1157 B and 6.2-1159 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Community Financial Corporation by City Holding Company is APPROVED, provided that: (i) if prior to consummation of the transaction there are any material changes in the terms or conditions of the proposed acquisition from those represented in the application, the applicant shall immediately notify the Bureau so that the Bureau can evaluate the impact of such changes on the proposed acquisition; (ii) the acquisition is consummated within one (1) year from the date of this Order; and (iii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20120366
MARCH 19, 2013

APPLICATION OF
TITLEBUCKS OF VIRGINIA, INC.
D/B/A TITLEBUCKS

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

TitleBucks of Virginia, Inc. d/b/a TitleBucks ("Applicant"), a Delaware corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 1114 Azalea Avenue, Suite 47, Richmond, Virginia 23227. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NO. BAN20130009
SEPTEMBER 24, 2013

APPLICATION OF
PINEBROOK HOLDINGS, LLC

To acquire 100 percent of Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance

ORDER OF APPROVAL

Pinebrook Holdings, LLC, a Missouri limited liability company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-1808 of the Code of Virginia to acquire 100 percent of Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance, a licensee under Chapter 18 of Title 6.2 of the Code of Virginia. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in § 6.2-1808 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance by Pinebrook Holdings, LLC is APPROVED.

CASE NO. BAN20130011
OCTOBER 22, 2013

REQUEST BY
AHC INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

AHC Inc., a Virginia corporation, has requested that the State Corporation Commission ("Commission") designate it as a bona fide nonprofit organization pursuant to § 6.2-1701.1 of the Code of Virginia and 10 VAC 5-161-75 of the Commission's rules governing mortgage loan originators, 10 VAC 5-161-10 *et seq*. ("Rules"). The request was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the organization's request and the Bureau's report, finds that the request meets the criteria in 10 VAC 5-161-75.

Accordingly, IT IS ORDERED THAT AHC Inc. is designated as a bona fide nonprofit organization for purposes of Chapter 17 of Title 6.2 of the Code of Virginia and the Commission's Rules.

CASE NO. BAN20130039
MAY 29, 2013

APPLICATION OF
BEACON CREDIT UNION, INCORPORATED

To merge with Goodyear-Danville Family Credit Union

ORDER APPROVING A MERGER

Beacon Credit Union, Incorporated ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia ("Code"), to merge with Goodyear-Danville Family Credit Union, a Virginia state-chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that: (1) the field of membership of the credit union that is proposed to result from the merger satisfies the requirements of § 6.2-1327 B of the Code; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Goodyear-Danville Family Credit Union and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq*. of the Code of Virginia, the proposed merger of Goodyear-Danville Family Credit Union into Beacon Credit Union, Incorporated, is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, Beacon Credit Union, Incorporated shall be authorized to operate service facilities, in addition to its current service facilities, at what are now the offices of Goodyear-Danville Family Credit Union at 1901 Goodyear Boulevard, Danville, Virginia 24541 and 2321 Riverside Drive, Danville, Virginia 24540. The authority granted herein shall expire one (1) year from the date of this Order Approving a Merger unless extended by order of the State Corporation Commission prior to the expiration date.

CASE NO. BAN20130059
APRIL 9, 2013

APPLICATION OF
PRIME AUTO LOAN INC.
D/B/A PRIME CAR TITLE LOAN

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

Prime Auto Loan Inc. d/b/a Prime Car Title Loan ("Applicant"), a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 6715-C Backlick Road, Springfield, Virginia 22150. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NO. BAN20130062
JULY 3, 2013

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

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

Advance America, Cash Advance Centers of Cirginia, Inc. d/b/a Advance America, Cash Advance Centers ("Applicant"), a Delaware corporation, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at sixty-nine (69) locations. (See attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NO. BAN20130067
JULY 9, 2013

APPLICATION OF
Z LOANS, LLC D/B/A Z LOANS

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

Z Loans, LLC d/b/a Z Loans ("Applicant"), a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 3590 Holland Road, Virginia Beach, Virginia 23452. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NO. BAN20130132
JULY 23, 2013

APPLICATION OF
HAMPTON CAR TITLE LOANS LLC

For a license to engage in business as a motor vehicle title lender

ORDER GRANTING A LICENSE

Hampton Car Title Loans LLC ("Applicant"), a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 108 W. Mercury Boulevard, Hampton, Virginia 23669. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 22 of Title 6.2 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Applicant begins business within one (1) year from the date of this Order and the Applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

CASE NOS. BAN20130015 & BAN20130053
FEBRUARY 22, 2013

APPLICATIONS OF
ADVANCE AMERICA, CASH ADVANCE CENTERS, INC

To acquire 100 percent of Express Check Advance of Virginia, LLC

ORDER OF APPROVAL

Advance America, Cash Advance Centers, Inc., a Delaware corporation, has filed with the State Corporation Commission ("Commission") the applications required by §§ 6.2-1808 and 6.2-2208 of the Code of Virginia to acquire 100 percent of Express Check Advance of Virginia, LLC, a licensee under Chapters 18 and 22 of Title 6.2 of the Code of Virginia. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the applications and the report of the Bureau, finds that the applications meet the criteria in §§ 6.2-1808 and 6.2-2208 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Express Check Advance of Virginia, LLC by Advance America, Cash Advance Centers, Inc. is APPROVED, provided that the acquisition takes place within one (1) year from the date of this Order and the applicant gives written notice to the Bureau stating the date the acquisition occurred within ten (10) days thereafter.

CASE NO. BAN20130165
AUGUST 15, 2013

APPLICATION OF
BLUE EAGLE CREDIT UNION

To merge with Southwestern Telco Federal Credit Union

ORDER APPROVING A MERGER

Blue Eagle Credit Union ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia ("Code"), to merge with Southwestern Telco Federal Credit Union, a federally chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that: (1) the field of membership of the credit union that is proposed to result from the merger satisfies the requirements of § 6.2-1327 B of the Code; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Southwestern Telco Federal Credit Union and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

CASE NO. BAN20130184
SEPTEMBER 25, 2013

APPLICATION OF
BANK OF BOTETOURT

For a certificate of authority to conduct a banking business following a merger with Botetourt Bankshares, Inc. and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

Bank of Botetourt, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with Botetourt Bankshares, Inc., a Virginia state-chartered bank and the parent company of Bank of Botetourt. Bank of Botetourt 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 Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be $2,114,068, and its surplus will be not less than $24,127,235; (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 § 6.2-863 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.

Accordingly, IT IS ORDERED THAT a certificate of authority to conduct a banking business is GRANTED to Bank of Botetourt, 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 19747 Main Street, Botetourt County, Virginia, and is authorized to maintain and operate its current offices and facilities. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20130207
SEPTEMBER 24, 2013

APPLICATION OF
NORTHERN STAR CREDIT UNION, INCORPORATED

To merge with Portsmouth Police Credit Union, Incorporated

ORDER APPROVING A MERGER

Northern Star Credit Union, Incorporated ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia, to merge with Portsmouth Police Credit Union, Incorporated, a Virginia state-chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that: (1) the field of membership of the credit union that is proposed to result from the merger satisfies the requirements of § 6.2-1327 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 Portsmouth Police Credit Union, Incorporated and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code of Virginia, the proposed merger of Portsmouth Police Credit Union, Incorporated into the Applicant 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 the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20130259
OCTOBER 22, 2013

APPLICATION OF
STIFEL FINANCIAL CORP.
and
STIFEL BANK AND TRUST

To acquire Acacia Federal Savings Bank

ORDER OF APPROVAL

Stifel Financial Corp., a Missouri bank holding company, and its bank subsidiary, Stifel Bank and Trust, a Missouri state-chartered bank, have jointly filed with the State Corporation Commission ("Commission") the application required by § 6.2-1157 A of the Code of Virginia to acquire Acacia Federal Savings Bank, a Virginia savings institution. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in §§ 6.2-1157 A and 6.2-1159 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Acacia Federal Savings Bank by Stifel Financial Corp. and Stifel Bank and Trust is APPROVED, provided that (i) if prior to consummation of the transaction there are any material changes in the terms or conditions of the proposed acquisition from those represented in the application, the applicants shall immediately notify the Bureau so that the Bureau can evaluate the impact of such changes on the proposed acquisition; (ii) the acquisition is consummated within one (1) year from the date of this Order; and (iii) the applicants notify the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20130283
NOVEMBER 7, 2013

APPLICATION OF
VIRGINIA NATIONAL BANKSHARES CORPORATION

To acquire control of Virginia National Bank

ORDER OF APPROVAL

Virginia National Bankshares Corporation, a Virginia corporation, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire all of the voting shares of Virginia National Bank, a Virginia bank. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in § 6.2-705 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Virginia National Bank by Virginia National Bankshares Corporation is APPROVED , provided that: (i) if prior to consummation of the transaction there are any material changes in the terms or conditions of the proposed acquisition from those represented in the application, the applicant shall immediately notify the Bureau so that the Bureau can evaluate the impact of such changes on the proposed acquisition; (ii) the acquisition is consummated within one (1) year from the date of this Order; and (iii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BAN20130340
DECEMBER 17, 2013

APPLICATION OF
CARDINAL BANK

For a certificate of authority to conduct a banking business following a merger with The Business Bank and for authority to operate the authorized offices of the merging banks

ORDER GRANTING AUTHORITY

Cardinal Bank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with The Business Bank, a Virginia state-chartered bank. Cardinal 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 application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be $4 million, and its surplus will be not less than $339,379,000; (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 § 6.2-863 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.

Accordingly, IT IS ORDERED THAT a certificate of authority to conduct a banking business is GRANTED to Cardinal 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 8270 Greensboro Drive, Fairfax County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of The Business Bank listed in Attachment A. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20130341
DECEMBER 17, 2013

APPLICATION OF
CARDINAL FINANCIAL CORPORATION

To acquire control of United Financial Banking Companies, Inc.

ORDER OF APPROVAL

Cardinal Financial Corporation, a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of United Financial Banking Companies, Inc., a Virginia bank holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in § 6.2-705 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed acquisition of United Financial Banking Companies, Inc. by Cardinal Financial Corporation is APPROVED , provided that: (i) if prior to consummation of the transaction there are any material changes in the terms or conditions of the proposed acquisition from those represented in the application, the applicant shall immediately notify the Bureau so that the Bureau can evaluate the impact of such changes on the proposed acquisition; (ii) the acquisition is consummated within one (1) year from the date of this Order; and (iii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

CASE NO. BFI-2012-00007
JULY 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MORTGAGE AMERICA BANKERS, LLC
and
KAPTAIN KOONTZ,
Defendants

JUDGMENT ORDER

On October 17, 2012, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Financial Institutions ("Bureau") against Mortgage America Bankers, LLC ("Mortgage America" or "Company"), and Kaptain Koontz ("Mr. Koontz") (collectively, "Defendants"), pursuant to §§ 6.2-1611 and 6.2-1713 of the Code of Virginia ("Code") alleging multiple violations of those and other provisions of Title 6.2 of the Code (and rules promulgated thereunder) governing mortgage brokers and mortgage loan originators.

In the Rule, the Commission directed the Defendants to file an answer or other responsive pleading with the Clerk of the Commission on or before November 16, 2012; assigned the matter to a Hearing Examiner; and scheduled an evidentiary hearing for March 6, 2013. The Defendants did not file an answer or other responsive pleading to the Rule.

Due to inclement weather, the hearing scheduled for March 6, 2013, was rescheduled to March 21, 2013.

The evidentiary hearing on the Rule convened on March 21, 2013 as scheduled. Mortgage America appeared without counsel and Mr. Koontz appeared *pro se*. The Bureau appeared by its counsel, Donnie L. Kidd, Jr., Esquire, and DeMarion P. Johnston, Esquire.

The proof of notice was accepted into the record and the Bureau moved for a default judgment on the grounds that the Defendants failed to file an answer or other responsive pleading to the Rule. The Bureau's motion was taken under advisement.[1] The Bureau moved for the admission of the evidence against the Defendants, since by their default they had waived any objection to the admission of the evidence against them. The Hearing Examiner granted the Bureau's motion.[2]

At the hearing the Bureau presented the testimony of three Bureau staff members: (1) Susan Hancock, deputy commissioner; (2) Robin Wirt, principal financial analyst; and (3) William Seigfried, senior financial analyst. In mitigation of any personal penalties, Mr. Koontz testified, among other things, that no borrower had been harmed, and neither he nor the Company had any intention to defraud any borrower.

On May 22, 2013, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, the Hearing Examiner made the following findings and recommendations:

(1) Based upon evidence presented by the Bureau and a showing of clear and convincing evidence, Mortgage America should be penalized, pursuant to § 6.2-1624 of the Code, in the total amount of $60,000 for the following 39 violations:

(a) $500.00 for 1 violation of § 6.2-406 A 2 of the Code, and $1,000.00 for 2 violations of § 6.2-406 A 3 of the Code;

(b) $16,000.00 for 16 violations of § 6.2-1609 C of the Code;

(c) $20,000.00 for 8 violations of § 6.2-1610 of the Code;

(d) $2,500.00 for 1 violation of § 6.2-1611 of the Code;

(e) $5,000.00 for 2 violations of § 6.2-1612 A 2 of the Code;

(f) $5,000.00 for 5 violations of § 6.2-1614 8a of the Code; and

(g) $10,000.00 for 4 violations of § 6.2-1621 of the Code.

(2) Based upon evidence presented by the Bureau and a showing of clear and convincing evidence, Mortgage America should be penalized, pursuant to 10 VAC 5-160-100 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq*. ("Rules"), in the total amount of $45,000 for the following 18 violations:

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[1] The Bureau also moved to limit the scope of the proceeding on two grounds. First, the Bureau asked to limit the scope of the hearing to the appropriate remedies because the Defendants, through their default, had admitted substantive liability. Second, the Bureau asked to limit the defense based on Mortgage America's lack of legal representation. Mortgage America appeared without counsel; consequently, Mr. Koontz, who is the sole principal of Mortgage America, could testify only on his own behalf. The Bureau's motion to limit Mr. Koontz's testimony with respect to Mortgage America was granted. Tr. at 7-9

[2] Following the motion, the Bureau introduced and the Hearing Examiner accepted into evidence the affidavits of Susan Hancock, Robin Wirt, and William Siegfried, together with exhibits supporting their affidavits. Additionally, the Bureau introduced and the Hearing Examiner accepted into the record a chart summarizing the violations alleged against the Defendants and the Bureau's recommended penalties for those violations. *See* H'g Exs. 3 - 7.

(a) $10,000.00 for 4 violations of 10 VAC 5-160-20 (5);

(b) $2,500.00 for 1 violation of 10 VAC 5-160-20 (6);

(c) $7,500.00 for 3 violations of 10 VAC 5-160-60 A (2);

(d) $7,500.00 for 3 violations of 10 VAC 5-160-60 A (3);

(e) $12,500.00 for 5 violations of 10 VAC 5-160-60 F; and

(f) $5,000.00 for 2 violations of 10 VAC 5-160-90 D.

(3) Based upon evidence presented by the Bureau and a showing of clear and convincing evidence, Mr. Koontz should be penalized, pursuant to § 6.2-1719 of the Code, in the total amount of $75,000 for the following 33 violations:

(a) $65,000.00 for 26 violations of § 6.2-1701 of the Code;

(b) $5,000.00 for 2 violations of § 6.2-1713 of the Code; and

(c) $5,000.00 for 5 violations of § 6.2-1715 A (1) of the Code.

The Hearing Examiner also recommended that the following allegations should be dismissed because the record did not support a finding of violation: (a) Mr. Koontz's alleged violation of § 6.2-1704 of the Code; and (b) Mortgage America's alleged violations of Rule 10 VAC 5-160-50 and Rule 10 VAC 5-160-60 B.

In addition to monetary penalties summarized above and based upon the evidence presented by the Bureau, the Hearing Examiner recommended that: (1) Mortgage America's mortgage broker license should be revoked pursuant to § 6.2-1619 of the Code; (2) Mr. Koontz should be barred from any position of employment, management, or control of any licensed mortgage lender or broker in Virginia pursuant to § 6.2-1620 of the Code; (3) Mortgage America should be ordered to cease and desist from any violation of Chapter 16 of Title 6.2 of the Code and the Commission's Rules; and (4) Mr. Koontz should be ordered to cease and desist from any violation of Chapter 17 of Title 6.2 of the Code and the Commission's Rules.

Neither the Defendants nor the Bureau filed comments to the Report following its entry on May 22, 2013.

NOW THE COMMISSION, upon consideration of the Rule, the record, and the Hearing Examiner's Report, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable, supported by the evidentiary record, and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the May 22, 2013, Report of Michael D. Thomas, Hearing Examiner, are hereby adopted.

(2) Pursuant to § 6.2-1624 of the Code, Mortgage America is hereby penalized in the amount of $60,000 for 39 violations of Chapters 4 and 16 of Title 6.2 of the Code as set forth in the Report and summarized above in this Order.

(3) Pursuant to Rule 10 VAC 5-160-100, Mortgage America is hereby penalized in the amount of $45,000 for 18 violations of the Commission's Rules as set forth in the Report and summarized above in this Order.

(4) Pursuant to § 6.2-1719 of the Code, Mr. Koontz is hereby penalized in the amount of $75,000 for 33 violations of Chapter 17 of Title 6.2 of the Code as set forth in the Report and summarized above in this Order.

(5) Mortgage America's mortgage broker license is hereby revoked pursuant to § 6.2-1619 of the Code.

(6) Mr. Koontz is hereby barred from any position of employment, management, or control of any licensed mortgage lender or broker in Virginia pursuant § 6.2-1620 of the Code.

(7) Mortgage America shall cease and desist from any violation of Chapters 4 and 16 of Title 6.2 of the Code and the Commission's Rules.

(8) Mr. Koontz shall cease and desist from any violation of Chapter 17 of Title 6.2 of the Code and the Commission's Rules.

(9) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. BFI-2012-00068
JANUARY 22, 2013

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

Ex Parte: In re: Mortgage Lenders and Mortgage Brokers

ORDER ADOPTING REGULATIONS

On October 18, 2012, the State Corporation Commission ("Commission") entered an Order to Take Notice ("Order") of a proposal by the Bureau of Financial Institutions to amend Chapter 160 of Title 10 of the Virginia Administrative Code, which governs licensed mortgage lenders and mortgage brokers ("licensees"). The Order and proposed regulations were published in the *Virginia Register of Regulations* on November 19, 2012, posted on the Commission's website, and mailed to all licensees and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before December 7, 2012. No comments or requests for a hearing were filed.

NOW THE COMMISSION, having considered the proposed regulations, the record herein, and applicable law, concludes that the proposed regulations should be adopted with an effective date of January 28, 2013.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are adopted effective January 28, 2013.

(2) This Order and the attached regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(3) The Commission's Division of Information Resources shall send a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

(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-2012-00069
FEBRUARY 28, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAS MORTGAGE PROFESSIONALS, LLC,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Americas Mortgage Professionals, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that on February 28, 2012, the Bureau of Financial Institutions ("Bureau") examined the Defendant and as a result of the examination alleged that the Defendant had violated, *inter alia*, §§ 6.2-406 A (2), 6.2-406 A (3) and 6.2-1601 A of the Code, as well as 10 VAC 5-160-20 (7), 10 VAC 5-160-60 A (2), and 10 VAC 5-160-60 G of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10, *et seq*.; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Fifty-two Thousand Two Hundred Fifty Dollars ($52,250) in two (2) installments with the first installment of Thirty-two Thousand Two Hundred Fifty Dollars ($32,250) due February 15, 2013, and the second and final installment of Twenty Thousand Dollars ($20,000) due March 15, 2013, and waived its right to a hearing in the case. The Commissioner recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant's offer in settlement of this case is accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The State Corporation 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. BFI-2012-00071
FEBRUARY 15, 2013

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Evergreen Services Inc. ("Defendant") is a licensed motor vehicle title lender under Chapter 22 of Title 6.2 of the Code of Virginia ("Code"); and that on January 13, 2012, the Commission's Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated subdivisions 1, 2, 3, 10, 11, 13, 14, and 15 of § 6.2-2215 of the Code, subsection A of § 6.2-2217 of the Code, as well as 10 VAC 5-210-30 and 10 VAC 5-210-40 of the Commission's rules governing motor vehicle title lending, 10 VAC 5-210-10 *et seq.* The Commissioner further reported that upon being informed that he intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Twenty-three Thousand Dollars ($23,000) in four (4) equal installments of Five Thousand Seven Hundred Fifty Dollars ($5,750), with the first installment due immediately and the subsequent installments due on the first day of every month beginning on March 1, 2013, and ending on May 1, 2013, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the Defendant's offer of settlement, and the recommendation of the Commissioner, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant's offer in settlement of this case is accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The State Corporation 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 this settlement.

CASE NO. BFI-2013-00004
APRIL 2, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NETWORK CAPITAL FUNDING CORPORATION,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Network Capital Funding Corporation ("Defendant") is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that on January 4, 2012, the Bureau of Financial Institutions ("Bureau") completed an investigation of the Defendant and, as a result of the investigation, alleged that the Defendant had violated §§ 6.2-406 A and 6.2-1614 (1) of the Code, as well as 10 VAC 5-160-20 (7) and 10 VAC 5-160-90 E of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a fine, the Defendant offered to settle this case by paying a civil penalty in the sum of Twenty-five Thousand Five Hundred Dollars ($25,500), and waived its right to a hearing in the case. The Commissioner recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant's offer in settlement of this case is accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The State Corporation 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. BFI-2013-00006
APRIL 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JUPITER FUNDING GROUP, LLC,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Jupiter Funding Group, LLC ("Defendant"), is engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-1822 of the Code, gave written notice to the Defendant by certified mail on February 13, 2013, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in the business of making payday loans to Virginia residents without a license, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 8, 2013; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant is engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) Jupiter Funding Group, LLC, shall immediately cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code of Virginia.

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

CASE NO. BFI-2013-00012
MAY 22, 2013

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Mortgage Enterprises, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2012, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 3, 2013, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 3, 2013. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a written request for a hearing.

The Commissioner, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated applicable law by failing to pay its annual fee.

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

CASE NO. BFI-2013-00013
MAY 22, 2013

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Equity Mortgage Group, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendant failed to pay its annual fee due May 25, 2012, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 3, 2013, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before May 3, 2013. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a written request for a hearing.

The Commissioner, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated applicable law by failing to pay its annual fee.

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

CASE NO. BFI-2013-00020
NOVEMBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CAPITAL FINANCIAL MORTGAGE CORP.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Capital Financial Mortgage Corp. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant has had two state administrative orders entered against it for violations of laws or regulations applicable to the conduct of its business; that the Defendant does not meet the qualifications for licensure as required by § 6.2-1606 of the Code; that the Defendant failed to file its annual report due March 1, 2013, in violation of § 6.2-1610 of the Code; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on August 12, 2013, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 13, 2013. As of the date of this Order, the Defendant has not filed its annual report, nor has the Commission received a written request for a hearing.

The Commissioner, upon the Defendant's failure to file its annual report or request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant (1) has had two state administrative orders entered against it for violations of laws or regulations applicable to the conduct of its business, (2) does not meet the qualifications for licensure as a mortgage broker, and (3) failed to file its annual report.

Accordingly, IT IS ORDERED THAT:

(1) The license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00065
JULY 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NORTHWAY FINANCIAL CORPORATION LTD
and
NORTHWAY BROKER LTD D/B/A ZIP19,
CASH TRANSFER CENTERS, and
SONIC PAYDAY,
Defendants

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Northway Financial Corporation Ltd and Northway Broker Ltd d/b/a Zip19, Cash Transfer Centers, and Sonic Payday ("Defendants"), are engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-1822 of the Code, gave written notice to the Defendants by certified mail on May 29, 2013, (i) of his intention to seek an order from the Commission requiring the Defendants to cease and desist from engaging in the business of making payday loans to Virginia residents without a license, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 28, 2013; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendants are engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) Northway Financial Corporation Ltd and Northway Broker Ltd d/b/a Zip19, Cash Transfer Centers, and Sonic Payday shall immediately cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00067
JULY 3, 2013

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

Ex Parte: In re: Mortgage Loan Originators

ORDER TO TAKE NOTICE

Section 6.2-1720 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall adopt such regulations as it deems appropriate to effect the purposes of Chapter 17 (§ 6.2-1700 *et seq.*) of Title 6.2 of the Code of Virginia. The Commission's regulations governing mortgage loan originators are set forth in Chapter 161 of Title 10 of the Virginia Administrative Code ("Chapter 161").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 161. The proposed regulations (i) set forth the procedures and criteria for designating bona fide nonprofit organizations under § 6.2-1701.1 of the Code of Virginia; (ii) define the terms "employee" and "exclusive agent"; (iii) clarify the licensing requirements for individuals whose wages or other compensation is paid by either professional employer organizations or organizations that provide staffing services; (iv) require a licensed mortgage loan originator ("licensee") to ensure that all residential mortgage loans that close as a result of the licensee engaging in the business of a mortgage loan originator are included in reports of condition submitted to the Nationwide Mortgage Licensing System and Registry ("Registry"); and (v) require the Commissioner of Financial Institutions to establish a process whereby mortgage loan originators may challenge information entered into the Registry by the Bureau.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of September 15, 2013.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for a 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 August 16, 2013. Requests for a 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-2013-00067. Interested persons desiring to submit comments or request a hearing electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(3) This Order and the attached proposed regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(4) The Commission's Division of Information Resources shall send a copy of this Order, including a copy of the attached proposed regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

NOTE: A copy of the attachment entitled "Mortgage Loan Originators" 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-2013-00067
SEPTEMBER 5, 2013

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

Ex Parte: In re: Mortgage Loan Originators

ORDER ADOPTING REGULATIONS

On July 3, 2013, the State Corporation Commission ("Commission") entered an Order to Take Notice ("July 3 Order") of a proposal by the Bureau of Financial Institutions to amend Chapter 161 of Title 10 of the Virginia Administrative Code, which governs mortgage loan originators. The July 3 Order and proposed regulations were published in the *Virginia Register of Regulations* on July 29, 2013, posted on the Commission's website, and sent to all licensed mortgage loan originators, licensed mortgage lenders, licensed mortgage brokers, and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before August 16, 2013. No comments or requests for a hearing were filed.

NOW THE COMMISSION, having considered the proposed regulations, the record herein, and applicable law, concludes that the proposed regulations should be adopted with an effective date of September 15, 2013.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are adopted effective September 15, 2013.

(2) This Order and the attached regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(3) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

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

NOTE: A copy of the attachment entitled "Mortgage Loan Originators" 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-2013-00068
OCTOBER 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALANKAR INVESTMENTS USA INC.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Alankar Investments USA Inc. ("Defendant"), is licensed to engage in business as a motor vehicle title lender under Chapter 22 of Title 6.2 of the Code of Virginia ("Code"); that the bond filed by the Defendant pursuant to § 6.2-2204 of the Code was cancelled on May 13, 2013; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 30, 2013, (i) of his intention to recommend revocation of the Defendant's license unless a new bond was filed by August 30, 2013, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 30, 2013. As of the date of this Order, the Defendant has not filed a new bond, nor has the Commission received a written request for a hearing.

The Commissioner, upon the Defendant's failure to file a new bond or request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a motor vehicle title lender.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has failed to maintain its bond in force as required by law.

Accordingly, IT IS ORDERED THAT:

(1) The license granted to the Defendant to engage in business as a motor vehicle title lender is hereby revoked.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00070
SEPTEMBER 3, 2013

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

Ex Parte: In re: Payday Lending

ORDER TO TAKE NOTICE

Section 6.2-1815 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall adopt such regulations as it deems appropriate to effect the purposes of Chapter 18 (§ 6.2-1800 *et seq.*) of Title 6.2 of the Code of Virginia. The Commission's regulations governing licensed payday lenders ("licensees") are set forth in Chapter 200 of Title 10 of the Virginia Administrative Code ("Chapter 200").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 200. The proposed regulations (i) define the terms "prepaid card" and "short-maturity loan;" (ii) prohibit licensees from obtaining an agreement from a borrower that gives the licensee or a third party the authority to prepare a check that is drawn on the borrower's deposit account; (iii) require licensees and former licensees to maintain their contact information with the Bureau until they have no outstanding payday loans; (iv) require licensees to dispose of records containing consumers' personal financial information in a secure manner; (v) specify additional events that require licensees to file a written report with the Bureau; (vi) update the text of the payday lending pamphlet to reflect certain other proposed amendments to Chapter 200; (vii) prescribe disclosure requirements for licensees' advertisements; (viii) identify the circumstances under which the Commissioner of Financial Institutions shall deem a licensee or former licensee to have ceased business for purposes of authorizing the database provider to administratively close any outstanding loans in the database; (ix) eliminate several obsolete provisions relating to the payday lending database; and (x) clarify that certain payday lending data is not confidential and may be furnished by the database provider to the public. Various technical and other clarifying amendments have also been proposed.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of December 1, 2013.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for a 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 October 25, 2013. Requests for a 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-2013-00070. Interested persons desiring to submit comments or request a hearing electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(3) This Order and the attached proposed regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(4) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached proposed regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

NOTE: A copy of the attachment entitled "Payday Lending" 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-2013-00071
OCTOBER 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LIBERTY PAWNSHOP & GOLD, LLC,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Liberty Pawnshop & Gold, LLC ("Defendant"), is engaging in the business of making motor vehicle title loans without a license in violation of § 6.2-2201 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-2220 of the Code, gave written notice to the Defendant by certified mail on July 8, 2013, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in the business of making motor vehicle title loans without a license, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 8, 2013; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant is engaging in the business of making motor vehicle title loans without a license in violation of § 6.2-2201 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant shall immediately cease and desist from engaging in the business of making motor vehicle title loans without a license.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00076
JUNE 25, 2013

IN RE:
FIRST MOUNT VERNON INDUSTRIAL LOAN ASSOCIATION
d/b/a A FIRST MOUNT VERNON INDUSTRIAL LOAN ASSOCIATION

ORDER CANCELLING A CERTIFICATE

On July 27, 1959, Norfolk Industrial Loan Association was issued a certificate of authority to engage in business as an industrial loan association. Thereafter, the name of the company was changed to First Mount Vernon Industrial Loan Association d/b/a A First Mount Vernon Industrial Loan Association ("First Mount Vernon"). Now the Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the company's president, by letter dated April 18, 2013, surrendered its certificate of authority to engage in business as an industrial loan association effective June 1, 2013; and the Commissioner recommended to the Commission that the surrender be accepted.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion that it should accept the surrender of First Mount Vernon's certificate of authority.

Accordingly, IT IS ORDERED THAT:

(1) The surrender of the certificate authorizing First Mount Vernon Industrial Loan Association d/b/a A First Mount Vernon Industrial Loan Association, formerly known as Norfolk Industrial Loan Association, to engage in business as an industrial loan association hereby is accepted.

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

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

CASE NO. BFI-2013-00078
AUGUST 15, 2013

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

Ex Parte: In re: Amerisave Mortgage Corporation

ORDER APPROVING SETTLEMENT AGREEMENT

The Commissioner of Financial Institutions ("Commissioner") has requested that the State Corporation Commission ("Commission") approve and accept a multi-state Settlement Agreement and Order ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between Amerisave Mortgage Corporation, a licensed mortgage lender and mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia, and various state regulatory agencies. The Commissioner has recommended that the Commission (i) approve and accept the Agreement, and (ii) authorize the Commissioner to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

NOW THE COMMISSION, having considered the terms of the Agreement and the recommendation of the Commissioner, is of the opinion and finds that the Agreement should be approved and accepted, and that the Commissioner should be authorized to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

Accordingly, IT IS ORDERED THAT:

(1) The Agreement is approved and accepted.

(2) The Commissioner is authorized to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

CASE NO. BFI-2013-00084
JULY 18, 2013

IN THE MATTER OF
C. C. C. MARTINSVILLE EMPLOYEES CREDIT UNION, INCORPORATED
Merger into
MARTINSVILLE POSTAL CREDIT UNION, INCORPORATED

ORDER APPROVING THE MERGER

The Staff of the Bureau of Financial Institutions ("Bureau") has reported and represented the following to the State Corporation Commission ("Commission"):

(1) C. C. C. Martinsville Employees Credit Union, Incorporated ("C. C. C. Martinsville") is a Virginia state-chartered credit union with less than $673,000 in assets, 138 members, and one office.

(2) The financial condition of C. C. C. Martinsville has been quickly deteriorating since the sole sponsor for C. C. C. Martinsville closed in December 2011. C. C. C. Martinsville has been experiencing ongoing delinquencies, loan losses, negative earnings, declines in net worth, and share account withdrawals, and these trends have reached a point where C. C. C. Martinsville is no longer viable as a separate entity. These trends are confirmed in a Bureau report dated June 21, 2013, and attached exhibits.

(3) An emergency exists, and it is in the best interests of the members of C. C. C. Martinsville to have C. C. C. Martinsville immediately merged into Martinsville Postal Credit Union, Incorporated ("MPCU"), also a Virginia state-chartered credit union. C. C. C. Martinsville's apparent inability to reverse or even halt the accelerating deterioration of its financial condition warrants this immediate supervisory action.

(4) In order for C. C. C. Martinsville to be merged into MPCU under § 6.2-1318 of the Code of Virginia, the board of directors of both corporations must approve a plan of merger. The board of directors of both credit unions have approved a plan of merger that provides, among other things, that the remaining members of C. C. C. Martinsville will become members of MPCU.

(5) MPCU's member accounts are insured by the National Credit Union Share Insurance Fund.

NOW THE COMMISSION, having considered the report and the above representations of the Bureau, finds that C. C. C. Martinsville is no longer viable as a separate entity, an emergency exists, the board of directors of both credit unions have approved the merger, and the merger is in the best interests of the members of both credit unions.

Accordingly, IT IS ORDERED THAT:

(1) The merger of C. C. C. Martinsville into MPCU is hereby approved pursuant to § 6.2-1318 of the Code of Virginia.

(2) This Order shall take the place of the usual approval of the merger by the members of C. C. C. Martinsville. C. C. C. Martinsville shall provide its members of record with notice of its merger into MPCU.

CASE NO. BFI-2013-00085
SEPTEMBER 23, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GULFPORT FINANCIAL, L.L.C. d/b/a VIRGINIA CASH ADVANCE f/k/a GF ACQUISITION, LLC,
and
PINEBROOK HOLDINGS, LLC,
Defendants

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that GF Acquisition, LLC and Pinebrook Holdings, LLC acquired, directly or indirectly, more than twenty-five percent (25%) of the ownership of Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance, a licensed payday lender under Chapter 18 of Title 6.2 of the Code of Virginia ("Code"), without prior Commission approval in violation of § 6.2-1808 of the Code; that subsequent to such acquisition, GF Acquisition, LLC was merged into Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance; and that Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance, f/k/a GF Acquisition, LLC and Pinebrook Holdings, LLC ("Defendants") have offered to settle this case by paying a fine in the sum of Five Thousand Dollars ($5,000), tendered said sum to the Commonwealth of Virginia, and waived their right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendants' offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the Defendants' offer of settlement, and the recommendation of the Commissioner, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The Defendants' 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-2013-00087
AUGUST 1, 2013

IN RE:
BOTETOURT BANKSHARES, INC.
and
BANK OF BOTETOURT

ORDER REDUCING FEES

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Botetourt Bankshares, Inc. ("BBI"), is the bank holding company for Bank of Botetourt ("Bank"), a Virginia state-chartered bank; that in order to eliminate BBI and the existing bank holding company structure, applications have been filed with the Bureau of Financial Institutions ("Bureau") to (i) obtain a certificate of authority for BBI to begin business as a Virginia state-chartered bank, and (ii) subsequently merge BBI into the Bank; that the total application fees incident to such filings prescribed by §§ 6.2-908 B 2 and 6.2-908 B 4 of the Code of Virginia would be Seventeen Thousand Five Hundred Dollars ($17,500); and that BBI and the Bank have requested that the Commission reduce such fees pursuant to its authority granted under § 6.2-908 C of the Code of Virginia. The Commissioner has reported to the Commission that the requested reduction in fees would not be detrimental to the Bureau's effectiveness.

GOOD CAUSE having been shown, the total fees payable by BBI and the Bank in connection with the above-referenced applications is hereby reduced to Ten Thousand Dollars ($10,000).

CASE NO. BFI-2013-00094
NOVEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PRECISION FUNDING GROUP, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Precision Funding Group, LLC ("Defendant"), is licensed to engage in business as a mortgage broker and mortgage lender under Chapter 16 of Title 6.2 of the Code of

Virginia ("Code"); that the Defendant failed to respond to requests of the Bureau of Financial Institutions ("Bureau") in violation of 10 VAC 5-160-50 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; that the bond filed by the Defendant pursuant to § 6.2-1604 of the Code was cancelled on August 21, 2013; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 13, 2013, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 4, 2013. As of the date of this Order, the Defendant has not filed a new bond nor has the Commission received a written request for a hearing.

The Commissioner, upon the Defendant's failure to file a new bond or request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker and mortgage lender.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has failed to (1) respond to requests of the Bureau, and (2) maintain its bond in force as required by law.

Accordingly, IT IS ORDERED THAT:

(1) The license granted to the Defendant to engage in business as a mortgage broker and mortgage lender is hereby revoked.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00095
NOVEMBER 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KESA MORTGAGE GROUP LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Kesa Mortgage Group LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the bond filed by the Defendant pursuant to § 6.2-1604 of the Code was cancelled on August 24, 2013; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 11, 2013, (1) of his intention to recommend revocation of the Defendant's license, 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, 2013. As of the date of this Order, the Defendant has not filed a new bond nor has the Commission received a written request for a hearing.

The Commissioner, upon the Defendant's failure to file a new bond or request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has failed to maintain its bond in force as required by law.

Accordingly, IT IS ORDERED THAT:

(1) The license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00097
SEPTEMBER 27, 2013

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

Ex Parte: In re: parity regulations for state-chartered credit unions

ORDER TO TAKE NOTICE

Section 6.2-1303 of the Code of Virginia authorizes the State Corporation Commission ("Commission") to adopt such regulations as may be necessary to permit state-chartered credit unions to have powers at least comparable with those of federal credit unions, regardless of any existing statute, regulation, or court decision limiting or denying such powers to state-chartered credit unions. The Commission's regulations governing state-chartered credit unions are set forth in Chapter 40 of Title 10 of the Virginia Administrative Code.

Based on requests that the Bureau of Financial Institutions ("Bureau") has received from various state-chartered credit unions, the Bureau has submitted to the Commission proposed parity regulations that would give state-chartered credit unions the authority to (i) purchase loan participation interests on terms and conditions comparable to federal credit unions under 12 C.F.R. § 701.22; and (ii) offer employee benefit plans as well as defined benefit plans and purchase investments to fund such plans on terms and conditions comparable to federal credit unions under 12 C.F.R. § 701.19.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of December 1, 2013.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for a 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 November 8, 2013. Requests for a 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-2013-00097. Interested persons desiring to submit comments or request a hearing electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(3) This Order and the attached proposed regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(4) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached proposed regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

NOTE: A copy of the attachment entitled "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-2013-00097
DECEMBER 17, 2013

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

Ex Parte: In re: parity regulations for state-chartered credit unions

ORDER ADOPTING REGULATIONS

On September 27, 2013, the State Corporation Commission ("Commission") entered an Order to Take Notice ("September 27 Order") of a proposal by the Bureau of Financial Institutions to amend Chapter 40 of Title 10 of the Virginia Administrative Code, which governs state-chartered credit unions. The proposed regulations would give state-chartered credit unions the authority to (i) purchase loan participation interests on terms and conditions comparable to federal credit unions under 12 C.F.R. § 701.22; and (ii) offer employee benefit plans as well as defined benefit plans and purchase investments to fund such plans on terms and conditions comparable to federal credit unions under 12 C.F.R. § 701.19. The September 27 Order and proposed regulations were published in the *Virginia Register of Regulations* on October 21, 2013, posted on the Commission's website, and sent to all state-chartered credit unions and other interested parties. Credit unions and other interested parties were afforded the opportunity to file written comments or request a hearing on or before November 8, 2013. The Commission received comment letters from the Virginia Credit Union League and Northern Star Credit Union, Incorporated. Both comment letters supported the proposed regulations. The Commission did not receive any requests for a hearing.

NOW THE COMMISSION, having considered the proposed regulations, the comments filed, the record herein, and applicable law, concludes that the proposed regulations should be adopted with an effective date of January 1, 2014.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are adopted effective January 1, 2014.

(2) This Order and the attached regulations shall be posted on the Commission's website: http://www.scc.virginia.gov/case.

(3) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

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

NOTE: A copy of Rules entitled "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-2013-00098
NOVEMBER 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RORY T. WILSON
d/b/a INTEGRITY CAPITAL,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Rory T. Wilson d/b/a Integrity Capital ("Defendant") is engaging in business as a mortgage broker without a license in violation of § 6.2-1601 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-1622 of the Code, gave written notice to the Defendant by certified mail on September 20, 2013, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in business as a mortgage broker without a license, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 21, 2013; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant is engaging in business as a mortgage broker without a license in violation of § 6.2-1601 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant shall immediately cease and desist from engaging in business as a mortgage broker without a license.

(2) This case is dismissed.

(3) The papers filed herein shall be placed in the file for ended causes.

CASE NO. BFI-2013-00135
DECEMBER 19, 2013

IN THE MATTER OF
C. C. C. MARTINSVILLE EMPLOYEES CREDIT UNION, INCORPORATED
Merger into
MARTINSVILLE DU PONT EMPLOYEES CREDIT UNION, INCORPORATED

ORDER APPROVING THE MERGER

The Staff of the Bureau of Financial Institutions ("Bureau") has reported and represented the following to the State Corporation Commission ("Commission"):

(1) C. C. C. Martinsville Employees Credit Union, Incorporated ("C. C. C. Martinsville") is a Virginia state-chartered credit union with less than $673,000 in assets, 138 members, and one office.

(2) The financial condition of C. C. C. Martinsville has been quickly deteriorating since the sole sponsor for C. C. C. Martinsville closed in December 2011. C. C. C. Martinsville has been experiencing ongoing delinquencies, loan losses, negative earnings, declines in net worth, and share account withdrawals, and these trends have reached a point where C. C. C. Martinsville is no longer viable as a separate entity. These trends are confirmed in a Bureau report dated December 19, 2013, and attached exhibits.

(3) An emergency exists, and it is in the best interests of the members of C. C. C. Martinsville to have C. C. C. Martinsville immediately merged into Martinsville Du Pont Employees Credit Union, Incorporated ("Martinsville Du Pont"), also a Virginia state-chartered credit union. C. C. C. Martinsville's apparent inability to reverse or even halt the accelerating deterioration of its financial condition warrants this immediate supervisory action.

(4) In order for C. C. C. Martinsville to be merged into Martinsville Du Pont under § 6.2-1318 of the Code of Virginia, the board of directors of both corporations must approve a plan of merger. The board of directors of both credit unions have approved a plan of merger that provides, among other things, that the remaining members of C. C. C. Martinsville will become members of Martinsville Du Pont.

(5) Martinsville Du Pont's member accounts are insured by the National Credit Union Share Insurance Fund.

NOW THE COMMISSION, having considered the report and the above representations of the Bureau, finds that C. C. C. Martinsville is no longer viable as a separate entity, an emergency exists, the board of directors of both credit unions have approved the merger, and the merger is in the best interests of the members of both credit unions.

Accordingly, IT IS ORDERED THAT:

(1) The merger of C. C. C. Martinsville into Martinsville Du Pont is hereby approved pursuant to § 6.2-1318 of the Code of Virginia.

(2) This Order takes the place of the usual approval of the merger by the members of C. C. C. Martinsville. C. C. C. Martinsville shall provide its members of record with notice of its merger into Martinsville Du Pont.

(3) This Order supersedes the Commission's July 18, 2013, Order Approving the Merger that was entered in Case No. BFI-2013-00084.

CLERK'S OFFICE

CASE NO. CLK-2012-00003
JULY 2, 2013

MARIO'S LAND CORPORATION
and
ALAN LEVINE,
Petitioners,
v.
DAVID WALTER,
Respondent

FINAL ORDER

On January 6, 2012, Mario's Land Corporation ("Land Corporation") and Alan Levine (collectively, "Petitioners"), by counsel, filed a Petition with the State Corporation Commission ("Commission"), pursuant to 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-10 *et seq.* Among other things, the Petitioners maintained that Levine owns all of the common stock of Land Corporation and has been the president, chief executive officer, secretary, and treasurer of Land Corporation at all times material to the Petition. The Petitioners alleged that in October 2011, David Walter ("Respondent") and Jacob Levine (Alan Levine's son) created a trust and installed the Defendant as trustee, and allegedly (i) transferred all of the stock of Land Corporation into the Trust; (ii) terminated Alan Levine as president, chief executive officer, secretary, and treasurer of Land Corporation; (iii) installed the Respondent as president of Land Corporation; and (iv) filed Articles of Amendment to Land Corporation ("Articles of Amendment").

In their Petition, Land Corporation and Alan Levine asked that the Commission: (i) correct its records for Land Corporation to eliminate the effects of the filings made by the Respondent, including (a) correction of the Commission records to reflect that Alan Levine remains the president, chief executive officer, secretary, treasurer, and registered agent of Land Corporation and that Alan Levine owns all of the stock of Land Corporation, and (b) correction of the Commission records to reflect that the Respondent is not the president or registered agent of Land Corporation; (ii) vacate the Articles of Amendment and all subsequent Commission filings made by the Respondent; and (iii) grant the Petitioners such other and further relief as is just and appropriate.

On January 30, 2012, the Commission entered its Scheduling Order in which, amongother things, it assigned the matter to a Hearing Examiner to conduct all further proceedings and provided for responses to the Petition by the Respondent and the Office of the Clerk of the Commission ("Clerk").

On February 27, 2012, the Respondent filed his response to the Petition in which he contended that the Commission is not the proper forum for the resolution of this claim. The Respondent maintained that issues raised in the Petition are identical to the issues of a Complaint filed in the Circuit Court for Arlington County, Virginia, case number CL 11-2765 ("Arlington Circuit Court Case"). In support the Respondent provided copies of pleadings filed in the Arlington Circuit Court Case.

On March 9, 2012, the Clerk, by counsel, responded to the Petition. The Clerk stated, among other things, that: (i) the Petitioners and the Respondent currently are involved in a lawsuit filed and pending in the Circuit Court for Arlington County that raises similar issues regarding whether the Respondent had authority to make the filings with the Clerk on behalf of Land Corporation; and (ii) in the interest of comity and avoiding potentially inconsistent results, the Clerk supports the Respondent's recommendation to hold proceedings on the Petition in abeyance pending resolution of the lawsuit between the Petitioners and the Respondent in the Arlington County Circuit Court. Additionally, the Clerk questioned whether the issues raised by the Petitioners are within the jurisdiction of the Commission and took the position that these issues should be resolved by the Circuit Court for Arlington County.

By Hearing Examiner's Ruling dated March 20, 2012, it was directed that the matter be held in abeyance pending resolution of the Arlington Circuit Court Case.

On March 11, 2013, the Petitioners filed a Motion to Dismiss Petition. The Petitioners stated that in or about November of 2012, the Arlington Circuit Court Case was settled and dismissed. The Petitioners thus asked the Commission to dismiss their Petition.

On March 12, 2013, the Hearing Examiner filed his report ("Report"). In his Report, the Hearing Examiner found that based on the pleadings in this matter, the Petitioners' Motion to Dismiss Petition should be granted. Additionally, the Hearing Examiner advised that any comments to his Report must be filed within 21 days of the Report. As of the date of this Final Order, no comments have been filed.

NOW THE COMMISSION, upon consideration of the record in this matter, the Hearing Examiner's Report, and the applicable statutes, is of the opinion that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner are hereby ADOPTED;

(2) The Motion to Dismiss Petition is hereby GRANTED; and

(3) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

CASE NO. CLK-2012-00006
AUGUST 22, 2013

IN RE:
THE DISTHENE GROUP, INC.

ORDER VACATING INVOLUNTARY DISSOLUTION ORDER

On August 21, 2013, The Disthene Group, Inc. ("Disthene"), a Virginia corporation, moved the State Corporation Commission ("Commission") to vacate the Involuntary Dissolution Order entered on November 26, 2012 ("Dissolution Order") and to dismiss this case with prejudice.

The Commission entered the Dissolution Order following receipt of a Decree of Dissolution issued on September 6, 2012 by the Circuit Court of Buckingham County ("Circuit Court"), which directed that Disthene be dissolved pursuant to § 13.1-749 of the Code of Virginia ("Code"). Disthene appealed the Decree to the Supreme Court of Virginia ("Supreme Court") and sought to reverse the Circuit Court's decision to judicially dissolve Disthene.

On December 17, 2012 and while Disthene's appeal to the Supreme Court was pending, the Commission denied a Petition for Reconsideration filed by Disthene to vacate or suspend the Dissolution Order. As part of the denial, the Commission stated that the Dissolution Order was not a final Commission order for purposes of § 13.1-749 of the Code, and that the matter of Disthene's dissolution and termination of its corporate existence remained active on the Commission's docket.

Following a settlement by the parties and on August 21, 2013, the Supreme Court entered an Order ("Remand Order") remanding the dissolution case to the Circuit Court for further proceedings. On the same date and in accordance with the Remand Order, the Circuit Court entered an Order ("Reinstatement Order") vacating the Decree, revoking the judicial dissolution of Disthene, and reinstating Disthene.

Based upon the settlement and the Reinstatement Order, Disthene moves the Commission to vacate the Dissolution Order, so that Disthene may carry on its business as if the dissolution had never occurred, and to dismiss the matter with prejudice. Counsel for Disthene represents that there is no objection by the parties to the Circuit Court case to the motion to vacate and asserts that the Commission has not entered an order terminating Disthene's corporate existence. In support of its request, Disthene references the Commission's powers as a court of record pursuant to § 12.1-13 of the Code.

Upon consideration of Disthene's motion to vacate and the recommendation of the Clerk of the Commission, the Commission finds that the Dissolution Order entered pursuant to § 13.1-749 of the Code should be vacated and this matter dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The Involuntary Dissolution Order for The Disthene Group, Inc., is vacated effective as of November 26, 2012; 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. CLK-2013-00003
JANUARY 16, 2013

IN RE:
DANMARC, INC.

INVOLUNTARY DISSOLUTION ORDER

On December 14, 2012, the Circuit Court of Arlington County ("Circuit Court") entered a Decree in CL NO. 10-568 directing that DanMarc, Inc., a Virginia corporation, be dissolved pursuant to § 13.1-749 A of the Code of Virginia. Thereafter, a certified copy of the Decree was delivered to the State Corporation Commission ("Commission").

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-749 A of the Code of Virginia, DanMarc, Inc., is hereby dissolved.

(2) The Clerk of the Circuit Court is requested to advise the Commission when all of the assets of the corporation have been distributed to its creditors and shareholders, if any.

(3) This case is continued generally on the Commission's docket.

CASE NO. CLK-2013-00004
JANUARY 31, 2013

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

Ex Parte: In re: Repealing Standards and Procedures Governing Intrastate Rail Rates

ORDER FOR NOTICE AND COMMENT

As provided by § 12.1-13 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may promulgate rules and regulations to administer laws within its jurisdiction. As provided by § 56-99.2 of the Code, "[t]he Commission shall also have the authority to establish, by rule or regulation, standards and procedures to administer the rates, rules, classifications and practices of railroad companies exclusively in accordance with federal law." In 1990, the Commission adopted Standards and Procedures Governing Intrastate Rail Rates in Virginia ("Standards and Procedures")[1] in accordance with § 56-99.2 of the Code and federal law then in effect, specifically, the Staggers Rail Act.[2] The Standards and Procedures are set forth in Title 24 of the Virginia Administrative Code.[3]

Congress subsequently repealed the federal statute underlying the Commission's adoption of the Standards and Procedures.[4] Since Congress repealed the federal statute, the Commission is of the opinion that the Standards and Procedures contained in Title 24 of the Virginia Administrative Code should be considered for repeal. We will establish procedures for receiving comments in support of or in opposition to repeal and for receiving requests for a hearing. If no one files a written request for a hearing on the proposed repeal of the regulations, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed repeal of the regulations, may adopt the proposed repeal of the regulations.

Accordingly, IT IS ORDERED THAT:

(1) As provided by §§ 12.1-13, 12.1-28, 56-99.1, and related provisions of the Code, the case is docketed and assigned Case No. CLK-2013-00004.

(2) The proposal that Chapter 10 of Title 24 of the Virginia Administrative Code, set forth in 24 VAC 15-10-10 through 24 VAC 15-10-510, be repealed shall be attached hereto and made a part hereof.

(3) All interested persons who desire to comment in support of or in opposition to the proposed repeal, or to request a hearing to oppose the proposed repeal of the regulations shall file such comments or hearing requests on or before March 29, 2013, in writing, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All filings shall refer to Case No. CLK-2013-00004. Interested persons desiring to submit comments electronically on or before March 29, 2013, may do so by following the instructions available on the Commission's website: http://www.scc.virginia.gov/case.

(4) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to repeal the regulations, to be forwarded to the Virginia Registrar for publication in the Virginia Register of Regulations and shall make available this Order and the attached proposal to repeal the regulations on the Commission's website: http://www.scc.virginia.gov/case.

(5) The Commission's Office of General Counsel forthwith shall mail a copy of this Order, together with the proposal to repeal the regulations, to the registered agents of all railroads operating in Virginia.

(6) On or before February 20, 2013, the Commission's Office of General Counsel shall file with the Clerk of the Commission proof of the mailing of notice prescribed in Ordering Paragraph (5) above.

(7) The case is continued.

NOTE: A copy of Attachment A entitled "Standards and Procedures Governing Intrastate Rail Rates in Virginia" 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.

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[1] *Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte, in re: Adoption of Standards and Procedures to Administer the Staggers Rail Act of 1980*, Case No. RRR-1983-00003, Order Adopting Regulations, 1990 S.C.C. Ann. Rept. 363 (Jan. 3, 1990).

[2] Staggers Rail Act of 1980, Pub. L. No. 96-448, Sec. 214, 94 Stat. 1895, 1913-15 (1980).

[3] 24 VAC 15-10.

[4] ICC Termination Act of 1995, Pub. L. No. 104-88, Sec. 102, 109 Stat. 803, 804, codified as 49 U.S.C. § 701 nt. *repealing* Staggers Rail Act of 1980, Pub. L. No. 96-448, Sec. 214, 94 Stat. 1895, 1913-15 (1980).

CASE NO. CLK-2013-00004
MAY 6, 2013

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

Ex Parte: In re: Repealing Standards and Procedures Governing Intrastate Rail Rates

ORDER REPEALING RULES

On January 31, 2013, the State Corporation Commission ("Commission") docketed this proceeding to consider the repeal of the Standards and Procedures Governing Intrastate Rail Rates in Virginia ("Standards and Procedures").[1] The Standards and Procedures were adopted in 1990 in accordance with § 56-99.2 of the Code of Virginia ("Code") and federal law then in effect.[2] As discussed in the Notice Order, Congress has repealed the federal statute underlying the Commission's adoption of the Standards and Procedures.[3] Since Congress has repealed the federal statutory basis, the Commission determined that the Standards and Procedures set forth in Title 24 of the Virginia Administrative Code should be considered for repeal.[4]

As directed by the Notice Order, the Commission's Division of Information Resources arranged for publication of a copy of the Notice Order in the Virginia Register of Regulations.[5] As further provided by the Notice Order, the Commission's Office of General Counsel mailed notice to the registered agents of all railroads operating in Virginia.[6]

In response to the published notice, the Commission received one comment. In comments filed March 15, 2013, Norfolk Southern Corporation agreed that the Standards and Procedures should be repealed.[7]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that reasonable notice of the proposal to repeal the Standards and Procedures was provided and interested persons were provided an opportunity to comment and to request a hearing. The Commission further finds that the statutory basis for the Standards and Procedures is no longer in effect and that repeal effective July 1, 2013, is appropriate.

ACCORDINGLY, IT IS ORDERED THAT:

(1) As provided by §§ 12.1-13, 12.1-28, and related provisions of the Code of Virginia, the Standards and Procedures Governing Intrastate Rail Rates in Virginia codified as Chapter 10 of Title 24 of the Virginia Administrative Code, set forth in 24 VAC 15-10-10 through 24 VAC 15-10-510, are repealed effective July 1, 2013.

(2) The Commission's Division of Information Resources forthwith shall cause a copy of this Order to be forwarded to the Virginia Registrar for publication in the Virginia Register of Regulations and shall make available this Order on the Commission's website: http://www.scc.virginia.gov/case.

(3) This case is dismissed from the Commission's docket, and the Clerk of the Commission shall place the case in closed status in the records of the Commission.

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[1] Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte, in re: Repealing Standards and Procedures Governing Intrastate Rail Rates, Case No. CLK-2013-00004, Order for Notice and Comment, Doc. Con. Center No. 130130100 (Jan. 31, 2013), 29:13 VA.R. 1735 Feb. 25, 2013 ("Notice Order").

[2] Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte, in re: Adoption of Standards and Procedures to Administer the Staggers Rail Act of 1980, Case No. RRR-1983-00003, Order Adopting Regulations, 1990 S.C.C. Ann. Rept. 363 (Jan. 30, 1990) codified at 24 VAC 15-10-10 through 24 VAC 15-10-510.

[3] ICC Termination Act of 1995, Pub. L. No. 104-88, Sec. 102, 109 Stat. 803, 804, codified as 49 U.S.C. § 701 nt. repealing Staggers Rail Act of 1980, Pub. L. No. 96-448, Sec. 214, 94 Stat. 1895, 1913-15 (1980).

[4] Notice Order at 1-2, 29:13 VA.R. 1735-36.

[5] Memorandum Mar. 1, 2013, to the Document Control Center filed in Case No. CLK-2013-00004, Doc. Con. Cen. No. 130310035.

[6] Memorandum Jan. 31, 2013, to the Document Control Center filed in Case No. CLK-2013-00004, Doc. Con. Cen. No. 1301310124.

[7] Letter of Mar. 12, 2013, from John M. Scheib, Norfolk Southern Corporation, to Joel H. Peck, Clerk, State Corporation Commission, filed in Case No. CLK-2013-00004.

CASE NO. CLK-2013-00006
OCTOBER 31, 2013

JONATHAN RICHARD MARX,
Petitioner
v.
MARK DANIEL LEITNER,
Defendant

FINAL ORDER

On March 1, 2013, Jonathan Richard Marx ("Petitioner"), by counsel, filed a Petition to Expunge UCC Financing Statements with the State Corporation Commission ("Commission"), pursuant to 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-10 *et seq.* ("Commission Rules"). The Petition concerns two Uniform Commercial Code ("UCC") filings made with the Office of the Clerk of the Commission ("Clerk") by Mark Daniel Leitner ("Defendant") against the Petitioner: (1) a UCC Financing Statement (DCN 10-03-29-7051-1) ("Financing Statement") filed on March 29, 2010, for a Notice of Claim of Maritime Lien against the Petitioner for a debt of $48,489,000,000; and (2) UCC Financing Statement Amendment (DCN 10-06-10-3849-5) ("Amendment") filed on June 10, 2010.

The Petitioner alleges that the Financing Statement and Amendment (collectively, the "UCC Filings") are false, fraudulent, and unauthorized because, among other things, there is no financial relationship between the Petitioner and the Defendant that would allow the Defendant to make the UCC Filings. The Petitioner further alleges that his only connection with the Defendant was in his official capacity as a federal prosecutor during the Defendant's prosecution for defrauding the Internal Revenue Service.

The Petitioner requests that the Commission find the UCC Filings are false, fraudulent, and unauthorized. Based on such findings, the Petitioner further requests that the Commission: (1) enter an order revoking the UCC Filings and finding them void *ab initio*; and (2) direct the Clerk to expunge and remove the UCC Filings from records maintained by the Clerk. The Defendant disputes the Petitioner's allegations and objects to removal of the UCC Filings.

On March 21, 2013, the Commission entered its Scheduling Order in which, among other things, the Commission assigned the matter to a Hearing Examiner to conduct all further proceedings and provided for responses to the Petition by the Defendant and the Clerk.

On April 19, 2013, the Clerk, by counsel, responded to the Petition. The Clerk confirmed that its records contain the UCC Filings, which identify the Defendant as a secured party and the Petitioner as a debtor. The Clerk, lacking knowledge of the parties' relationship, did not take a position on whether the UCC Filings are false, fraudulent, and unauthorized, but agreed that, subject to certain limitations, the Petitioner's proposed remedies are available if his allegations are true. On June 14, 2013, the Clerk filed a Supplemental Response of the Office of the Clerk of the State Corporation Commission stating that the Commission, as part of its analysis, should determine: (1) whether a "security interest" as defined in § 8.1A-201 (35) of the Code of Virginia ("Code") exists; and (2) whether the Defendant is a secured party as defined in § 8.9A-102 (73) of the Code.

By Hearing Examiner's Ruling dated June 14, 2013, the matter was set for hearing on August 2, 2013. The hearing commenced as scheduled. The Petitioner was represented by Bruce T. Russell, Esquire. The Defendant participated telephonically and appeared *pro se*. Donnie L. Kidd, Esquire, appeared on behalf of the Clerk. Both the Petitioner and the Defendant testified in this matter.

On September 10, 2013, the Hearing Examiner filed his report ("Report"). In his Report, the Hearing Examiner found, among other things, that the clear and convincing evidence presented at the hearing proves the Defendant falsely filed the UCC Filings in question. The Hearing Examiner recommends that the Commission grant the Petition, declare that the UCC Filings are void *ab initio*, and direct the Clerk to expunge immediately the UCC Filings from its records.

Neither the Petitioner nor the Clerk filed comments to the Report. The Defendant did not file comments to the Report within 21 days as required by Commission Rule 5 VAC 5-20-120 C. On October 8, 2013, however, the Defendant filed a Ministerial Request to Accept and File Enclosed Filing in Accordance with Previous Rulings by this Examiner ("Motion"). The Motion requests that the Commission permit the Defendant to file his Comment and Response ("Comments") to the Report, and includes a copy of the Comments. As part of his Comments, the Defendant asks the Commission to find that the UCC Filings were properly filed and to rule in his favor. On October 16, 2013, the Defendant submitted several documents previously provided in this case, including another copy of the Comments, for consideration.

NOW THE COMMISSION, upon consideration of the record in this matter, the Hearing Examiner's Report, the Defendant's Comments and documents submitted on October 16, 2013, and the applicable statutes, is of the opinion that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant's motion filed on October 8, 2013, is hereby GRANTED, and his Comment and Response is made a part of the record in this case.

(2) The findings and recommendations of the Hearing Examiner are hereby ADOPTED.

(3) The Petition of Jonathan Richard Marx is hereby GRANTED.

(4) The UCC Financing Statement (DCN 10-03-29-7051-1) and the UCC Financing Statement Amendment (DCN 10-06-10-3849-5) filed by the Defendant are VOID *ab initio.*

(5) The Office of the Clerk shall forthwith EXPUNGE from its records UCC Financing Statement (DCN 10-03-29-7051-1) and UCC Financing Statement Amendment (DCN 10-06-10-3849-5) filed by the Defendant. Expunction shall include removal of all electronic records of these filings

maintained by the Office of the Clerk, as well as removal of these filings from the record index of the Office of the Clerk's information management system. This Order does not require the Office of the Clerk to remove images of the filings that appear on microfilm maintained by the Clerk, nor does it require the Office of the Clerk to locate and destroy any copies of the filings that may have been provided to third parties.

(6) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

CASE NO. CLK-2013-00007
JUNE 6, 2013

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing UCC Filings

ORDER ADOPTING REGULATIONS

On April 2, 2013, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Commission to adopt regulations pursuant to § 8.9A-526 of the Code of Virginia. Among other revisions, the proposed regulations, which amend the "Rules Governing UCC Filings" ("Rules") in Title 5, Chapter 30 of the Virginia Administrative Code, provide technical amendments to the Rules and update Uniform Commercial Code ("UCC") forms. The proposed regulations also allow the Office of the Clerk of the Commission to accept electronic delivery of UCC search requests, accept payment via certain electronic funds transfer, and void UCC filings for uncollected filing fee payments.

The Order and proposed regulations were published in the *Virginia Register of Regulations* on April 22, 2013, posted on the Commission's website, and sent to various interested parties. Interested parties were afforded the opportunity to file written comments or request a hearing on or before May 14, 2013. No comments or requests for a hearing were filed.

NOW THE COMMISSION, upon consideration of the proposed regulations and applicable law, concludes that the proposed regulations should be adopted as proposed.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are ADOPTED effective July 1, 2013.

(2) This Order and the attached regulations shall be posted on the Commission's website at http://www.scc.virginia.gov/case.

(3) The Commission's Division of Information Resources shall send a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.

(4) In order to effectuate the transition in UCC filings under the revised Rules and avoid prejudice to individuals making UCC filings on or around the effective date on July 1, 2013, the Office of the Clerk of the Commission may continue to accept UCC filings made using the current UCC forms through July 31, 2013.

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

CASE NO. CLK-2013-00011
JUNE 12, 2013

IN RE:

NEWPORT NEWS POLICE RELIEF ASSOCIATION

INVOLUNTARY DISSOLUTION ORDER

On April 15, 2013, the Circuit Court of the City of Newport News ("Circuit Court") entered a Decree of Dissolution ("Decree") in Case No. CL 1301599F-15, directing that Newport News Police Relief Association, a Virginia non-stock corporation, be dissolved pursuant to § 13.1-909 of the Code of Virginia. Thereafter, the Clerk of the Circuit Court delivered a certified copy of the Decree to the State Corporation Commission ("Commission") pursuant to § 13.1-911 of the Code of Virginia for entry of an order of involuntary dissolution.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-909 of the Code of Virginia, Newport News Police Relief Association is hereby DISSOLVED.

(2) Pursuant to § 13.1-911 of the Code of Virginia, the Clerk of the Circuit Court is requested to advise the Commission when all of the assets of the corporation have been distributed, upon receipt of which advice the Commission will enter an order terminating the corporation's existence.

(3) This case is continued generally on the Commission's docket.

BUREAU OF INSURANCE

CASE NO. INS-1993-00074
JANUARY 24, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN FINANCIAL SECURITY LIFE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

American Financial Security Insurance Company, a foreign corporation domiciled in the state of Missouri ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on October 5, 1981.

By order entered March 30, 1993, the Circuit Court of Cole County, Missouri, found that the Defendant was operating in hazardous condition and appointed the Director of the Missouri Department of Insurance to be the Rehabilitator of the Defendant. In addition, on April 29, 1993, the Commission entered an Order Suspending License ("Order")[1] against the Defendant and prohibiting the Defendant from issuing any new contracts or policies of insurance in the Commonwealth.

The Defendant's June 30, 2012, Quarterly Statement filed with the Bureau of Insurance ("Bureau") indicates that the Defendant continues to fail to comply with the Commonwealth's minimum surplus requirement.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 8, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 8, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] 1993 S.C.C. Ann. Rept. 76.

CASE NO. INS-1997-00212
JUNE 11, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN BENEFIT LIFE INSURANCE COMPANY
F/K/A MID-CONTINENT LIFE INSURANCE COMPANY,
Defendant

FINAL ORDER

American Benefit Life Insurance Company f/k/a Mid-Continent Life Insurance Company ("Defendant"), a foreign corporation domiciled in the state of Oklahoma, was initially licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") on November 17, 1987.

By Order Suspending License ("Order") entered by the State Corporation Commission ("Commission") on December 18, 1997,[1] the Defendant was prohibited from issuing any new contracts or policies in the Commonwealth. The Order was entered due to financial regulatory concerns of the Commission's Bureau of Insurance ("Bureau"), as well as the District Court of Oklahoma County, Oklahoma, finding that the Defendant was statutorily insolvent.

The Defendant's March 31, 2013 Quarterly Statement filed with the Bureau indicates that the Defendant is in compliance with the statutory minimum capital and surplus requirement. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be restored to good standing and that this case be closed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order entered by the Commission should be vacated.

[1] 1997 S.C.C. Ann. Rept. 114.

Accordingly, IT IS ORDERED THAT:

(1) The Order Suspending License entered by the Commission on December 18, 1997, hereby is VACATED.

(2) This case is closed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-1998-00039
JANUARY 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LINCOLN MEMORIAL LIFE INSURANCE COMPANY
f/k/a WORLD SERVICE LIFE INSURANCE COMPANY OF AMERICA,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

Lincoln Memorial Life Insurance Company f/k/a World Service Life Insurance Company of America, a foreign corporation domiciled in the state of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on March 18, 1959. Subsequently, on March 9, 1998, the Commission entered an Order Suspending License against the Defendant prohibiting it from issuing any new contracts or policies of insurance in the Commonwealth.[1] In addition, the Defendant's corporate authority to transact business in the Commonwealth has been revoked since April 30, 2009.

By order entered September 22, 2008, the District Court of Travis County, Texas, placed the Defendant into liquidation and appointed the Commissioner of the Texas Department of Insurance to be the Liquidator of the Defendant.[2]

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 8, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 8, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] 1998 S.C.C. Ann. Rept. 112.

[2] Cause No. D-1-GV-08-000945.

CASE NO. INS-1998-00039
FEBRUARY 28, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LINCOLN MEMORIAL LIFE INSURANCE COMPANY f/k/a
WORLD SERVICE LIFE INSURANCE COMPANY OF AMERICA,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("January 25 Order") entered January 25, 2013, Lincoln Memorial Life Insurance Company f/k/a World Service Life Insurance Company of America, a Texas domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to February 8, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before February 8, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The January 25 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an order entered against the Defendant on September 22, 2008, by the District Court of Travis County, Texas.[1]

[1] Cause No. D-1-GV-08-000945.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in the Commonwealth of Virginia are hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth of Virginia.

(3) The Bureau of Insurance shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2003-00147
MAY 22, 2013

PETITION OF
DONNA D. LANGE

For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal

FINAL ORDER

On January 29, 2003, the Circuit Court of the City of Richmond entered an order in Cause No. CH03-135 appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group and Reciprocal of America (collectively, "Reciprocal Companies"). In addition, that order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance, as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia.[1] Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure[2] established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.

On June 27, 2003, Donna D. Lange ("Petitioner") filed a petition for review ("Petition") with the Commission contesting the Deputy Receiver's Determination of Appeal. The Commission docketed the Petition and assigned the matter to a Hearing Examiner.[3]

On August 8, 2003, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review and a memorandum in support thereof. By Hearing Examiner's Ruling dated August 22, 2003, the Petitioner was given an opportunity to respond to the Motion to Dismiss. Such response was filed on September 15, 2003. Pursuant to Hearing Examiner's Ruling dated September 29, 2003, the Motion to Dismiss was denied and the matter was set for hearing on November 25, 2003.

On November 4, 2003, the Deputy Receiver, by counsel, filed an Agreed Motion to Stay Proceedings ("Motion") stating the parties had reached an agreement related to the claims in the Petition. By ruling dated November 6, 2003, the Motion was granted, and the hearing scheduled for November 25, 2003, was canceled.

On April 11, 2013, the Petitioner and the Deputy Receiver, by counsel, filed an Amended Joint Request to Non-Suit Petition and Dismiss Case ("Joint Request"). The Joint Request stated that on July 25, 2012, the Deputy Receiver issued a Notice of Claim Determination approving the Petitioner's claims as general creditor claims in the amounts claimed; as a result, the Petition has been rendered moot.

On April 17, 2013, the Hearing Examiner issued his Report in which he recommended that the Joint Request be granted. Additionally, the Hearing Examiner found that since the Deputy Receiver and the Petitioner are in agreement there is no need to allow an opportunity for comments to the Report.

NOW THE COMMISSION, upon consideration of the record herein and the Report of the Hearing Examiner, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

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[1] The Commission later appointed Jacqueline K. Cunningham as Deputy Receiver of the Reciprocal Companies. *Commonwealth of Virginia at the relation of the State Corporation Commission v. Reciprocal of America and The Reciprocal Group*, Case No. INS-2003-00024, 2011 S.C.C. Ann. Rept. 71, Order Appointing Jacqueline K. Cunningham as Deputy Receiver for Rehabilitation or Liquidation (Jan. 10, 2011).

[2] The Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure, dated November 10, 2004, is available at: http://www.reciprocalgroup.com/documents.htm.

[3] *See* Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer entered in this docket on July 14, 2003.

Accordingly, IT IS ORDERED THAT:

1. The Amended Joint Request to Non-Suit Petition and Dismiss Case is hereby GRANTED.

2. The case is dismissed, and the papers herein are passed to the file for ended causes.

CASE NO. INS-2003-00163
JULY 26, 2013

PETITION OF
JUDITH A. KELLEY

For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal

FINAL ORDER

On January 29, 2003, the Circuit Court of the City of Richmond entered an order in Cause No. CH03-135 appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group and Reciprocal of America (collectively, the "Reciprocal Companies"). In addition, that Order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia.[1] Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.[2]

On July 23, 2003, Judith A. Kelley ("Petitioner") filed a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") with the Commission contesting the Deputy Receiver's denial of her claim for employee severance pay pursuant to her employment agreement.

By Order dated August 6, 2003, 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 October 6, 2003, the Deputy Receiver, by counsel, filed a Demurrer and Answer to Petition for Review ("Demurrer") and Memorandum in Support of Demurrer and Answer for Petition for Review. On October 27, 2003, the Petitioner filed her Response to Deputy Receiver's Demurrer to Petition for Review. On November 10, 2003, the Deputy Receiver filed his Reply in Support of Demurrer and Answer to Petition for Review.

By Hearing Examiner's Ruling dated December 9, 2003, the Deputy Receiver's Demurrer was denied, and the parties were directed to file a proposed procedural schedule on or before January 14, 2004. On January 13, 2004, the parties filed a Joint Motion for Continuance. By Hearing Examiner's Ruling dated January 14, 2004, the Joint Motion for Continuance was granted.

On June 14, 2013, counsel to the Deputy Receiver filed a Joint Request to Non-Suit Petition and Dismiss Case, stating that the Deputy Receiver and the Petitioner had executed a settlement agreement pertaining to litigation matters that were pertinent to the Petition before the Commission.

On June 18, 2013, the Hearing Examiner issued his Report in which he recommended that the Joint Request to Non-Suit Petition and Dismiss Case be granted.

NOW THE COMMISSION, upon consideration of the record herein and the Report of the Hearing Examiner, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner are hereby ADOPTED.

(2) The Joint Request to Non-Suit Petition and Dismiss Case is hereby GRANTED.

(3) The case is dismissed, and the papers herein are passed to the file for ended causes.

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[1] The Commission subsequently entered an Order appointing Jacqueline K. Cunningham as Deputy Receiver of the Reciprocal Companies. *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group*, Case No. INS-2003-00024, 2011 S.C.C. Ann. Rept. 71, Order Appointing Jacqueline K. Cunningham as Deputy Receiver for Rehabilitation or Liquidation (Jan. 10, 2011).

[2] The Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure is available at: http://www.reciprocalgroup.com/documents.htm.

CASE NO. INS-2004-00025
JULY 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

American Manufacturers Mutual Insurance Company, a foreign corporation domiciled in the state of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on July 24, 1974.

On February 12, 2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission. In addition, on May 8, 2013, the Circuit Court of Cook County, Illinois, issued an Order of Liquidation with a Finding of Insolvency against the Defendant.[1]

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 be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 19, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 19, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] State of Illinois ex rel. Boron v. American Manufacturers, Case No. 12 CH 24227.

CASE NO. INS-2004-00025
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered July 8, 2013 ("July 8 Order"), American Manufacturers Mutual Insurance Company, an Illinois domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to July 19, 2013, revoking the license of the Defendant unless on or before July 19, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

The July 8 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation with a Finding of Insolvency entered against the Defendant on May 8, 2013, by the Circuit Court of Cook County, Illinois.[1] In addition, on February 12, 2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

[1] *State of Illinois ex rel. Boron v. American Manufacturers*, Case No. 12 CH 24227.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2004-00028
JULY 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN MOTORISTS MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

American Motorists Mutual Insurance Company, a foreign corporation domiciled in the state of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on July 6, 1932.

On February 12, 2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission. In addition, on May 8, 2013, the Circuit Court of Cook County, Illinois, issued an Order of Liquidation with a Finding of Insolvency against the Defendant.[1]

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 be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 19, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 19, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] State of Illinois ex rel. Boron v. American Motorists, Case No. 12 CH 24227.

CASE NO. INS-2004-00028
SEPTEMBER 6, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN MOTORISTS MUTUAL INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered July 8, 2013 ("July 8 Order"),[1] American Motorists Mutual Insurance Company, an Illinois-domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to July 19, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 19, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The July 8 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation with a Finding of Insolvency entered against the Defendant on May 8, 2013, by the Circuit Court of Cook County, Illinois.[2] In addition, on February 12, 2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

[1] Doc. Con. Cen. No. 130710193.

[2] *State of Illinois ex rel. Boron v. American Motorists*, Case No. 12 CH 24227.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in the Commonwealth are hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. INS-2004-00029
JULY 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LUMBERMENS MUTUAL CASUALTY COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

Lumbermens Mutual Casualty Company, a foreign corporation domiciled in the state of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on December 2, 1920.

On February 12, 2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission. In addition, on May 8, 2013, the Circuit Court of Cook County, Illinois, issued an Order of Liquidation with a Finding of Insolvency against the Defendant.[1]

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 be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 19, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 19, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] State of Illinois ex rel. Boron v. Lumbermens Mutual, Case No. 12 CH 24227.

CASE NO. INS-2004-00029
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LUMBERMENS MUTUAL CASUALTY COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered July 8, 2013 ("July 8 Order"), Lumbermens Mutual Casualty Company, an Illinois domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to July 19, 2013, revoking the license of the Defendant unless on or before July 19, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

The July 8 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation with a Finding of Insolvency entered against the Defendant on May 8, 2013, by the Circuit Court of Cook County, Illinois.[1] In addition, on February 12,

[1] *State of Illinois ex rel. Boron v. Lumbermens Mutual*, Case No. 12 CH 24227.

2004, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2005-00263
JUNE 14, 2013

PETITION OF
CAROLYN HARVEY

For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal

FINAL ORDER

On January 29, 2003, the Circuit Court of the City of Richmond entered an order in Court File No. CH03-135 appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group and Reciprocal of America ("ROA") (collectively, "Reciprocal Companies").[1] In addition, that order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia.[2] Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure[3] established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.

On September 30, 2004, Carolyn Harvey ("Petitioner") submitted a Proof of Claim Form to the ROA estate requesting payment of $25,000 for a workers' compensation injury that the Petitioner stated occurred in 1985. On May 4, 2005, the Claims Supervisor for ROA issued a Notice of Claim Determination Rejection of Claim stating that a workers' compensation claim with an injury date of January 23, 1985, was earlier denied, and nothing further was payable in this case.[4] The Petitioner appealed that decision to the Deputy Receiver of ROA, and he issued his Determination of Appeal on October 3, 2005.[5] The Deputy Receiver denied the appeal and affirmed the Notice of Claim Determination because Petitioner had not "provided sufficient new evidence to overturn the initial denial of [the] claim."[6]

On November 2, 2005, the Petitioner filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 00045648. The Commission docketed the Petition and assigned the matter to a Hearing Examiner.[7]

On December 15, 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 ("Demurrer"). In his Demurrer, the Deputy Receiver argued that the Petition fails to assert a claim on which relief may be granted under the Final Order Appointing Receiver for Rehabilitation or Liquidation.

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[1] The Circuit Court of the City of Richmond's Final Order Appointing Receiver for Rehabilitation or Liquidation is available at: http://www.reciprocalgroup.com/documents.htm.

[2] The Commission later appointed Jacqueline K. Cunningham as Deputy Receiver of the Reciprocal Companies. *Commonwealth of Virginia at the relation of the State Corporation Commission v. Reciprocal of America and the Reciprocal Group,* Case No. INS-2003-00024, 2011 S.C.C. Ann. Rept. 71, Order Appointing Jacqueline K. Cunningham as Deputy Receiver for Rehabilitation or Liquidation (Jan. 10, 2011).

[3] The Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure, dated November 10, 2004, is available at: http://www.reciprocalgroup.com/documents.htm.

[4] Deputy Receiver Memorandum in Support of Demurrer ("Memorandum"), Attachment D.

[5] Petition, Attachment, Determination of Appeal dated October 3, 2005; and Memorandum, Attachment E.

[6] *Id*.

[7] *See* Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer entered in this docket on November 10, 2005.

On May 30, 2006, a Hearing Examiner's Ruling was issued that denied the Demurrer filed by the Deputy Receiver and generally continued the matter to provide the Petitioner an opportunity to contact her local office of the Virginia Workers' Compensation Commission ("VWCC") to provide sufficient facts to allow the VWCC to further investigate and, if an award was made, to amend her Petition in this case to seek recovery for any such award from ROA.

As of this date, Petitioner has submitted nothing further in this matter. Section 8.01-335 B of the Code of Virginia ("Code") provides that certain cases may, in the discretion of the court, be stricken from the docket and the action discontinued where there has been no order or proceeding, other than to continue the case, entered for over three years without any notice to the parties. No pleadings or other activities have occurred with respect to this matter since before the ruling generally continuing the case in May 2006.

On May 30, 2013, the Chief Hearing Examiner issued her Report in which she recommended that the Commission enter an order dismissing and removing the case from the Commission's docket of active cases pursuant to § 8.01-335 B of the Code.

NOW THE COMMISSION, upon consideration of the record herein and the Report of the Chief Hearing Examiner, is of the opinion that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petition of Carolyn Harvey for review of the Deputy Receiver's Determination of Appeal in Claim No. 00045648 is hereby DISMISSED.

2. The papers herein are passed to the file for ended causes.

CASE NO. INS-2006-00077
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
THE SHELBY INSURANCE COMPANY,
Defendant

FINAL ORDER

On December 10, 2007, the State Corporation Commission ("Commission") entered an Order Suspending License ("Order") in this case suspending the license issued to The Shelby Insurance Company ("Defendant"), to transact the business of insurance in the Commonwealth of Virginia ("Virginia") for failing to file its 2004 annual Audited Financial Report. In addition, on August 1, 2006, the District Court of Travis County, Texas, issued an Order Appointing Liquidator and Permanent Injunction against the Defendant.[1] Further, the Defendant's Virginia corporate certificate of authority has been revoked since 2007.

By affidavit of Craig A. Koenig, President of Prime Tempus, Inc. and Special Deputy Receiver for the Defendant, dated September 11, 2013, the Commission was advised that the Defendant wishes to withdraw its license to transact the business of insurance in Virginia.

The withdrawal of the Defendant's license has been processed by the Bureau of Insurance ("Bureau") effective September 27, 2013.

In light of the foregoing, the Bureau has recommended that the Order entered by the Commission be vacated and this case closed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order entered by the Commission should be vacated.

Accordingly, IT IS ORDERED THAT:

(1) The Order entered by the Commission is hereby VACATED.

(2) This case is hereby DISMISSED.

(3) The papers herein shall be placed in the file for ended causes.

[1] *Texas Dep't of Ins. v. Vesta Fire Ins. Corp. et al.*, Cause No. D-1-GN-06-002366, Order Appointing Liquidator and Permanent Injunction (Dist. Ct. Travis County Aug. 1, 2006).

CASE NO. INS-2008-00074
JANUARY 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MEDICAL SAVINGS INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court of any other state.

Medical Savings Insurance Company, a foreign corporation domiciled in the state of Indiana ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on July 16, 1982.

On March 26, 2008, the Commission entered an Impairment Order[1] against the Defendant due to an impairment in the Defendant's surplus. Subsequently, on August 11, 2008, the Commission entered an Order Suspending License ("Order")[2] of the Defendant. The Order was entered due to the Defendant's failure to maintain the minimum capital and surplus required by § 38.2-1028 of the Code.

By order entered February 26, 2009, the Circuit Court of Marion County, Indiana, found the Defendant insolvent, placed the Defendant into liquidation, and appointed the Commissioner of the Indiana Department of Insurance to be the Liquidator of the Defendant. Additionally, the Defendant's corporate certificate of authority had been revoked since November 30, 2009.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 4, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 4, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

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[1] 2008 S.C.C Ann. Rept. 181.

[2] 2008 S.C.C Ann. Rept. 182.

CASE NO. INS-2008-00074
FEBRUARY 28, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MEDICAL SAVINGS INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("January 22 Order") entered January 22, 2013, Medical Savings Insurance Company, an Indiana domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to February 4, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before February 4, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The January 22 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an order entered against the Defendant on February 26, 2009, by the Circuit Court of Marion County, Indiana.[1]

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

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[1] Cause No. 49C01-0811-MI-053358.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in the Commonwealth of Virginia are hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth of Virginia.

(3) The Bureau of Insurance shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2009-00268
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ATLANTIC MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court in any other state.

Atlantic Mutual Insurance Company, a foreign corporation domiciled in the state of New York ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on March 27, 1944.

On April 27, 2011, the Supreme Court of the State of New York, County of New York, entered an Order of Liquidation against the Defendant.[1] In addition, on December 30, 2009, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.[2] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on September 30, 2011.

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 be revoked.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the State Corporation Commission shall enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before May 20, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the State Corporation Commission with respect to the proposed revocation of the Defendant's license.

[1] In the Matter of the Rehabilitation of Atlantic Mutual Insurance Company, Index No. 402424/10.

[2] See Consent Order entered in this docket, 2009 S.C.C. Ann. Rept. 195 (Dec. 30, 2009).

CASE NO. INS-2009-00268
JUNE 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ATLANTIC MUTUAL INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered May 9, 2013 ("May 9 Order"),[1] Atlantic Mutual Insurance Company, a New York domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before May 20, 2013, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of the Defendant's license.

[1] Doc. Con. Cen. No. 130540187.

The May 9 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation entered against the Defendant on April 27, 2011, by the Supreme Court of the State of New York, County of New York.[2] In addition, on December 30, 2009, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.[3] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on September 30, 2011.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

[2] *In the Matter of the Rehabilitation of Atlantic Mutual Insurance Company*, Index No. 402424/10.

[3] *See* Consent Order entered in this docket, 2009 S.C.C. Ann. Rept. 195 (Dec. 30, 2009).

CASE NO. INS-2009-00269
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CENTENNIAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has been found insolvent by a court in any other state.

Centennial Insurance Company, a foreign corporation domiciled in the state of New York ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on March 27, 1944.

On April 27, 2011, the Supreme Court of the State of New York, County of New York, entered an Order of Liquidation against the Defendant.[1] In addition, on December 30, 2009, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.[2] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on July 31, 2011.

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 be revoked.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the State Corporation Commission shall enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before May 20, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the State Corporation Commission with respect to the proposed revocation of the Defendant's license.

[1] In the Matter of the Rehabilitation of Centennial Insurance Company, Index No. 402424/10.

[2] See Consent Order issued in this docket, 2009 S.C.C. Ann. Rept. 195 (Dec. 30, 2009).

CASE NO. INS-2009-00269
JUNE 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CENTENNIAL INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered May 9, 2013 ("May 9 Order"),[1] Centennial Insurance Company, a New York domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before May 20, 2013, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of the Defendant's license.

The May 9 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation entered against the Defendant on April 27, 2011, by the Supreme Court of the State of New York, County of New York.[2] In addition, on December 30, 2009, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission.[3] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on July 31, 2011.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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[1] Doc. Con. Cen. No. 130540188.

[2] *In the Matter of the Rehabilitation of Centennial Insurance Company*, Index No. 402424/10.

[3] *See* Consent Order issued in this docket, 2009 S.C.C. Ann. Rept. 195 (Dec. 30, 2009).

CASE NO. INS-2010-00057
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION,
Applicant
v.
SHENANDOAH LIFE INSURANCE COMPANY,
in Receivership,
Respondents

In Re: Puritan Life Insurance Company and Puritan Financial Group, Inc., Petition for Declaratory Judgment Regarding Agreements between the Parties and Resolution of Co-Insurance Issues

FINAL ORDER

On February 12, 2009, the Circuit Court of the City of Richmond entered an order in Case No. CH-09-673 appointing the State Corporation Commission ("Commission") as Receiver of Shenandoah Life Insurance Company ("Shenandoah"). On the same date, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation,[1] appointed Alfred W. Gross, Commissioner of Insurance for the Commission's Bureau of

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[1] 2009 S.C.C. Ann. Rept. 110.

Insurance, as Deputy Receiver ("Deputy Receiver"), in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[2] Pursuant to his grant of authority, the Deputy Receiver in his Second Directive Adopting Receivership Appeal Procedure and Hardship Request Procedure[3] established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Shenandoah.

On March 25, 2010, Puritan Life Insurance Company ("PLIC") and Puritan Financial Group, Inc. ("PFG") (collectively, "Petitioners"), by counsel, filed their Petition for Declaratory Judgment ("Petition"). In the Petition, the Petitioners, among other things, requested declaratory judgment defining the rights and obligations of the parties pursuant to certain reinsurance agreements between PLIC and Shenandoah; and establishing and defining responsibility for a reserve discrepancy unexpectedly identified by Shenandoah. In addition, PLIC sought interpretation of an Independent Marketing Organization Contract ("IMOC") between PFG and Shenandoah and the right to review and inspect the records giving rise to the debit commission balance allegedly owed to Shenandoah by PFG.

On April 15, 2010, Shenandoah, by counsel, filed a Motion to Dismiss and Answer and Counterclaim in this matter in which it claimed that PFG was in breach of the IMOC because of unpaid debit sales commission balances.

On April 29, 2010, the Petitioners filed their Answer to Counterclaim and Memorandum in Opposition to Shenandoah's Motion to Dismiss. By Scheduling Order entered May 26, 2010, the Commission determined that the parties should be provided an opportunity to present their positions at a hearing, assigned the matter to a hearing examiner, and scheduled a hearing to be convened on July 30, 2010.

The hearing was convened as scheduled. John O. Cox appeared as counsel to the Commission's Bureau of Insurance; Robert A. Dybing, Esquire, appeared as counsel to Shenandoah, in receivership; and Ben R. Lacy IV, Esquire, and William N. Watkins, Esquire, appeared as counsel to the Petitioners. Although the Motion to Dismiss was still pending, the parties advised that they were prepared, and desired, to proceed on the merits of the Petition.

On March 26, 2013, the Chief Hearing Examiner issued her report ("Report") in which she recommended that the Petitioners' request for relief be denied as moot and Shenandoah's counterclaim be granted.[4] Additionally, the Chief Hearing Examiner directed that any comments to the Report be filed within 21 days of the date of the Report.

On April 16, 2013, Shenandoah, by counsel, filed comments to the Report in which it stated that based upon undisputed testimony at the hearing the amount of the judgment in favor of Shenandoah based on Shenandoah's counterclaim should be $319,456.95. No other comments were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The relief requested by Puritan Life Insurance Company and Puritan Financial Group, Inc., is hereby DENIED.

2. The counterclaim filed by Shenandoah Life Insurance Company is hereby GRANTED.

3. The case is dismissed, and the papers herein are passed to the file for ended causes.

[2] On January 10, 2011, the Commission entered an Amendment to Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointing Jacqueline K. Cunningham as Deputy Receiver of Shenandoah. 2011 S.C.C. Ann. Rept. 74.

[3] The Second Directive Adopting Receivership Appeal Procedure and Hardship Request Procedure is available at: www.shenlife.com/home/wcm/ReceivershipDocuments.html.

[4] Concerning the reserve deficiency, the Chief Hearing Examiner found that, to the extent responsibility for the reserve deficiency had not been rendered moot, Petitioners' contention is without merit. Report at 15.

CASE NO. INS-2010-00072
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY,
Defendant

FINAL ORDER

On June 7, 2010, the State Corporation Commission ("Commission") entered an Order Suspending License ("Order")[1] in this case suspending the license issued to American Community Mutual Insurance Company ("Defendant"), to transact the business of insurance in the Commonwealth of Virginia ("Virginia") in part because the Defendant's license was suspended by the Circuit Court of Ingham County, Michigan ("Court") on April 8, 2010.[2] The Court found that the Defendant was operating in hazardous condition and appointed the Commissioner of the Michigan Office of Financial and Insurance

[1] 2010 S.C.C. Ann. Rept. 139.

[2] *Ken Ross, Comm'r of the Office of Fin. and Ins. Reg. v. Am. Cmty. Mut. Ins. Co.*, Case No. 10-397-CR (Mich. 30th Jud. Dist. 2010).

Regulation to be the Rehabilitator of the Defendant. In addition, the Defendant had not filed a financial statement with the Commission since the 2010 calendar year.

By letter of James Gerber, Deputy Rehabilitator for the Defendant, dated October 2, 2013, the Commission was advised that the Defendant wishes to withdraw its license to transact the business of insurance in Virginia.

The withdrawal of the Defendant's license has been processed by the Bureau of Insurance ("Bureau") effective October 15, 2013.

In light of the foregoing the Bureau has recommended that the Order entered by the Commission be vacated and this case closed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order entered by the Commission should be vacated.

Accordingly, IT IS ORDERED THAT:

(1) The Order entered by the Commission is hereby VACATED.

(2) This case is hereby DISMISSED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2010-00154
MAY 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company is in a condition that any further transaction of business in this Commonwealth would be hazardous to its policyholders, creditors and public in this Commonwealth.

Professional Liability Insurance Company of America, a foreign corporation domiciled in the state of New York ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on May 5, 1958.

On April 30, 2010, the Supreme Court of the State of New York, County of New York, issued an Order of Rehabilitation against the Defendant and appointed the Superintendant of Insurance of the state of New York as the rehabilitator.[1] In addition, on November 5, 2010, the Commission entered an Order Suspending License against the Defendant for failing to file its 2009 Audited Financial Report.[2] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on March 31, 2011.

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 be revoked.

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the State Corporation Commission shall enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before May 20, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the State Corporation Commission with respect to the proposed revocation of the Defendant's license.

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[1] *In the Matter of the Application of James J. Wrynn*, Index No. 400986/10.

[2] *See* Order Suspending License entered in this docket, 2010 S.C.C. Ann. Rept. 165 (Nov. 5, 2010).

CASE NO. INS-2010-00154
JUNE 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered May 10, 2013 ("May 10 Order"),[1] Professional Liability Insurance Company of America, a New York domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to May 20, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before May 20, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The May 10 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Rehabilitation entered against the Defendant on April 30, 2010, by the Supreme Court of the State of New York, County of New York.[2] In addition, on November 5, 2010, the Commission entered an Order Suspending License against the defendant for failing to file its 2009 Audited Financial Report.[3] Subsequently, the Defendant's Virginia corporate certificate of authority was revoked on March 31, 2011.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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[1] Doc. Con. Cen. No. 130540225.

[2] *In the Matter of the Application of James J. Wrynn*, Index No. 400986/10.

[3] *See* Order Suspending License entered in this docket, 2010 S.C.C. Ann. Rept. 165 (Nov. 5, 2010).

CASE NO. INS-2011-00211
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PMI INSURANCE COMPANY,
Defendant

FINAL ORDER

PMI Insurance Company ("Defendant"), a foreign corporation domiciled in the state of Arizona, was initially licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") on June 2, 1997.

By Order Suspending License ("Order") entered by the State Corporation Commission ("Commission") on December 7, 2011, the Defendant was prohibited from issuing any new contracts or policies in the Commonwealth.[1] The Order was entered due to financial regulatory concerns of the Commission's Bureau of Insurance ("Bureau"), as well as the Arizona Department of Insurance issuing a Notice of Determination, Order for Supervision and Notice of Appeal to Rights ("Supervision Order") against the Defendant due to the Defendant's unsound financial condition.[2]

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[1] 2011 S.C.C. Ann. Rept. 193.

[2] *In re: PMI Mortgage Ins. Co. and PMI Ins. Co.*, Docket No. 11A-112-INS, Notice of Determination, Order for Supervision and Notice of Appeal Rights (Ariz. Dep't of Ins. Aug. 19, 2011).

By letter dated June 24, 2013, Truitte D. Todd, Special Deputy Receiver for the Defendant, informed the Commission that as a result of the Defendant's improved financial condition and substantial surplus the Supervision Order was abated by the Arizona Department of Insurance on May 6, 2013.[3]

In addition, the Defendant's March 31, 2013 and June 20, 2013 Quarterly Statements filed with the Bureau indicate that the Defendant is in compliance with the statutory minimum capital and surplus requirement. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be restored to good standing and that this case be closed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order entered by the Commission should be vacated.

Accordingly, IT IS ORDERED THAT:

(1) The Order Suspending License entered by the Commission on December 7, 2011, is hereby VACATED.

(2) This case is closed, and the papers herein shall be placed in the file for ended causes.

[3] *In re: PMI Mortgage Ins. Co. and PMI Ins. Co.*, Docket No. 11A-112-INS, Order Abating Supervision for Respondent PMI Ins. Co. (Ariz. Dep't of Ins. May 7, 2013).

CASE NO. INS-2012-00071
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VESPERS FINANCIAL, LLC,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-6002 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any viatical settlement provider to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the viatical settlement provider no longer meets the requirements for licensure as a viatical settlement provider in the Commonwealth. Section 38.2-6002 of the Code also provides that the Commission may suspend or revoke the license of any viatical settlement provider when the viatical settlement provider has violated any provisions of Chapter 60 of Title 38.2 of the Code.

Section 38.2-6002 of the Code requires that prior to the issuance of a license to act as a viatical settlement provider the Commission must find that the applicant, if it is a nonresident limited liability company, has furnished proof of its authority to transact business in the Commonwealth. In addition, §§ 38.2-6004 and 38.2-6011 of the Code require that a licensed viatical settlement provider must, on or before March 1 of each year, file with the Commission an annual report and anti-fraud certification.

Vespers Financial, LLC, is a nonresident limited liability corporation domiciled in Washington, D.C. ("Defendant") that was licensed by the Commission to act as a viatical settlement provider in the Commonwealth. On January 31, 2012, the Defendant's certificate of authority to transact business in the Commonwealth was cancelled. In addition, the Defendant failed to timely file its 2011 annual report and anti-fraud certification with the Commission.

On June 14, 2012, the Commission entered an Order Suspending License ("Order") against the Defendant prohibiting the Defendant from acting as a viatical settlement provider in the Commonwealth until further order of the Commission. The Order was entered due to the cancellation of the Defendant's certificate of authority to transact business in the Commonwealth and the Defendant's failure to timely file its 2011 annual report and anti-fraud certification with the Commission.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the State Corporation Commission shall enter an order subsequent to March 7, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 7, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the State Corporation Commission with respect to the proposed revocation of the Defendant's license.

CASE NO. INS-2012-00071
APRIL 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VESPERS FINANCIAL, LLC,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered February 14, 2013, Vespers Financial, LLC, a nonresident limited liability corporation domiciled in Washington, D.C. ("Defendant"), licensed by the State Corporation Commission ("Commission") to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to March 7, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before March 7, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The Order to Take Notice was entered upon the recommendation of the Bureau of Insurance ("Bureau") due to the cancellation of the Defendant's certificate of authority to transact business in the Commonwealth, the Defendant's failure to timely file its 2011 annual report and anti-fraud certification with the Commission, and an Order Suspending License entered by the Commission against the Defendant on June 14, 2012.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance as a viatical settlement provider in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance as a viatical settlement provider in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in the Commonwealth are hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth of Virginia.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00095
FEBRUARY 12, 2013

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

Ex Parte: In the matter of Establishing Fees for the Licensing and Renewal Licensing for Public Adjusters

FINAL ORDER

Pursuant to Chapter 735 of the 2012 Virginia Acts of Assembly, codified at §§ 38.2-812 through 38.2-815, 38.2-1824, and 38.2-1845.1 through 38.2-1845.23 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to license public adjusters effective January 1, 2013, as well as prescribe the fees for licensing, examination, and the continuing education process.

The Commission's Bureau of Insurance ("Bureau") submitted to the Commission proposed fees in the amount of Two Hundred Fifty Dollars ($250) for the initial licensing of public adjusters and for biennial renewal.

Pursuant to § 12.1-28 of the Code, on May 31, 2012, the Commission issued an Order for Notice and Comment on the proposed fees. All such comments, objections, or requests for a hearing were to be filed on or before July 31, 2012. Comments were received from Goodman-Gable-Gould Adjusters International on July 16, 2012; Nationwide Mutual Insurance Company on July 31, 2012; and Property Casualty Insurers Association of America on July 31, 2012. The Bureau filed a response to the comments on August 22, 2012.

NOW THE COMMISSION, upon consideration of the applicable law and the comments filed herein, is of the opinion and finds that the proposed Two Hundred and Fifty Dollar ($250) fee for the licensing and renewal of public adjusters in the Commonwealth of Virginia is fair and equitable and should be enforced.

Accordingly, IT IS ORDERED THAT:

(1) As of the date of this Final Order, the fee for licensing and renewal of public adjusters in the Commonwealth of Virginia is Two Hundred and Fifty Dollars ($250).

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00132
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE CAPITAL SOLUTIONS, LLC,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-6002 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any viatical settlement provider to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the viatical settlement provider no longer meets the requirements for licensure as a viatical settlement provider in the Commonwealth. Section 38.2-6002 of the Code also provides that the Commission may suspend or revoke the license of any viatical settlement provider when the viatical settlement provider has violated any provisions of Chapter 60 of Title 38.2 of the Code.

Section 38.2-6002 of the Code requires that prior to the issuance of a license to act as a viatical settlement provider the Commission must find that the applicant, if it is a nonresident limited liability company, has furnished proof of its authority to transact business in the Commonwealth. Also pursuant to § 38.2-6002, a licensed viatical settlement provider must file an annual renewal application. In addition, §§ 38.2-6004 and 38.2-6011 of the Code require that a licensed viatical settlement provider must, on or before March 1 of each year, file with the Commission an annual report and anti-fraud certification.

Progressive Capital Solutions, LLC ("Defendant"), is a nonresident limited liability corporation domiciled in New York that was licensed by the Commission to act as a viatical settlement provider in the Commonwealth. On April 1, 2012, the Defendant's certificate of authority to transact business in the Commonwealth was cancelled. In addition, the Defendant failed to timely file its 2011 renewal application, annual report, and anti-fraud certification with the Commission.

On July 30, 2012, the Commission entered an Order Suspending License ("Order") against the Defendant prohibiting the Defendant from acting as a viatical settlement provider in the Commonwealth until further order of the Commission. The Order was entered due to the cancellation of the Defendant's certificate of authority to transact business in the Commonwealth and the Defendant's failure to timely file its 2011 renewal application, annual report, and anti-fraud certification with the Commission.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the State Corporation Commission shall enter an order subsequent to March 7, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 7, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the State Corporation Commission with respect to the proposed revocation of the Defendant's license.

CASE NO. INS-2012-00153
FEBRUARY 11, 2013

PETITION OF
ROANOKE AIRPORT TRANSPORTATION SERVICES, INC.

For a review of a decision by the National Council on Compensation Insurance pursuant to § 38.2-1923 of the Code of Virginia

FINAL ORDER

On June 15, 2012, Roanoke Airport Transportation Services, Inc. ("Petitioner"), 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 § 38.2-1923 of the Code of Virginia. In its Petition, the Petitioner appeals the decision by NCCI to classify it as a limousine company, nonscheduled, Class Code 7370, rather than a bus company, Class Code 7382. This classification decision ultimately affects the costs of the Petitioner's workers' compensation insurance premiums.

By Order Scheduling Hearing entered July 2, 2012, the Commission, among other things, docketed the Petition, assigned the matter to a Hearing Examiner for further proceedings, and scheduled an evidentiary hearing.

On October 25, 2012, the hearing was convened. The Petitioner presented the testimony of Wayne Roberts, the president of the Petitioner; Jay Boram, the Petitioner's general manager; and Jill Brooks, an insurance agent and consultant for BB&T Insurance Services. NCCI presented the testimony of Richard A. Burnette, regional field operations team leader for NCCI.

On December 21, 2012, the Hearing Examiner issued his report, which thoroughly summarized the factual and procedural history of the case, as well as the evidence and arguments presented at the hearing. The Hearing Examiner recommended that the Commission enter an order (i) adopting the findings in his report; (ii) reversing the NCCI reclassification of the Petitioner from Class Code 7382 to Class Code 7370; and (iii) dismissing the case.

On January 17, 2013, the Petitioner filed comments to the Hearing Examiner's Report expressing its support of the Hearing Examiner's recommendations. Also on January 17, 2013, NCCI filed notice that it would not file comments to the Hearing Examiner's report.

NOW THE COMMISSION, upon consideration of the record in its entirety, including the Petition, the evidence and exhibits presented at the hearing, the Hearing Examiner's Report and comments thereon, and the applicable law, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings of the Hearing Examiner's Report are ADOPTED.

(2) The Petition of Roanoke Airport Transportation Services, Inc., for review of a decision by the National Council on Compensation Insurance pursuant to § 38.2-1923 of the Code of Virginia is hereby GRANTED.

(3) The case is dismissed from the State Corporation Commission's docket of active cases, and the papers herein shall be passed to the file for ended causes.

CASE NO. INS-2012-00196
MARCH 13, 2013

PETITION OF
THOMAS MICHAEL KNASEL
and
ANNE L. KNASEL

For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal

FINAL ORDER

On December 20, 2011, the Circuit Court of the City of Richmond entered an order in Case No. CL11-5660-RDT appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title"). On the same date, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Jacqueline K. Cunningham, Commissioner of Insurance for the Commission's Bureau of Insurance, as Deputy Receiver ("Deputy Receiver"), in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[1] Pursuant to her grant of authority, the Deputy Receiver in her Second Directive Adopting Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Southern Title.

On August 22, 2012, Thomas Michael Knasel and Anne L. Knasel ("Petitioners") filed with the Clerk of the Commission a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") contesting the Deputy Receiver's denial of coverage in connection with Southern Title Owner's Title Policy No. H92-217843 ("Policy").

By Order dated August 28, 2012, 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 21, 2012.

On September 18, 2012, the Deputy Receiver filed an Answer, Motion to Dismiss, and Memorandum in Support of Motion to Dismiss ("Motion"), requesting that the Commission deny the Petition and affirm the Deputy Receiver's Determination of Appeal. In support of the Motion, the Deputy Receiver stated that the Petition had not been filed within thirty (30) days following the date of the Deputy Receiver's Determination of Appeal, as required by the Receivership Appeal Procedure ("RAP"). In addition to this procedural issue, the Deputy Receiver asserted that the Petitioners' request for coverage of a claim under the Policy for a loss resulting from a neighboring landowner's claim to ownership of a portion of the Petitioners' property was properly denied because a survey meeting minimum Virginia regulatory and industry standards would have revealed the overlapping boundary lines at issue, and the Policy did not insure against loss or damage arising from matters discoverable by an accurate physical survey of the premises.

On October 16, 2012, the Hearing Examiner issued her Report in which she recommended that the Motion be granted and the Petition denied because the Petition was not filed within thirty (30) days of the date upon which the Deputy Receiver's Determination of Appeal was made.

On October 25, 2012, the Petitioners filed a Motion for Reconsideration with Incorporated Memorandum of Law and an Opposition to Motion to Dismiss or, in the Alternative, Motion for Extension of Time with Incorporated Memorandum of Law, which requested that the Commission deem the Petition to have been timely filed due to the confusing and ambiguous nature of the filing deadline for a Petition for Review of Deputy Receiver's Determination of Appeal. The Petitioners also requested an extension of time to file their Petition to the extent that the Petition was found to have not been timely filed.

On November 5, 2012, the Deputy Receiver filed a Consolidated Response to (1) the Hearing Examiner's Report; (2) Petitioners' Motion for Reconsideration; and (3) Petitioners' Opposition to Motion to Dismiss ("Response"). Among other things, the Deputy Receiver stated in her Response that the deadline for filing a Petition for Review set forth in the RAP is absolute, and the Petitioners' argument that the deadline is confusing and ambiguous ultimately fails. In addition, the Deputy Receiver asserted that there are no grounds for the Commission to deviate from its past precedent to allow the Petitioners an extension to the appeal deadline.

[1] 2011 S.C.C. Ann. Rept. 200.

NOW THE COMMISSION, upon consideration of the record herein, is of the opinion that the Deputy Receiver's Determination of Appeal properly denied the Petitioners' claim pursuant to the Policy and accordingly there is no need to address the procedural issue. Thus, the Deputy Receiver's Determination of Appeal should be affirmed on the merits.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion is hereby GRANTED.

(2) The Deputy Receiver's Determination of Appeal in connection with Southern Title Owner's Title Policy No. H92-217843 is hereby AFFIRMED.

(3) The Petition of Thomas Michael Knasel and Anne L. Knasel for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED.

(4) The case is dismissed, and the papers herein shall be passed to the file for ended causes.

CASE NO. INS-2012-00229
JANUARY 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARCUS DANIEL SLATE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marcus Daniel Slate ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-512 A, 38.2-512 B, 38.2-1812.2, 38.2-1813, and 38.2-1822 of the Code of Virginia ("Code") 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; by causing or allowing to be affixed the signature of any other person to any document pertaining to the business of insurance without the written authorization of the person whose signature appears on such document; by failing to obtain a signed consent form from an applicant or policyholder who has been charged an administrative fee in addition to the premium for a contract of insurance; by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity and failing to account for such funds; 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 acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 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 tendered to the Commonwealth the sum of One Thousand Five Hundred Dollars ($1,500), waived his right to a hearing, agreed to the suspension of his license for a period of thirty (30) days from the date of entry of this Settlement Order, and agreed to be placed on probation for a period of three (3) years from the date of entry of this Settlement 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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The license of the Defendant will be suspended for a period of thirty (30) days from the date of entry of this Settlement Order.

(3) The Defendant will be placed on probation for a period of three (3) years from the date of entry of this Settlement Order.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00251
MARCH 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RAY BRADLEY PRICE
and
VIRGINIA'S PREFERRED INSURANCE AGENCY, INC.,
Defendants

FINAL ORDER

The Bureau of Insurance ("Bureau") of the State Corporation Commission ("Commission") conducted an investigation of Ray Bradley Price ("Price") and Virginia's Preferred Insurance Agency, Inc. ("Agency"), pursuant to § 38.2-1809 of the Code of Virginia ("Code").

The investigation concerned the solicitation, negotiation and sale of insurance by Price to businesses in and around the Commonwealth of Virginia ("Commonwealth"). Price has not held a license to transact the business of insurance in the Commonwealth since 2003. Originally licensed in 1994, Price surrendered his license in 1998 following allegations by the Bureau that he had falsified insurance documents by falsely indicating on insurance applications that the applicants maintained prior insurance. Although he regained his license in 2001, Price surrendered it again in 2003 following allegations by the Bureau that he had engaged in unlicensed activity between 1998 and 2001.

Based on the investigation, the Bureau alleges that Price solicited, negotiated, and sold commercial insurance to at least five small businesses in and around the Commonwealth between 2007 and 2010. In at least one instance, the Bureau alleges that Price instructed another licensed agent at the Agency to falsify an application by signing it even though Price had sold the policy.

Additionally, the Bureau alleges that Price failed to disclose and produce records for three of the Agency's bank accounts, including a premium account and a credit line. When the Bureau subsequently discovered these accounts, the Bureau's analysis revealed that Price used Eight Thousand Five Hundred Dollars ($8,500) in premiums deposited into the undisclosed premium account to pay business debts.

The Bureau further alleges that Price falsified insurance documents related to an application and update form for a commercial automobile policy by listing two drivers whom he knew were not affiliated with the applicant as drivers on the application and update form. On December 14, 2012, the Commission entered a Rule to Show Cause ("Rule") against Price and the Agency. The Rule, among other things, ordered Price and the Agency to file a responsive pleading to the Rule on or before January 11, 2013, and to appear at a hearing before the Commission on February 27, 2013. The Rule also assigned this matter to a Hearing Examiner to conduct all further proceedings.

As set forth in the Rule, the Bureau alleges that Price: (a) violated § 38.2-1822 of the Code by transacting the business of insurance without a license when he solicited, negotiated and sold insurance to at least five businesses; (b) violated § 38.2-1813 of the Code by mishandling premium funds when he used Eight Thousand Five Hundred Dollars ($8,500) of premium to pay business debts; (c) violated § 38.2-1809 of the Code by failing to comply with a Bureau request for business records when he failed to disclose business bank accounts in response to a Bureau request; and (d) violated § 38.2-512 (A) of the Code by making or allowing to be made false statements relating to the business of insurance for a benefit when Price (i) instructed another agent to sign a policy that he himself had sold, and (ii) when Price listed drivers, who were not affiliated with the applicant, on an application and update form for a commercial automobile insurance policy.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

After various continuations granted by the Hearing Examiner, on February 22, 2013, the Bureau, by counsel, filed a Motion for Ruling Recommending Entry of Settlement Order and Dismissal of Virginia's Preferred Insurance Agency, Inc. ("Motion"). Therein the Bureau stated that Price made an offer of settlement to resolve all the allegations in the Rule. As part of the settlement, the Agency would be dismissed as a party to this proceeding.

Specifically, without admitting to any violation of Virginia law, Price admits to the Commission's jurisdiction and authority to enter this Settlement Order. Having been advised of his right to a hearing in this matter, Price has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

(1) Waive his right to a hearing.

(2) Agree to cease and desist from any conduct that constitutes a violation of §§ 38.2-512 (A), 38.2-1809, 38.2-1813, and 38.2-1822 of the Code.

(3) Pursuant to § 38.2-220 of the Code, agree to be permanently enjoined from transacting the business of insurance in the Commonwealth and will not directly or indirectly own or control any insurance agency during the time period in which he is unlicensed unless otherwise authorized by the Commission.

(4) Agree not to be employed in any manner that requires an on-site presence at an agency or concerns client funds, client files, client interactions, management of licensed agents, supervision of licensed agents, or training of licensed agents during the time period in which Price is unlicensed unless otherwise authorized by the Commission.

The Bureau recommended that the Commission accept the offer of settlement pursuant to the authority granted the Commission in § 12.1-15 of the Code. On February 25, 2013, the Hearing Examiner issued a Report finding that the Motion should be granted.

NOW THE COMMISSION, upon consideration of this matter and of the Report of the Hearing Examiner, is of the opinion that we should adopt the terms of settlement as specified in the Motion.

Accordingly, IT IS ORDERED THAT:

(1) The offer of Ray Bradley Price in settlement of the matter set forth herein is hereby accepted. Ray Bradley Price shall comply with all terms and undertakings as set forth above.

(2) Virginia's Preferred Insurance Agency, Inc., hereby is dismissed as a party to this proceeding.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00252
JULY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRAHAM HUSTON MESSER,
Defendant

SETTLEMENT ORDER

The Bureau of Insurance ("Bureau") of the State Corporation Commission ("Commission") conducted an investigation of Graham Huston Messer ("Messer" or "Defendant"), pursuant to § 38.2-1809 of the Code of Virginia ("Code").

The investigation concerned Messer's unlicensed activity and misappropriation of insurance premiums from Virginia insureds. Messer surrendered his Virginia insurance license after a Bureau investigation revealed that he misrepresented the existence of coverage to a hauling business and misappropriated over Six Hundred Dollars ($600). The day after surrendering his license, Messer contracted to work as an insurance agent for a Florida insurance agency and moved to Florida.

While working as an agent in Florida, Messer sold insurance policies to Virginia insureds. He then collected several thousand dollars of premiums from these insureds; however, instead of remitting the premiums to the insurers, Messer misappropriated the premiums for his own use and caused the policies to cancel for non-payment. After the policies cancelled, he misrepresented to the insureds that their policies were still in force. Based on those misrepresentations he continued to receive and accept premiums and continued to misappropriate them for his own use.

On November 9, 2012, the Commission issued a Rule to Show Cause ("Rule") against Messer. The Rule alleges that Messer: (a) violated § 38.2-1822 of the Code by acting as an unlicensed insurance agent when he sold at least 19 insurance policies in Virginia after he surrendered his license; (b) violated § 38.2-1813 of the Code by failing to hold premiums in a fiduciary capacity when he accepted thousands of dollars of premiums from Virginia insureds and misappropriated the premiums for his own use; (c) violated § 38.2-512 A of the Code by making false statements relative to the business of insurance by misrepresenting to insurance consumers that they had coverage and issuing fraudulent certificates of insurance to support his misrepresentations; and (d) violated § 38.2-1812 of the Code by accepting commissions without holding a valid license when he accepted commissions for policies he sold to Virginia insureds after he surrendered his license and relocated to Florida. The Rule also assigned the case to a Hearing Examiner to conduct proceedings in this case on behalf of the Commission and file a final report.

Before the Commission issued the Rule, the United States District Court for the Western District of Virginia charged Messer in an indictment (Case No. DVAW312CR000023-001) that contains 13 counts of mail fraud ("Federal Proceeding"). The charges in the Federal Proceeding were based, in part, on the same conduct that comprises the allegations in the Rule.

The Federal Proceeding resolved in a plea agreement and judgment was entered June 11, 2013 ("Federal Judgment Order"). Pursuant to the Federal Judgment Order, Messer pled guilty to one count of embezzling and misappropriating money while engaged in the business of insurance in violation of 18 U.S.C. §1033(b)(1). In addition, Messer will be committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of seven months and ordered to pay a total of $60,019.82 in restitution to all of the victims referenced in the Rule and additional victims discovered during the Federal Proceeding.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-220, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, issue permanent injunctions, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the violations as alleged in the Rule.

After various continuances granted by the Hearing Examiner assigned to this case, the Bureau filed a Motion for Ruling Recommending Entry of Settlement Order on June 28, 2013. Therein the Bureau states that Messer has made an offer of settlement to resolve all the allegations in the Rule.

Specifically, Messer admits to the Commission's jurisdiction and authority to enter this Settlement Order. Having been advised of his right to a hearing in this matter, Messer has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings: (1) waive his right to a hearing; (2) agree to make restitution as ordered by the United States District Court for the Western District of Virginia as part of the resolution to Case No. DVAW312CR000023-001 as memorialized in the Federal Judgment Order; and (3) agree to be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia pursuant to § 38.2-220 of the Code.

The Bureau has recommended that the Commission accept Messer's offer of settlement pursuant to the authority granted the Commission in § 12.1-15 of the Code. The Report of A. Ann Berkebile, Hearing Examiner, filed July 2, 2013, recommends that the Commission accept the Settlement, dismiss the Rule, and pass the papers filed in this case to the file for ended causes.

NOW THE COMMISSION, upon consideration of this matter and the Hearing Examiner's Report, is of the opinion that Messer's offer should be accepted and that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall be permanently enjoined from transacting in the business of insurance in the Commonwealth of Virginia pursuant to § 38.2-220 of the Code.

(3) The Defendant shall comply with the restitution as ordered by the United States District Court for the Western District of Virginia as part of the resolution to Case No. DVAW312CR000023-001 as memorialized in the Federal Judgment Order.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00259
FEBRUARY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CLARA PORTILLO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Clara Portillo ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 3 8.2-512, 38.2-1812, and 38.2-1822 of the Code of Virginia ("Code") 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; by receiving commissions from an insurer for services as an agent prior to becoming licensed and appointed; and by acting as an agent of an insurer without first obtaining a license in the mariner and form prescribed by the Commission.

The Commission is authorized by §§ 38.2-218, 38 .2-219, and 38.2-1831 of the Code 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 January 14, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512, 38.2-1812, and 38.2-1822 of the Code 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; by receiving commissions from an insurer for services as an agent prior to becoming licensed and appointed; and by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00259
FEBRUARY 28, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CLARA PORTILLO,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Order Revoking License entered herein February 15, 2013, is hereby vacated.

CASE NO. INS-2012-00284
MARCH 29, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRAMERCY INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") 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 public in this Commonwealth.

Gramercy Insurance Company, a foreign corporation domiciled in the state of Texas ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Order entered herein December 17, 2012, the Defendant was ordered to eliminate the impairment in its surplus, restore the same to at least $3,000,000, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before February 28, 2013.

As of the date of this Order, the Defendant has failed to eliminate the impairment in its surplus.

The Bureau has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in the Commonwealth be suspended.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to April 8, 2013, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before April 8, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation 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-2012-00284
MAY 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRAMERCY INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered March 29, 2013,[1] the Defendant was ordered to take notice that the State Corporation Commission ("Commission") would suspend the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before April 8, 2013, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

The Order to Take Notice was entered due to the Defendant's failure to eliminate the impairment in its surplus, restore the same to at least $3,000,000, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before February 28, 2013.

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.

Accordingly, IT IS 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.

(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.

[1] Doc. Con. Cen. No. 130350022.

CASE NO. INS-2012-00284
OCTOBER 21, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRAMERCY INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), 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 ("Virginia") whenever the Commission finds that the company has violated any law of the Commonwealth of Virginia.

Gramercy Insurance Company, a foreign corporation domiciled in the state of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in Virginia on October 1, 2003. However, the Commission entered an Order Suspending License[1] against the Defendant on May 22, 2013, based upon the Defendant's failure to comply with Virginia's minimum surplus requirement.[2]

On August 26, 2013, the District Court of Travis County, Texas, entered an Order Appointing Liquidator and Permanent Injunction.[3] In addition, the Defendant's Virginia corporate certificate of authority has not been in good standing as of September 1, 2013, due to the Defendant's failure to file its 2013 annual report and pay its 2013 annual registration fee.

[1] Doc. Con. Cen. No. 130560036.

[2] In addition, the Commission entered an Impairment Order against the Defendant on December 17, 2012. Doc. Con. Cen. No. 121220151.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to October 31, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before October 31, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[3] *Texas v. Gramercy Ins. Co.*, Cause No. D-1-GV-12-001713, Order Appointing Liquidator and Permanent Injunction (Dist. Ct. Travis County Aug 26, 2013).

CASE NO. INS-2012-00284
NOVEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRAMERCY INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered October 21, 2013 ("October 21 Order"), Gramercy Insurance Company, a Texas domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to October 31, 2013, revoking the license of the Defendant unless on or before October 31, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

The October 21 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order Appointing Liquidator and Permanent Injunction entered against the Defendant on August 26, 2013, by the District Court of Travis County, Texas.[1] In addition, the Defendant's Virginia corporate certificate of authority has not been in good standing as of September 1, 2013, due to the Defendant's failure to file its 2013 annual report and pay its 2013 annual registration fee.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

[1] *Texas v. Gramercy Ins. Co.*, Cause No. D-1-GV-12-001713, Order Appointing Liquidator and Permanent Injunction (Dist. Ct. Travis County Aug. 26, 2013).

CASE NO. INS-2012-00286
JANUARY 16, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOHN DAVID SHOVER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John David Shover ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1813 of the Code of Virginia ("Code") by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity and failing to account for such funds, 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 §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 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 and agreed to be permanently enjoined from transacting the business of insurance in the Commonwealth.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant is permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00287
FEBRUARY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CYNTHIA K . MCNAMEE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cynthia K. McNamee ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1826 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report within thirty (30) calendar days to the Commission and to every insurer for which she is appointed a change in her residence address.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 December 17, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and 38.2-1826 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report within thirty (30) calendar days to the Commission and to every insurer for which she is appointed a change in her residence address.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to two (2) years from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2012-00289
SEPTEMBER 10, 2013

PETITION OF
TRENA NICHELLE CLARK

For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal

FINAL ORDER

On December 20, 2011, the Circuit Court of the City of Richmond entered an order in Case No. CL11-5660-RDT appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title"). On the same date, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Jacqueline K. Cunningham, Commissioner of Insurance for the Commission's Bureau of Insurance, as Deputy Receiver ("Deputy Receiver"), in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[1] Pursuant to her grant of authority, the Deputy Receiver in her Second Directive Adopting Receivership Appeal Procedure[2] established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Southern Title.

On December 19, 2012, Trena Nichelle Clark ("Petitioner"), by counsel, filed a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") with the Commission contesting the Deputy Receiver's denial of coverage made in connection with a Policy of Title Insurance ("Policy") issued by Southern Title, Claim No. 2012-140. Among other things, the Petitioner states that the Policy shows on its face that it insures her as the sole owner in fee simple of property located in Chesapeake, Virginia ("Property"), and that Southern Title, as the issuer of the Policy, is liable to her for any deficiency in title to the Property less than sole ownership in fee simple.

By Order dated January 22, 2013, 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 February 18, 2013.

On February 14, 2013, the Deputy Receiver filed a Motion to Dismiss and Memorandum in Support of Motion to Dismiss ("Motion"). In support of her Motion, the Deputy Receiver argued, among other things, that the Petitioner has only one-half interest in the Property, that she was not the sole owner and, as a matter of law, cannot claim that she is entitled to coverage under the Policy. The Deputy Receiver argued that the Petitioner is attempting to claim insurance coverage for a property interest that she admittedly never had and that specific exceptions, exclusions, and conditions and stipulations in the Policy preclude her from any claims.

The Petitioner did not file a response to the Deputy Receiver's Motion.

On April 11, 2013, the Hearing Examiner issued his Report in which he recommended that the Deputy Receiver's Motion be granted. In support of his recommendation, the Hearing Examiner stated that the terms of the Policy govern the outcome of this case.[3] He explained that Southern Title issued the Policy with specific exceptions, exclusions, and conditions and stipulations. Among these are Exclusion 3(a), which excludes from coverage "Defects, liens, encumbrances, adverse claims or other matters: (a) created, suffered, assumed or agreed to by the insured claimant," and Exception 10, which states that the Policy does not provide insurance for damage or loss arising from "[p]ossible outstanding interest, if any, of the heirs of Sara [sic] Speight McGlone."[4]

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[1] 2011 S.C.C. Ann. Rept. 200.

[2] The Second Directive Adopting Receivership Appeal Procedure is available at: http://www.southerntitle.com/Documents.htm.

[3] Report at 4 (stating that "'Insurance policies are to be construed according to their terms and provisions and are to be considered as a whole.'" *White Tire Distributors, Inc. v. Pennsylvania Nat. Mutual Ins. Co.*, 235 Va. 439, 441, 367 S.E.2d 518, 519 (1988) (quoting *Central Surety & Indemnity Corp. v. Elder*, 204 Va. 192, 197, 129 S.E.2d 651, 655 (1963)); *Greenbaum v. Travelers Ins. Co.*, 705 F. Supp. 1138, 1141 (E.D. Va. 1989)).

[4] Report at 5; Memorandum in Support of Motion to Dismiss at Exhibit 1.

The Hearing Examiner found that at the time Petitioner purchased the Property, there was an existing cloud on the title to the Property.[5] He found that the Policy does not insure that Petitioner is the sole owner of the entire Property but only insures her fee simple interest in the portion of the Property she purchased from Linda Ann Speight. He explained that Petitioner is one-half owner of a fee simple estate in the Property, and the other one-half interest is owned by the heirs of Sarah Speight McGlone.[6]

The Hearing Examiner recommended that the Commission enter an order adopting his findings and dismissing the Petition with prejudice. He allowed for a 21-day comment period on the Report.[7]

On May 1, 2013, the Petitioner, by counsel, filed objections to the Hearing Examiner's Report, contending that she had no actual knowledge of the McGlone interest in the Property until the Petitioner attempted to sell it.[8] The Petitioner admitted that the Property deed, "when read by a person educated in the nuances of title law in Virginia, reveals the McGlone interest" but that Southern Title "worded the policy so that an innocent citizen, not learned in the intricacies of title law, would agree to purchase this [P]roperty."[9] The Petitioner requested that the Commission deny the Deputy Receiver's Motion and requested a hearing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the terms of the Policy govern the outcome of this case. While the Deputy Receiver's Motion admits the truth of all properly pleaded material facts, it does not admit the correctness of the Petitioner's conclusions of law.[10] Further, when deciding the Motion, we may exclude from consideration those "factual allegations contradicted by the terms of authentic, unambiguous documents that properly are a part of the pleadings."[11] We also note that we must construe a contract as written and as a whole, harmonizing all parts where possible.[12]

The Petitioner and Deputy Receiver do not disagree as to the wording of the Petitioner's Policy. The disagreement concerns the interpretation of the Policy terms. The Petitioner acknowledges that the Policy contains Exception 10 but claims that Schedule A of the Policy, stating "Title is vested in: Trena N. Clark," was untrue because the Property was vested in both the Petitioner and the heirs of Sarah Speight McGlone.[13] However, Schedule A also describes the land to which the Policy applies as, "It being the same property conveyed to Trena N. Clark, by Deed from Linda Ann Speight, dated October 30, 2001, recorded November 2, 2001, in the Clerk's Office of the Circuit Court of the City of Chesapeake, Virginia, in Deed Book 4418, Page 49."[14] The Policy is clear that it covers the Property owned by Linda Ann Speight, as described in a particular deed, and conveyed to the Petitioner.

In essence, the Petitioner's claim is based not on these material facts but on her assertion that she misunderstood the extent of the Property she was purchasing. She admits that the Property deed, "when read by a person educated in the nuances of title law in Virginia, reveals the McGlone interest" and that "The McGlone interest was a then-existing, actual cloud on [the Petitioner's] title."[15] The terms of the Policy itself are not in dispute. Therefore the material facts of this case are not in dispute and a hearing is not necessary for their determination.[16] Accordingly, we are of the opinion and find that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of Trena Nichelle Clark for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice.

(2) The Deputy Receiver's Motion to Dismiss is hereby GRANTED.

(3) This case is dismissed, and the papers herein are passed to the file for ended causes.

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[5] Report at 6.

[6] Report at 7.

[7] Report at 8.

[8] Petitioner's Objections to Hearing Examiner's Final Report at 3.

[9] *Id*. at 2, 3.

[10] *Ward's Equipment v. New Holland North America, Inc*., 254 Va. 379, 382, 493 S.E.2d 516, 518 (1997) (quoting *Fox v. Custis*, 236 Va. 69, 71, 372 S.E.2d 373, 374 (1988)).

[11] *Id*. at 382-383, 493 S.E.2d at 518 (citing *Fun v. Virginia Military Inst*., 245 Va. 249, 253, 427 S.E.2d 181, 183 (1993)).

[12] *Id*. at 384, 493 S.E.2d at 519 (citing *Associated Truck Lines, Inc. v. Baer,* 346 Mich. 106, 77 N.W.2d 384, 386 (Mich. 1956); *Paramount Termite Control Co. v. Rector*, 238 Va. 171, 174, 380 S.E.2d 922, 925 (1989)).

[13] Petitioner's Objections to Hearing Examiner's Final Report at 2.

[14] Memorandum in Support of Motion to Dismiss at Exhibit 1.

[15] Petitioner's Objections to Hearing Examiner's Final Report at 2.

[16] *See, e.g., Callaway v. Virginia Elec. and Power Co*., Case No. PUE-2006-00030, 2006 S.C.C. Ann. Rept. 403, 404 at n.3 (stating that payment history and other incidents were the material facts that were undisputed and therefore a hearing was not necessary for their determination).

CASE NO. INS-2013-00004
JANUARY 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HAROON BINWALEE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Haroon Binwalee ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar 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 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 December 3, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW 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 by failing to report to the Commission within thirty (30) calendar 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.

Accordingly, 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 are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00005
JANUARY 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICHARD LEONARD ATKINSON, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Leonard Atkinson, Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C and subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days administrative actions that were taken against him by the states of Georgia, Delaware, and Kansas, 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 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 December 10, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW 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 by failing to report to the Commission within thirty (30) calendar days administrative actions that were taken against him by the states of Georgia, Delaware, and Kansas, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, 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 are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00006
FEBRUARY 11, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DANIEL R. MIGNONE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel R. Mignone ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days an administrative action that was taken against him by the Financial Industry Regulatory Authority.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 November 6, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within thirty (30) calendar days an administrative action that was taken against him by the Financial Industry Regulatory Authority.

Accordingly, 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 are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00007
JANUARY 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TONI CARITHERS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Toni Carithers ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") 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 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 December 10, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

Accordingly, 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 are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth of Virginia as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00008
FEBRUARY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NICHOLAS STRUVE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nicholas Struve ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, 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 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 October 11, 2012, and December 20, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00009
JANUARY 17, 2013

APPLICATION OF
BUILDING INDUSTRY INSURANCE ASSOCIATION, INC.

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By application filed with the State Corporation Commission ("Commission") on January 11, 2013, Building Industry Insurance Association, Inc. ("Petitioner"), a Virginia domiciled insurer, requested approval of an assumption reinsurance agreement via a loss portfolio transfer for the transfer of its home protection insurance contracts to Bankers Insurance Company, a Florida domiciled insurer, pursuant to § 38.2-136 of the Code of Virginia ("Code").

Pursuant to § 38.2-136 C of the Code, the Petitioner has waived its rights to a hearing and requested that the Commission waive the policyholder consent to this transaction required by § 38.2-136 B of the Code because the transfer of the policies is in the best interest of the policyholders due to the current financial condition of the Petitioner.

The Bureau of Insurance ("Bureau") has reviewed the transaction to ensure that policyholders will not lose any claims or rights under their original policies. The Bureau, having reviewed the application, has recommended that the application be approved.

NOW THE COMMISSION, having considered the application, the recommendation of the Bureau that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved.

Accordingly, IT IS ORDERED THAT the application of Building Industry Insurance Association, Inc., for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia is hereby APPROVED.

CASE NO. INS-2013-00010
SEPTEMBER 10, 2013

PETITION OF
DONALD DAVID DERZAVIS

For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal

FINAL ORDER

On December 20, 2011, the Circuit Court of the City of Richmond entered an order in Case No. CL11-5660-RDT appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title"). On the same date, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Jacqueline K. Cunningham, Commissioner of Insurance for the Commission's Bureau of Insurance, as Deputy Receiver ("Deputy Receiver"), in accordance with Title 38.2, Chapter 15 of the Code of Virginia.[1] Pursuant to her grant of authority, the Deputy Receiver in her Second Directive Adopting Receivership Appeal Procedure[2] established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Southern Title.

On January 11, 2013, Donald David Derzavis ("Petitioner"), by counsel, filed a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") with the Commission contesting the Deputy Receiver's denial of coverage made in connection with a Policy of Title Insurance ("Policy") issued by Southern Title, Claim No. 2011-31. The Policy insured a second mortgage ("Second Mortgage") held by the Petitioner on property owned by the North Cape - Del Prado Extension Land Trust ("Trust").

In July 2008, Robert Gerrero, the Trustee of the Trust, filed a lawsuit ("Gerrero Suit") in Florida against the Petitioner seeking a declaration that the Second Mortgage was a nullity and seeking rescission of the insured Second Mortgage. Southern Title initially denied the Petitioner's claim for defense and indemnity, but it subsequently reversed that decision and accepted the defense of the Gerrero Suit under a full reservation of rights and agreed to defense counsel of Petitioner's choice.

Prior to the start of the trial, the Petitioner requested that Southern Title consent to a settlement of the Gerrero Suit, waive any conditions of the Policy that prohibited the settlement, and agree that the Petitioner preserved all claims for coverage under the Policy. Southern Title did not consent to this proposal and in fact warned the Petitioner not to enter into an agreement to settle the Gerrero Suit without Southern Title's consent. The Petitioner ultimately settled the Gerrero Suit without Southern Title's consent.

By Order dated January 22, 2013, 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 February 19, 2013, the Deputy Receiver filed a Motion to Dismiss and Memorandum in Support of Motion to Dismiss ("Motion to Dismiss"). In support of her Motion to Dismiss, the Deputy Receiver argued, among other things, that: (1) the Petitioner failed to obtain Southern Title's consent to the settlement of the Gerrero Suit, in violation of the Policy; (2) the Petitioner's settlement of the Gerrero Suit precludes liability under the Policy because the settlement established the lien of the Second Mortgage; (3) the Petitioner's settlement of the Gerrero Suit without Southern Title's consent constitutes a failure to cooperate which bars recovery under the Policy; and (4) the Petition fails to state a claim under the Policy. In addition, the Deputy Receiver addressed the issue of whether the Policy was governed by Virginia or Florida law, arguing that Virginia substantive law controls in all receivership proceedings.

On March 29, 2013, the Petitioner, by counsel, filed a Response to Deputy Receiver's Motion to Dismiss requesting that the Commission deny the Deputy Receiver's Motion to Dismiss or, in the alternative, allow the Petitioner to supplement or amend his Petition to cure any defects.

On April 12, 2013, the Deputy Receiver filed a Reply Memorandum in Support of Motion to Dismiss.

On July 10, 2013, the Hearing Examiner issued his Report in which he recommended that the Petition be dismissed with prejudice and the Commission adopt the findings contained in his Report. In support of his recommendation, the Hearing Examiner found that: (1)

> Virginia substantive law should control in this case to avoid exposing the Southern Title receivership estate to a myriad of possibly conflicting state laws, to provide for the equitable payment of claims and distribution of the assets of the Southern Title estate among creditors and policyholders of the same class no matter where they may reside, and to provide for the orderly administration and wind down of the Southern Title estate;[3]

[1] 2011 S.C.C. Ann. Rept. 200.

[2] The Second Directive Adopting Receivership Appeal Procedure is available at: http://www.southerntitle.com/documents.htm.

[3] Hearing Examiner's Report at 21.

(2) the facts as alleged prove that the Petitioner violated Conditions 4(c), 4(d), 8(b), and 8(c) of the Policy; and (3) Exclusion 3(c) applies, and therefore Southern Title has no liability for the Petitioner's title insurance claim.[4] The Hearing Examiner also found that Southern Title had no liability for the Petitioner's claim for attorneys' fees.[5]

The Hearing Examiner recommended that the Commission adopt his findings and dismiss the Petition with prejudice. He advised that the parties had 21 days from the date of entry of his Report to file comments.[6] No comments on the Hearing Examiner's Report were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Virginia substantive law controls in this case and that Southern Title has no liability for the Petitioner's title insurance claim. First, while the Petitioner argues that Virginia's choice of law rules require the application of Florida law, and while Virginia law typically holds that the law of the place where an insurance contract is written and delivered controls as to issues of coverage, the fact that Southern Title is insolvent and in receivership in its domiciliary state, and the fact that the proceedings are fundamentally *in rem*, lead to the conclusion that the law of the domiciliary state in which the insurance company's insolvency matter is pending – in this case, Virginia – controls.[7] Further, the application of Florida law in this case would circumvent one of the purposes of state insurance receiverships: to treat all policyholders fairly and provide for the equitable payment of claims and distribution of the assets of the insurance company's estate among creditors and policyholders of the same class regardless of the state in which they reside.[8]

Second, although the Petitioner and Deputy Receiver do not contest the fact that the Petitioner settled the Gerrero Suit without Southern Title's prior written consent, the Petitioner and Deputy Receiver disagree as to whether the Petitioner satisfied the Policy's Conditions and Stipulations and, thus, whether Southern Title had a duty to defend and indemnify the Petitioner. The Petitioner argues that he was entitled to reject the defense provided by Southern Title under a reservation of rights and settle the Gerrero Suit. In contrast, the Deputy Receiver argues that because the Petitioner rejected Southern Title's defense and settled the Gerrero Suit, he voluntarily assumed liability for his purported loss and rid Southern Title of its obligation to indemnify the Petitioner under the Policy. We agree with the Hearing Examiner that conditions 4(c), 4(d), 8(b) and 8(c) and Exclusion 3(c) of the Policy support the Deputy Receiver's position that coverage of the Petitioner's title insurance claim was precluded by his settlement of the Gerrero Suit without Southern Title's prior written consent. Accordingly, we are of the opinion and find that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss is hereby GRANTED.

(2) The Petition of Donald David Derzavis for review of Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice.

(3) The case is dismissed, and the papers herein shall be passed to the file for ended causes.

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[4] *Id.* at 25.

[5] *Id.*

[6] *Id.*

[7] *Penn General Casualty Co. v. Pennsylvania,* 294 U.S. 189, 195-96 (1935); *Eden Financial Group, Inc. v. Fidelity Bankers Life Ins. Co.*, 778 F. Supp. 278, 281 (E.D. Va. 1991) (hereinafter "*Eden Financial*").

[8] *Eden Financial* at 283, *Jump v. Goldenhersh*, 474 F. Supp. 1306, 1313 (E.D. Mo. 1979), *affirmed* 619 F.2d 11 (8th Cir. 1980). See also *Petition of Thomas and Mary Porcella*, Case No. INS-2001-00268, Report of Hearing Examiner Michael D. Thomas at 3 (Jan. 29, 2002) (adopted by the State Corporation Commission, 2002 S.C.C. Ann. Rept. 68, Final Order (Apr. 2, 2002).

CASE NO. INS-2013-00022
JANUARY 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.,
Defendant

CONSENT ORDER

Universal Health Care Insurance Company, Inc. ("Defendant"), is a foreign corporation domiciled in the state of Florida and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"). Due to financial regulatory concerns, the Commission's Bureau of Insurance ("Bureau") has requested that the Defendant consent to the entry of an order prohibiting it from soliciting or issuing any new insurance policies or contracts in the Commonwealth until further order of the Commission.

By letter of Akshay M. Desai, M.D., the Defendant's President and Chief Executive Officer, dated December 19, 2012, the Defendant consented not to solicit or issue any new insurance policies or contracts in the Commonwealth until further order of the Commission.

In light of the foregoing, the Bureau has recommended that this Consent Order be entered in this matter.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that a Consent Order should be entered.

Accordingly, IT IS ORDERED THAT Universal Health Care Insurance Company, Inc., shall not solicit or issue new contracts or policies of insurance in the Commonwealth of Virginia until further order of the State Corporation Commission.

CASE NO. INS-2013-00022
JULY 3, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), 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 ("Commonwealth") whenever the Commission finds that the company has violated any law of this Commonwealth.

Universal Health Care Insurance Company, Inc., a foreign corporation domiciled in the state of Florida ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on May 14, 2010.

On January 31, 2013, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission. On March 22, 2013, the Circuit Court of Leon County, Florida, entered an Order of Liquidation against the Defendant.[1] Additionally, as of the date of this Order, the Defendant's annual corporate registration fee and annual report required by Title 13.1 of the Code are delinquent.

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 be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 16, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 16, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] *State of Florida, ex rel., the Department of Financial Services of the State of Florida v. Universal Health Care Insurance Company, Inc.,* Case No. 2013-CA-000358.

CASE NO. INS-2013-00022
JULY 23, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered July 3, 2013 ("July 3 Order"), Universal Health Care Insurance Company, Inc., a Florida domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to July 16, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before July 16, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of the Defendant's license.

The July 3 Order was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Order of Liquidation entered against the Defendant on March 22, 2013, by the Circuit Court of Leon County, Florida.[1] In addition, on January 31, 2013, the Commission entered a Consent Order against the Defendant prohibiting it from issuing any new contracts or policies of insurance until further order of the Commission. Further, the Defendant's annual corporate registration fee and annual report required by Title 13.1 of the Code of Virginia are delinquent.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

[1] *State of Florida, ex rel., the Department of Financial Services of the State of Florida v. Universal Health Care Insurance Company, Inc.,* Case No. 2013-CA-000358.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance in the Commonwealth are hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00024
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL R. VOLTS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael R. Volts ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") 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 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 January 9, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00025
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LARRY A. CHALMERS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Larry A. Chalmers ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days an administrative action that was taken against him by the state of Missouri.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 January 8, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within thirty (30) calendar days an administrative action that was taken against him by the state of Missouri.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00026
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KENNETH EARL LOTT, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kenneth Earl Lott, Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, 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 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 November 14, 2012, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00027
FEBRUARY 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TASHEANNA BARNES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tasheanna Barnes ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, 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 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 January 2, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and subsection 1 of 38.2-1831 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by providing materially incorrect, misleading, incomplete or untrue information in her license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00028
FEBRUARY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
OLD REPUBLIC SECURITY ASSURANCE COMPANY, INC.,
Defendant

CONSENT ORDER

Old Republic Security Assurance Company, Inc. ("Defendant"), is a foreign corporation domiciled in the state of Arizona and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"). Due to financial regulatory concerns, the Commission's Bureau of Insurance ("Bureau") has requested that the Defendant consent to the entry of an order prohibiting it from soliciting or issuing any new insurance policies or contracts in the Commonwealth until further order of the Commission.

By letter of William J. Dasso, Esquire, counsel for the Defendant, dated January 31, 2013, the Defendant consented not to solicit or issue any new insurance policies or contracts in the Commonwealth until further order of the Commission.

In light of the foregoing, the Bureau has recommended that this Consent Order be entered in this matter.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that a Consent Order should be entered.

Accordingly, IT IS ORDERED THAT Old Republic Security Assurance Company, Inc., shall not solicit or issue new contracts or policies of insurance in the Commonwealth of Virginia until further order of the State Corporation Commission.

CASE NO. INS-2013-00028
SEPTEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
OLD REPUBLIC SECURITY ASSURANCE COMPANY, INC.,
Defendant

FINAL ORDER

Old Republic Security Assurance Company, Inc. ("Defendant"), a foreign corporation domiciled in the state of Arizona, is licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth").

By Consent Order ("Order") entered February 15, 2013, the Defendant was prohibited from soliciting or issuing any new insurance policies or contracts in the Commonwealth until further order of the State Corporation Commission ("Commission").[1] The Order was entered due to the Defendant's surplus being below the $3 million minimum required by § 38.2-1028 of the Code of Virginia.

The Defendant's June 30, 2013 Quarterly Statement filed with the Commission's Bureau of Insurance ("Bureau") indicates that the Defendant is in compliance with Virginia's minimum capital and surplus requirement. The Bureau has recommended that the Defendant's license to transact the business of insurance be restored to good standing and that this case be closed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order entered by the Commission should be vacated.

[1] Doc. Con. Cen. No. 130210248.

Accordingly, IT IS ORDERED THAT:

(1) The Order entered by the Commission on February 15, 2013, is hereby VACATED.

(2) This case is hereby DISMISSED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00042
APRIL 2, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ARMED FORCES INSURANCE EXCHANGE,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Armed Forces Insurance Exchange ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-228 of the Code of Virginia ("Code") by failing to provide to the Commissioner of the Department of Motor Vehicles proof of future financial responsibility at the request of a named insured; violated § 38.2-305 A of the Code by failing to provide the information required by the statute in the insurance policy; violated §§ 38.2-604 A, 38.2-604 B, 38.2-604.1 A, 38.2-610 A, 38.2-1905 A, 38.2-2202 B, 38.2-2210 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1812 of the Code by paying commissions for services as an agent to persons who were not properly licensed and appointed; violated § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; violated §§ 38.2-510 A and 38.2-517 A of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Eighteen Thousand Seven Hundred Dollars ($18,700), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 12, 2012, and confirmed that restitution was made to 23 consumers in the amount of One Thousand Two Hundred Eleven Dollars and Twenty Cents ($1,211.20).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of Armed Forces Insurance Exchange in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00043
MARCH 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ULLICO CASUALTY COMPANY,
Defendant

IMPAIRMENT ORDER

ULLICO Casualty Company, a Delaware domiciled insurer ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), is required by § 38.2-1028 of the Code of Virginia ("Code") to maintain minimum capital of $1 million and minimum surplus of $3 million.

Section 38.2-1036 of the Code provides that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth while the impairment of the insurer's surplus exists.

The Annual Statement of the Defendant, dated December 31, 2012, and filed with the Commission's Bureau of Insurance, indicates surplus of negative $57,883,209, an impairment of surplus of $60,883,209.

Accordingly, IT IS ORDERED THAT:

(1) Within ninety (90) days of the date of this Order, the Defendant shall eliminate the impairment in its surplus, restore the same to at least $3 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of the Defendant's surplus exists and until further order of the Commission.

CASE NO. INS-2013-00043
AUGUST 6, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ULLICO CASUALTY COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") 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 public in this Commonwealth.

ULLICO Casualty Company, a foreign corporation domiciled in the state of Delaware ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order ("Impairment") entered herein March 20, 2013, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3 million and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer within 90 days of the date of entry of the Impairment.

As of the date of this Order, the Defendant has failed to eliminate the impairment in its surplus. In addition, on May 30, 2013, the Delaware Court of Chancery entered a Liquidation and Injunction Order with Bar Date against the Defendant.[1]

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to August 16, 2013, suspending the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before August 16, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o 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.

[1] *In re Rehab. of ULLICO Cas. Co.,* C.A. No. 8392-VCN, slip op. (Del. Ch. May 30, 2013).

CASE NO. INS-2013-00043
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ULLICO CASUALTY COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered herein August 6, 2013 ("August 6 Order"), Ullico Casualty Company, a Delaware corporation ("Defendant") licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to August 16, 2013, suspending the license of the Defendant unless on or before August 16, 2013, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

The August 6 Order was entered due to the Defendant's failure to eliminate the impairment in its surplus and restore the same to at least $3 million and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before

June 18, 2013. In addition, on May 30, 2013, the Delaware Court of Chancery entered a Liquidation and Injunction Order with Bar Date against the Defendant.[1]

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 its license.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the license of the Defendant to transact the business of insurance in the Commonwealth is hereby SUSPENDED.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth until further order of the Commission.

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth are hereby SUSPENDED.

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth until further order of the Commission.

(5) The Bureau of Insurance ("Bureau") 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 as notice of the suspension of such agent's appointment.

(6) The Bureau 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.

[1] *In re Rehab. of ULLICO Cas. Co.,* C.A. No. 8392-VCN, slip op. (Del. Ch. May 30, 2013).

CASE NO. INS-2013-00043
NOVEMBER 4, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ULLICO CASUALTY COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") whenever the Commission finds that the company has violated any law of the Commonwealth.

Ullico Casualty Company, a foreign corporation domiciled in the state of Delaware ("Defendant"), was licensed by the Commission to transact the business of insurance in Virginia. However, the Commission entered an Order Suspending License[1] against the Defendant on September 25, 2013, based upon the Defendant's failure to comply with Virginia's minimum surplus requirement.[2]

In addition, on May 30, 2013, the Delaware Court of Chancery entered a Liquidation and Injunction Order with Bar Date against the Defendant.[3]

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to November 15, 2013, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before November 12, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

[1] Doc. Con. Cen. No. 130920282.

[2] In addition, the Commission entered an Impairment Order against the Defendant on March 20, 2013. Doc. Con. Cen. No. 130330066.

[3] *In re Rehab. Of ULLICO Cas. Co.,* C.A. No. 8392-VCN, slip op. (Del. Ch. May 30, 2013).

CASE NO. INS-2013-00043
DECEMBER 16, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ULLICO CASUALTY COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("Order") entered November 4, 2013, Ullico Casualty Company, a Delaware domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to November 15, 2013, revoking the license of the Defendant unless on or before November 12, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

The Commission entered an Order Suspending License[1] against the Defendant on September 25, 2013, based upon the Defendant's failure to comply with Virginia's minimum surplus requirement.[2] In addition, On May 30, 2013, the Delaware Court of Chancery entered a Liquidation and Injunction Order with Bar Date against the Defendant.[3]

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in the Commonwealth be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance ("Bureau"), is of the opinion that the Defendant's license to transact the business of insurance in the Commonwealth should be revoked.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in the Commonwealth is hereby REVOKED.

(2) The Defendant shall transact no further business in the Commonwealth.

(3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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[1] Doc. Con. Cen. No. 130920282.

[2] In addition, the Commission entered an Impairment Order against the Defendant on March 20, 2013 (Doc. Con. Cen. No. 130330066).

[3] *In re Rehab. of ULLICO Cas. Co.,* C.A. No. 8392-VCN, slip op. (Del. Ch. May 30, 2013).

CASE NO. INS-2013-00050
MAY 14, 2013

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

Ex Parte: In the matter of Amending the Rules Governing Filing of Rates for Individual and Group Accident and Sickness Insurance

ORDER ADOPTING RULES

By Order to Take Notice entered March 29, 2013, all interested persons were ordered to take notice that subsequent to May 6, 2013, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the Commission's Rules Governing Filing of Rates for Individual and Group Accident and Sickness Insurance, 14 VAC 5-130-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-130-10, 14 VAC 5-130-30 through 14 VAC 5-130-70, and 14 VAC 5-130-90; add new Rules at 14 VAC 5-130-65, 14 VAC 5-130-75, and 14 VAC 5-130-81; repeal the Rules at 14 VAC 5-130-80; and add new forms. These amendments were proposed by the Bureau of Insurance ("Bureau"). The Order to Take Notice required that on or before May 6, 2013, any person objecting to the amendments to the Rules shall have filed a request for hearing with the Clerk of the Commission ("Clerk").

No request for a hearing was filed with the Clerk.

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the amendments to the Rules on or before May 6, 2013.

Comments were filed on May 6, 2013, by a representative from UnitedHealthcare Mid-Atlantic Health Plan concerning the proposed amendments to 14 VAC 5-130-40, 14 VAC 5-130-50 E 4, and 14 VAC 5-130-90 C. The Bureau considered these comments and responded to them by letter

dated May 9, 2013, and filed with the Clerk of the Commission. The Bureau recommends revisions to these proposed amendments as a result of the comments.

The Bureau also conducted an informational meeting on April 22, 2013, at which time interested parties and the public were able to address questions or comments to the Bureau. Based on comments and questions at this meeting, the Bureau recommends revisions to the proposed amendments at 14 VAC 5-130-60 subsections A and B to clarify that all rate submissions shall include all information required in SERFF (System for Electronic Rate and Form Filing) and that the actuarial memorandum contain the estimated average annual premium per policy and per anticipated member. Further, the Bureau recommends that subdivision D 1 of 14 VAC 5-130-81 be revised to eliminate the actuarial value requirement. Forms 130 A and 130 B were revised as well.

The amendments and revisions to Chapter 130 are necessary to implement the provisions of Chapter 679 of the 2013 Acts of Assembly. This legislation creates a new section, § 38.2-316.1 of the Code of Virginia, which requires the Commission to review and approve accident and sickness insurance premium rates applicable to health benefit plans issued in Virginia in the individual and small group markets and health benefit plans providing health insurance coverage in the individual market to residents of Virginia through a group trust, association, purchasing cooperative, or other group that is not an employer plan. Chapter 679 further requires the Commission to promulgate regulations to establish standards applicable to such review and approval. Accordingly, the scope of Chapter 130 has been expanded to include these additional rate review requirements and includes new definitions, filing requirements, minimum standards, loss ratios, risk pools and templates.

The Bureau recommends that these Rules be adopted as revised to be effective July 1, 2013.

NOW THE COMMISSION, having considered this matter, the comments filed, and the Bureau's recommendation to amend and revise the Rules, is of the opinion that the Rules should be adopted as amended and revised, effective July 1, 2013.

Accordingly, IT IS ORDERED THAT:

(1) The amendments and revisions to Chapter 130 of Title 14 of the Virginia Administrative Code entitled Rules Governing Filing of Rates for Individual and Group Accident and Sickness Insurance, 14 VAC 5-130-10 *et seq*., which amend the Rules at 14 VAC 5-130-10, 14 VAC 5-130-30 through 14 VAC 5-130-70, and 14 VAC 5-130-90; add new Rules at 14 VAC 5-130-65, 14 VAC 5-130-75, and 14 VAC 5-130-81; repeal the Rules at 14 VAC 5-130-80; and add new forms, which are attached hereto and made a part hereof, are hereby ADOPTED effective July 1, 2013.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted amended and revised Rules shall be sent by the Clerk of the Commission to Althelia P. Battle, Deputy Commissioner, Bureau of Insurance, State Corporation Commission, who forthwith shall give notice of the adopted amended and revised Rules by mailing a copy of this Order, including a clean copy of the Rules, to all companies licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, as well as all interested parties.

(3) The Commission's Division of Information Resources shall cause a copy of this Order, together with the adopted amended and revised Rules at 14 VAC 5-130-10 *et seq.*, 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 adopted amended and revised Rules at 14 VAC 5-130-10 *et seq.,* on the Commission's website: http://www.scc.virginia.gov/case.

(5) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

NOTE: A copy of the Attachment entitled "Rules Governing Filing of Rates for Individual and Group Accident and Sickness 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-2013-00052
MAY 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HOUSEHOLD LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Household Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in certain instances, violated §§ 38.2-316 B and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; violated § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading; violated § 38.2-510 A (6) of the Code by failing to make prompt, fair and equitable settlements of claims in which liability had become reasonably clear; violated § 38.2-511 of the Code by failing to maintain a complete record of complaints; violated §§ 38.2-610 A (1) and 38.2-610 A (2) of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; violated § 38.2-1812 A of the Code by paying a commission for services as an agent to a person who was not properly licensed and appointed; violated §§ 38.2-1833 A (1) and 38.2-1834 D of the Code by failing to comply

with agent licensing requirements; violated § 38.2-3115 B of the Code by failing to properly pay interest on life insurance proceeds; violated § 38.2-3731 A of the Code by failing to properly handle claims; violated 14 VAC 5-40-40 A (1) and 14 VAC 5-40-40 F (1) of the Commission's Rules Governing Life Insurance and Annuity Marketing Practices ("Rules"), 14 VAC 5-40-10 *et seq.*, by failing to maintain files and record documentation as required by the Commission;[1] and violated 14 VAC 5-400-30, 14 VAC 5-400-50 A, 14 VAC 5-400-50 C, 14 VAC 5-400-50 D, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Twenty Thousand Dollars ($20,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the corrective action plan contained in the Target Market Conduct Examination Report as of March 31, 2011.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of Household Life Insurance Company in settlement of the matter set forth herein is hereby accepted.

(2) Household Life Insurance Company shall cease and desist from any future violations of §§ 38.2-510 A (6), 38.2-610 A (1), 38.2-610 A (2), 38.2-1812 A, 38.2-1833 A (1), or 38.2-1834 D of the Code of Virginia, or 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

[1] The current version of these Rules is found at 14 VAC 5-41-10 *et seq.*

CASE NO. INS-2013-00059
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
INSURANCE BROKERS NETWORK, INC.,
Defendant

ORDER ON RECONSIDERATION

By Order Revoking License entered on April 22, 2013, the State Corporation Commission ("Commission") ordered, among other things, the revocation of the license of Insurance Brokers Network, Inc. ("Defendant"), to transact the business of insurance as an insurance agent in the Commonwealth of Virginia for violating § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days an administrative action that was taken against it by the state of Wisconsin.

On April 29, 2013, the Defendant filed a petition for reconsideration in which it requested that its license be reinstated.

By Order Granting Reconsideration ("May 3 Order") entered on May 3, 2013, the Commission granted reconsideration for the purpose of continuing our jurisdiction over this matter and considering the Defendant's request.

Subsequent to the entry of the May 3 Order, it was determined that the Defendant had timely provided the Bureau with the appropriate documentation in regards to the administrative action taken against it by the state of Wisconsin.

The Bureau has recommended that the Commission reinstate the Defendant's license pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, upon further reconsideration of this matter and having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license should be reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The Order Revoking License entered April 22, 2013, is VACATED.

(2) The offer of the Defendant in settlement of the matter set forth herein is accepted.

(3) The Defendant's license is REINSTATED.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00064
JUNE 6, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ACUITY NATIONAL REAL ESTATE SOLUTIONS, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Acuity National Real Estate Solutions, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 55-525.30 of the Code of Virginia ("Code") by performing settlements on Virginia property without being properly registered.

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Six Thousand Five Hundred Dollars ($6,500) and waived its right to a hearing.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00065
MAY 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ISAIAH SOLOMON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Isaiah Solomon ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the Financial Industry Regulatory Authority ("FINRA").

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 19, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by FINRA.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00067
DECEMBER 4, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARTELL JONES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Martell Jones ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") 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 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 September 6, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00069
MAY 7, 2014

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

In re: Request of Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. for confidential treatment of certain information

ORDER DENYING REQUEST

By letter dated April 30, 2013, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc., (collectively, "Anthem"), requested that the State Corporation Commission ("Commission") and the Commission's Bureau of Insurance ("Bureau") maintain certain information on a confidential basis, and not make such information available to the public, regarding filings that Anthem must make with the Bureau for health insurance products to be available beginning January 1, 2014, on the federally facilitated health insurance exchange in Virginia ("Exchange").

On May 1, 2013, the Commission issued an Order, which stated that the Commission shall issue a subsequent order ruling on this request, subject to the following: (1) on or before May 3, 2013, Anthem shall file with the Commission any additional information that Anthem wishes the Commission to consider prior to ruling on this request; and (2) the Commission and the Bureau shall maintain Anthem's small group market insurance information on a confidential basis pending the Commission's ruling on this request.

On May 3, 2013, Anthem filed a Response. Anthem states that the United States Department of Health and Human Services ("HHS") is requiring Anthem to participate in the Small Business Health Options Program in Virginia ("SHOP").[1] Anthem states that, as a result of federal requirements, "carriers wishing to sell individual products on the Exchange must also file product and rate information for their off Exchange individual products."[2] According to Anthem, it "is likely to be one of the few, if not the only, carrier participating in the SHOP" in Virginia, and, thus, "Anthem is likely to be the only carrier filing its product and rate information with the Bureau for its off Exchange small group products by April 30, 2013."[3] Anthem seeks confidential treatment of

> its January 1, 2014, proposed premiums for the small group market and related information on the calculation of those rates for both on and off Exchange products. The information that Anthem seeks to maintain as confidential is limited to the January 1, 2014, proposed premiums for the small group market and related information on the calculation of those rates. Anthem also seeks confidential treatment of the Rate Manual effective January 1, 2014, for HealthKeepers, Inc. for small group HMO products both on and off Exchange.[4]

Anthem seeks confidential treatment of its on-Exchange small group rate information until HHS certifies Anthem's SHOP products as qualified health plan ("QHP") products, because "HHS will disclose the rating information for those products at that time, so confidential treatment by the Bureau thereafter will not be necessary."[5] With respect to its off-Exchange products, Anthem seeks confidential treatment "of its small group rate information until such information is made public by HHS or until September 30, 2013, whichever is earlier."[6] Anthem also states that this "would correspond with the open enrollment period for the Exchange beginning on October 1, 2013, at which time small business customers will be evaluating Exchange and off Exchange options."[7] Anthem concludes that "since it is likely the only carrier that will be filing its product and rate information with the Bureau for its off Exchange small group products, [Anthem] will be the only carrier whose rates will be subject to potential misuse and harm by competitors."[8]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

We initially note that the filing requirements complained of by Anthem, *i.e.*, that Anthem is required to participate in the on-Exchange small group market and other carriers selling small group market coverage are not, is a direct result of the new federal regulatory structure as implemented by HHS. Anthem, however, cites no law – federal or state – that *requires* the Commission to treat small group market rate information as confidential and to keep this information from the public until HHS certifies such as a QHP.[9]

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[1] Response at 2.

[2] *Id*. at 1.

[3] *Id*. at 2, 3.

[4] *Id*. at 3.

[5] *Id*.

[6] *Id*.

[7] *Id*. at 3-4.

[8] *Id*. at 9.

[9] Other insurance carriers have filed with the Bureau to participate in the on-Exchange small group market and have not requested confidential treatment. *See, e.g.*, CareFirst BlueChoice, Inc. (May 3, 2013), Group Hospitalization and Medical Services, Inc. (May 3, 2013), Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (May 3, 2013), Optima Health Plan (May 3, 2013), and Piedmont Community HealthCare (May 3, 2013).

We have considered the risk of harm asserted by Anthem. We have also considered the significant public interest that is furthered by maintaining transparency in small group market plan filings prior to approval or disapproval by the Commission. The Commission is required by Virginia statute to review and approve the small group premium rates for which Anthem requests confidentiality and, in addition, is directed to "perform plan management functions [under certain conditions] required to certify health benefit plans . . . for participation in the [Exchange]."[10] Thus, Anthem's request would require the Commission to review and approve proposed rates for a small group market plan – which will be offered for the use and benefit of the Virginia public – without allowing the public to see those rates prior to such action.

Under these circumstances, we find that the benefit provided by public disclosure outweighs the risk of harm alleged by Anthem. Accordingly, we deny Anthem's request for confidential treatment herein.[11]

Accordingly, IT IS SO ORDERED and this case is dismissed.

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[10] *See* Va. Code §§ 38.2-316.1 and -326, passed during the 2013 Session of the Virginia General Assembly.

[11] Anthem submits its request pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rule 170"). Response at 4-5. Anthem also asserts that since "there has been no challenge to Anthem's designation of certain information as confidential" under Rule 170, Anthem does not have to – as required by that Rule – "demonstrate to the satisfaction of the commission that the risk of harm of publicly disclosing the information outweighs the presumption in favor of disclosure." *Id*. at 9. In ruling on Anthem's specific request for confidentiality, however, we need not decide whether such request necessarily falls under the provisions of Rule 170. Rather, under the circumstances presented herein, we have found that the benefit of public disclosure outweighs the risk of harm. Thus, if Rule 170 is applicable and Anthem's confidential designation is so challenged by the Commission, we likewise find that Anthem has not "demonstrate[d] to the satisfaction of the commission that the risk of harm of publicly disclosing the information outweighs the presumption in favor of disclosure" under Rule 170.

CASE NO. INS-2013-00074
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BRIAN GABO LALUSIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brian Gabo Lalusin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 and subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, 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 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 March 12, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and subsection 1 of § 38.2-1831 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00075
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KALEB ARTHUR BATCHELOR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kaleb Arthur Batchelor ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated subsection 1 of § 38.2-1831 of the Code of Virginia ("Code") 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 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 25, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-1831 of the Code by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00076
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EDWARD ALLEN DENT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Edward Allen Dent ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia

("Commonwealth"), violated § 38.2-1813 A of the Code of Virginia ("Code") by failing to pay funds in the ordinary course of business to the insurer entitled to the payment.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1813 A of the Code by failing to pay funds in the ordinary course of business to the insurer entitled to the payment.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00077
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MATTHEW KOZLOWSKI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Matthew Kozlowski ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-512 A and 38.2-1822 A of the Code of Virginia ("Code") by making false statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or a commission, and by knowingly permitting unlicensed persons to act as agents.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 March 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512 A and 38.2-1822 A of the Code by making false statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or a commission, and by knowingly permitting unlicensed persons to act as agents.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00078
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LOUIS EARL HOWELLS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Louis Earl Howells ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated subsection 1 of § 38.2-502 and §§ 38.2-503 and 38.2-1801 A of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading; and by claiming to be an authorized agent of a particular insurer when the agent was not appointed with such insurer.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 March 15, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 1 of § 38.2-502 and §§ 38.2-503 and 38.2-1801 A of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading; and by claiming to be an authorized agent of a particular insurer when the agent was not appointed with such insurer.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00079
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KEVIN ANDREW MAYER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kevin Andrew Mayer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated subsection 6 of § 38.2-502 and § 38.2-1826 of the Code of Virginia ("Code") by misrepresenting material facts for the purpose of inducing the lapse, forfeiture, exchange, conversion, replacement, or surrender of any insurance policy; and by failing to report within 30 calendar 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 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 April 2, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated subsection 6 of § 38.2-502 and § 38.2-1826 of the Code by misrepresenting material facts for the purpose of inducing the lapse, forfeiture, exchange, conversion, replacement, or surrender of any insurance policy; and by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the State Corporation Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau of Insurance shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00081
JUNE 6, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLSTATE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allstate Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Five Thousand Dollars ($5,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated August 22, 2012, and confirmed that restitution was made to 19,288 consumers in the amount of $565,615.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00087
SEPTEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICHARD E. RUSHING,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard E. Rushing ("Defendant") violated §§ 38.2-503, 38.2-512, 38.2-1809, 38.2-1812, 38.2-1813, 38.2-1822, and 38.2-1826 of the Code of Virginia ("Code") by placing before the public a letter containing a statement which was misleading or untrue; by making false representations relative to a communication relating to the business of insurance in order to obtain a benefit from any individual; by failing to make records available promptly upon request for examination by the State Corporation Commission ("Commission") or its employees; by accepting commissions from an insurer for services as an agent prior to becoming licensed and appointed; by failing to hold premiums in a fiduciary capacity and remit them to the insurer in the ordinary course of business; by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission; and by failing to report within 30 calendar 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 to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

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 and agreed to be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant is hereby permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00089
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROBER CLYDE MCGEE, III,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rober Clyde McGee, III ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1812 and 38.2-1822 of the Code of Virginia ("Code") by accepting commissions from an insurer for services as an agent prior to becoming licensed and appointed, and by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

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 and agreed to be permanently enjoined from transacting the business of insurance in the Commonwealth.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant hereby is permanently enjoined from transacting the business of insurance in the Commonwealth.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00091
MAY 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
L. B. WILLIAMSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that L. B. Williamson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Connecticut and the state of Colorado.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 March 6, 2013 and April 11, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Connecticut and the state of Colorado.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00091
JUNE 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
L. B. WILLIAMSON,
Defendant

ORDER GRANTING RECONSIDERATION

On May 30, 2013, the State Corporation Commission ("Commission") issued an Order Revoking License in this docket.[1] On June 10, 2013, L. B. Williamson, by counsel, filed a petition for reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, requesting that the Commission reconsider the revocation of its Virginia insurance agent license.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced request.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.

(2) This matter is continued pending further order of the Commission.

[1] Doc. Con. Cen. No. 130570071.

CASE NO. INS-2013-00091
SEPTEMBER 6, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
L. B. WILLIAMSON,
Defendant

ORDER

By Order Revoking License ("Order") entered on May 30, 2013, the State Corporation Commission ("Commission") revoked L. B. Williamson's ("Defendant") insurance agent license for violating § 38.2-1826 C of the Code of Virginia based on his failure to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Connecticut and the State of Colorado. In addition, the Defendant was prohibited from reapplying for his license prior to 60 days from the date of entry of the Order.

On June 10, 2013, the Defendant, by counsel, filed a petition for reconsideration requesting 30 days in which to file a formal response to the Order as well as requesting that the Commission reconsider its decision to revoke his license.

By Order Granting Reconsideration entered on June 12, 2013, the Commission granted reconsideration for the purpose of continuing our jurisdiction over this matter and considering the Defendant's request.

On August 2, 2013, the Defendant provided the Bureau of Insurance ("Bureau") with the proper documentation for the prior administrative actions taken against him. Additionally, the Defendant is now eligible to reapply for his license. The Bureau has advised that it intends to issue the Defendant a license should he choose to reapply provided he fulfills all other requirements for licensure.

Accordingly, we find no further action needs to be taken in this matter. We therefore ORDER that this case be dismissed and the papers filed herein placed in the file for ended causes.

CASE NO. INS-2013-00092
MAY 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARLIN EUGENE LEISHER, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marlin Eugene Leisher, Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Alabama, 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 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 April 11, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Alabama, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00093
MAY 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOHN MARSHALL NUNN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Marshall Nunn ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia

("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Carolina.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 April 11, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Carolina.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00094
MAY 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROLANDO VALDES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rolando Valdes ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the state of Florida.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 April 11, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the state of Florida.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00095
JUNE 7, 2013

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

Ex Parte: In the matter of Amending the Rules Establishing Standards For Life, Annuity, and Accident and Sickness Reinsurance Agreements and the Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") 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 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.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: http://www.scc.virginia.gov/boi/laws.aspx.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapters 280 and 290 of Title 14 of the Virginia Administrative Code, entitled Rules Establishing Standards for Life, Annuity, and Accident and Sickness Reinsurance Agreements, 14 VAC 5-280-10 *et seq.*, and Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition, 14 VAC 5-290-10 *et seq.* (collectively, "Rules"), respectively, which amend the Rules at 14 VAC 5-280-10, 14 VAC 5-280-30, 14 VAC 5-280-40, 14 VAC 5-280-70, and 14 VAC 5-290-30.

The proposed amendments to Chapters 280 and 290 are necessary to implement the provisions of House Bill 1139 passed by the 2012 General Assembly. This legislation incorporates revisions made to the National Association of Insurance Commissioners' Credit for Reinsurance Model Law, which reforms the treatment of reinsurance transactions, including allowing for the certification of reinsurers. The proposed revisions to Chapters 280 and 290 include: (i) the addition of a reference to HMOs under the definition of "life and health business" in 14 VAC 5-280-10, (ii) the deletion of the reference in 14 VAC 5-280-30 to § 38.2-1316.6 of the Code, which was repealed by House Bill 1139, and the addition of a reference to § 38.2-1316.1 *et seq.*, (iii) the deletion of 14 VAC 5-280-40 A 2 because this provision pertains to provisions that were in § 38.2-1316.6 of the Code, (iv) the revision of 14 VAC 5-280-70 to provide consistency with other severability sections, and (v) the deletion of the reference in 14 VAC 5-290-30 to § 38.2-1316.3 of the Code, which was also repealed by House Bill 1139.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-280-10, 14 VAC 5-280-30, 14 VAC 5-280-40, 14 VAC 5-280-70, and 14 VAC 5-290-30 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Establishing Standards for Life, Annuity, and Accident and Sickness Reinsurance Agreements, and Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition, which amend the Rules at 14 VAC 5-280-10, 14 VAC 5-280-30, 14 VAC 5-280-40, 14 VAC 5-280-70, and 14 VAC 5-290-30 are 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 amending Chapters 280 and 290 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before August 6, 2013, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/caseinfo.htm. All comments shall refer to Case No. INS-2013-00095.

(3) If no written request for a hearing on the proposal to amend Chapters 280 and 290 of Title 14 of the Virginia Administrative Code is received on or before August 6, 2013, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may amend the Rules.

(4) AN ATTESTED COPY hereof, together with a copy of the proposal to amend 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 proposal to amend rules by mailing a copy of this Order, together with the proposal, to every entity that is licensed, approved, registered, or accredited in Virginia under the provisions of Title 38.2 of the Code and also subject to solvency regulation in this Commonwealth pursuant to the provisions of Title 38.2 of the Code, as well as to all interested parties.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend rules, 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 amendments to the rules on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Insurance Agreements and Hazardous Financial Condition" 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-2013-00095
AUGUST 21, 2013

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

Ex Parte: In the matter of Amending the Rules Establishing Standards For Life, Annuity, and Accident and Sickness Reinsurance Agreements and the Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered June 7, 2013, all interested persons were ordered to take notice that subsequent to August 6, 2013, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to Chapters 280 and 290 of Title 14 of the Virginia Administrative Code, entitled Rules Establishing Standards for Life, Annuity, and Accident and Sickness Reinsurance Agreements, 14 VAC 5-280-10 *et seq.*, and Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition, 14 VAC 5-290-10 *et seq.* (collectively, "Rules"), respectively, which amend the Rules at 14 VAC 5-280-10, 14 VAC 5-280-30, 14 VAC 5-280-40, 14 VAC 5-280-70, and 14 VAC 5-290-30. These amendments were proposed by the Bureau of Insurance ("Bureau"). The Order required that on or before August 6, 2013, any person objecting to the amendments to the Rules shall have filed a request for hearing with the Clerk of the Commission ("Clerk").

No request for a hearing was filed with the Clerk.

The Order also required all interested persons to file their comments in support of or in opposition to the amendments to the Rules on or before August 6, 2013.

No comments were filed with the Clerk.

The amendments to Chapters 280 and 290 are necessary to implement the provisions of House Bill 1139 passed by the 2012 General Assembly. This legislation incorporates revisions made to the National Association of Insurance Commissioners' Credit for Reinsurance Model Law, which reforms the treatment of reinsurance transactions, including allowing for the certification of reinsurers. The revisions to Chapters 280 and 290 include: (i) the addition of a reference to HMOs under the definition of "life and health business" in 14 VAC 5-280-10, (ii) the deletion of the reference in 14 VAC 5-280-30 to § 38.2-1316.6 of the Code of Virginia ("Code"), which was repealed by House Bill 1139, and the addition of a reference to § 38.2-1316.1 of the Code *et seq.*, (iii) the deletion of 14 VAC 5-280-40 A 2 because this provision pertains to provisions that were in § 38.2-1316.6 of the Code, (iv) the revision of 14 VAC 5-280-70 to provide consistency with other severability sections, and (v) the deletion of the reference in 14 VAC 5-290-30 to § 38.2-1316.3 of the Code, which was also repealed by House Bill 1139.

The Bureau recommends that these Rules be adopted as revised.

NOW THE COMMISSION, having considered this matter, and the Bureau's recommendation to amend and revise the Rules, is of the opinion that the Rules should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The amendments and revisions to Chapters 280 and 290 of Title 14 of the Virginia Administrative Code, entitled Rules Establishing Standards for Life, Annuity, and Accident and Sickness Reinsurance Agreements, 14 VAC 5-280-10 *et seq.*, and Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition, 14 VAC 5-290-10 *et seq.*, respectively, which amend the Rules at 14 VAC 5-280-10, 14 VAC 5-280-30, 14 VAC 5-280-40, 14 VAC 5-280-70, and 14 VAC 5-290-30, and which are attached hereto and made a part hereof, are hereby ADOPTED and made effective as of September 16, 2013.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted amended and revised Rules shall be sent by the Clerk of the Commission to Douglas C. Stolte, Deputy Commissioner, Bureau of Insurance, State Corporation Commission, who forthwith shall give further notice of the adopted amended and revised Rules by mailing a copy of this Order, including a clean copy of the Rules, to every entity that is licensed, approved, registered, or accredited in Virginia under the provisions of Title 38.2 of the Code and also subject to solvency regulation in this Commonwealth pursuant to the provisions of Title 38.2 of the Code, as well as to all interested parties.

(3) The Commission's Division of Information Resources shall cause a copy of this Order, together with the adopted amended and revised Rules at 14 VAC 5-280-10 *et seq.* and 14 VAC 5-290-10 *et seq.*, 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 adopted amended and revised Rules at 14 VAC 5-280-10 *et seq.* and 14 VAC 5-290-10 *et seq.*, on the Commission's website: http://www.scc.virginia.gov/case.

(5) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

(6) This matter is dismissed.

NOTE: A copy of the Rules entitled "Insurance Agreements and Hazardous Financial Condition" 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-2013-00098
JUNE 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that American Family Life Assurance Company of Columbus ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in certain instances violated §§ 38.2-316 B and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; violated § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading; violated § 38.2-610 A of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; violated § 38.2-1812 A of the Code by paying a commission for services as an agent to a person who was not properly licensed and appointed; violated §§ 38.2-1822 A and 38.2-1834 D of the Code by failing to comply with agent licensing requirements; violated § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits practices; violated 14 VAC 5-40-40 A (6) of the Commission's Rules Governing Life Insurance and Annuity Marketing Practices ("Rules"), 14 VAC 5-40-10 *et seq.*, by failing to maintain files and record documentation as required by the Commission;[1] violated 14 VAC 5-90-55 A and 14 VAC 5-90-90 C of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertising requirements; and violated 14 VAC 5-400-60 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 B of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Ten Thousand Dollars ($10,000), waived its right to a hearing, and agreed to comply with the corrective action plan contained in the Target Market Conduct Examination Report as of October 1, 2010.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

[1] The current version of these Rules is found at 14 VAC 5-41-10 *et seq.*

CASE NO. INS-2013-00099
JUNE 11, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AARON NASH KAZINEC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Aaron Nash Kazinec ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1813 A and 38.2-1826 A of the Code of Virginia ("Code") by failing to hold all funds received from insureds in a fiduciary capacity and failing to account for such funds, by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by failing to report within 30 calendar 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 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 April 8, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1813 A and 38.2-1826 A of the Code by failing to hold all funds received from insureds in a fiduciary capacity and failing to account for such funds, by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00100
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FREEDOM SETTLEMENT GROUP, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Freedom Settlement Group, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 55-525.30 of the Code of Virginia ("Code") by performing settlements on Virginia property without being properly registered.

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Six Thousand Dollars ($6,000) and waived its right to a hearing.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00105
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTOPHER MATTHEW CORBETT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher Matthew Corbett ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00106
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NEW WORLD CASUALTY & CONSULTING,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that New World Casualty & Consulting ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00107
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NIKOLAOS L. PARAS,
Defendant,

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nikolaos L. Paras ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00108
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK I. GOLD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mark I. Gold ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00108
JUNE 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK I. GOLD,
Defendant

VACATING ORDER

On June 14, 2013, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the licenses issued to Mark I. Gold ("Defendant"), to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia for failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

As of the date of this Vacating Order, the Defendant has paid the the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's licenses be reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The Order in this case is hereby VACATED.

(2) The Defendant's licenses are hereby REINSTATED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00109
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LOUIS V. NARCISO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Louis V. Narciso ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00111
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GARY ROBERT RIMLER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gary Robert Rimler ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00113
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RODNEY VINCENT THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rodney Vincent Thompson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00113
AUGUST 21, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RODNEY VINCENT THOMPSON,
Defendant

VACATING ORDER

On June 14, 2013, the State Corporation Commission ("Commission") entered an Order Revoking License ("June 14 Order") in this case, revoking the licenses issued to Rodney Vincent Thompson ("Defendant") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia for failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

As of the date of this Vacating Order, the Defendant has paid the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012. The Commission's Bureau of Insurance has therefore recommended that the June 14 Order be vacated and the Defendant's licenses be reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The June 14 Order in this case is hereby VACATED.

(2) The Defendant's licenses are hereby REINSTATED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00115
JUNE 14, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BUSINESS OWNERS BENEFITS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Business Owners Benefits, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00116
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LEVERITY INSURANCE GROUP, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Leverity Insurance Group, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00116
JUNE 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LEVERITY INSURANCE GROUP, INC.,
Defendant

VACATING ORDER

On June 17, 2013, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the licenses issued to Leverity Insurance Group, Inc. ("Defendant"), to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia for failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

As of the date of this Vacating Order, the Defendant has paid the the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's licenses be reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The Order in this case is hereby VACATED.

(2) The Defendant's licenses are hereby REINSTATED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00117
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LEASETERM INSURANCE GROUP, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Leaseterm Insurance Group, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00118
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMES WADE WROBEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Wade Wrobel ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00119
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PG GENATT GROUP, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that PG Genatt Group, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00120
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICHARD ROBERT THOMAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Robert Thomas ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00121
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CAROLINA INDUSTRIAL AGENCY, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Carolina Industrial Agency, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00122
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ADCO GENERAL CORPORATION,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adco General Corporation ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00123
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LOVITT & TOUCHE, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lovitt & Touche, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00125
JUNE 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHARITY FIRST INSURANCE SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Charity First Insurance Services, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00125
JUNE 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHARITY FIRST INSURANCE SERVICES, INC.,
Defendant

VACATING ORDER

On June 17, 2013, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the licenses issued to Charity First Insurance Services, Inc. ("Defendant"), to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia for failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

As of the date of this Vacating Order, the Defendant has paid the the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's licenses be reinstated.

Accordingly, IT IS ORDERED THAT:

(1) The Order in this case is hereby VACATED.

(2) The Defendant's licenses are hereby REINSTATED.

(3) The papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00127
JUNE 21, 2013

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

Ex Parte: In the matter of Amending the Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") 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 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.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: http://www.scc.virginia.gov/boi/laws.aspx.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 50 of Title 14 of the Virginia Administrative Code, entitled Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities, 14 VAC 5-50-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50; and add a new Rule at 14 VAC 5-50-35.

The proposed amendments to Chapter 50 are necessary due to the National Association of Insurance Commissioners' adoption of the revised Model Rule for Recognizing a New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities, which adds the 2012 Individual Annuity Reserving Mortality Table ("2012 IAR Mortality Table") to the list of recognized mortality tables. The proposed revisions to Chapter 50 include: (i) the addition of the 2012 IAR Mortality Table to the list of recognized mortality tables in 14 VAC 5-50-10, (ii) the addition of definitions for "Period Table," "Generational Mortality Table," "2012 Individual Annuity Reserving Mortality Table" and "2012 IAR Mortality Table," "2012 Individual Annuity Mortality Period Life (2012 IAM Period) Table," and "Projection Scale G2 (Scale G2)" in 14 VAC 5-50-20, (iii) the addition of language in 14 VAC 5-50-30 that sets forth when the 2012 IAR Table shall be used, (iv) the addition of clarifying language in 14 VAC 5-50-40, (v) the revision of the formula in 14 VAC 5-50-41 that is used to calculate the mortality rate when applying the 1994 Group Annuity Reserving Table, (vi) the revision of 14 VAC 5-50-50 to provide consistency with other severability sections, and (vii) the addition of 14 VAC 5-50-35, which explains the application of the 2012 IAR Mortality Table.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50, and to add a Rule at 14 VAC 5-50-35, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities, which amend the Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50; and add a new Rule at 14 VAC 5-50-35, 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 amending Chapter 50 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before August 20, 2013, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/caseinfo.htm. All comments shall refer to Case No. INS-2013-00127.

(3) If no written request for a hearing on the proposal to amend Chapter 50 of Title 14 of the Virginia Administrative Code is received on or before August 20, 2013, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may amend the Rules.

(4) AN ATTESTED COPY hereof, together with a copy of the proposal to amend 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 proposal to amend rules by mailing a copy of this Order, together with the proposal, to all life insurers, burial societies, fraternal benefit societies and qualified reinsurers, as well as to all interested parties.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend rules, 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 amendments to the rules on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Annuity Mortality Tables" 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-2013-00127
OCTOBER 8, 2013

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

Ex Parte: In the matter of Amending the Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities

ORDER ADOPTING RULES

By Order to Take Notice entered June 21, 2013 ("June 21 Order"), all interested persons were ordered to take notice that subsequent to August 20, 2013, the State Corporation Commission ("Commission") would consider entry of an order to adopt amendments to rules set forth in Chapter 50 of Title 14 of the Virginia Administrative Code, entitled Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities, 14 VAC 5-50-10 *et seq.*("Rules"), which amend the Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50 and add a new Rule at 14 VAC 5-50-35. These amendments were proposed by the Bureau of Insurance ("Bureau").

The June 21 Order required that on or before August 20, 2013, any person objecting to the amendments to the Rules shall have filed a request for hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk.

The June 21 Order also required all interested persons to file their comments in support of or in opposition to the amendments to the Rules on or before August 20, 2013. Genworth Financial 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 September 17, 2013.

As a result of these comments received, the Bureau recommended that the proposed amendments to the Rules be further revised as follows: amend the Rule at 14 VAC 5-50-30, making the use of the 2012 Individual Annuity Reserving Mortality Table ("2012 IAR Mortality Table") a requirement for contracts issued on or after January 1, 2015, and not January 1, 2014, as originally proposed.

The amendments to Chapter 50 are necessary due to the National Association of Insurance Commissioners' adoption of the revised Model Rule for Recognizing a New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities, which adds the 2012 IAR Mortality Table to the list of recognized mortality tables. The revisions to Chapter 50 include: (i) the addition of the 2012 IAR Mortality Table to the list of recognized mortality tables in 14 VAC 5-50-10; (ii) the addition of definitions for "Period Table," "Generational Mortality Table," "2012 Individual Annuity Reserving Mortality Table" and "2012 IAR Mortality Table," "2012 Individual Annuity Mortality Period Life Table" and "2012 IAM Period Table," and "Projection Scale G2" and "Scale G2" in 14 VAC 5-50-20; (iii) the addition of language in 14 VAC 5-50-30 that sets forth when the 2012 IAR Mortality Table shall be used;

(iv) the addition of clarifying language in 14 VAC 5-50-40; (v) the revision of the formula in 14 VAC 5-50-41 that is used to calculate the mortality rate when applying the 1994 Group Annuity Reserving Table; (vi) the revision of 14 VAC 5-50-50 to provide consistency with other severability sections; (vii) the addition of 14 VAC 5-50-35, which explains the application of the 2012 IAR Mortality Table; and (viii) the revision of 14 VAC 5-50-30 making the use of the 2012 IAR Mortality Table a requirement for contracts issued on or after January 1, 2015, and not January 1, 2014, as originally proposed.

NOW THE COMMISSION, having considered this matter, the Bureau's response to the comments, and the Bureau's recommendation to amend and revise the Rules, is of the opinion that the Rules should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities that amend the Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50 and add a new Rule at 14 VAC 5-50-35, which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2015.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted, amended, and 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 adopted, amended, and revised Rules by mailing a copy of this Order, including a clean copy of the Rules, to all life insurers, burial societies, fraternal benefit societies and qualified reinsurers, as well as to all interested parties.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted, amended, and revised Rules at 14 VAC 5-50-10 through 14 VAC 5-50-50, and new Rule at 14 VAC 5-50-35, 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 adopted, amended, and revised Rules on the Commission's website: http://www.scc.virginia.gov/case.

(5) The Bureau shall file with the Clerk an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

NOTE: A copy of the attachment entitled "Annuity Mortality Tables" 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-2013-00129
JUNE 25, 2013

APPLICATION OF
MADISON NATIONAL LIFE INSURANCE COMPANY, INC.

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition filed with the State Corporation Commission ("Commission") on June 7, 2013, Madison National Life Insurance Company, Inc. ("Petitioner"), a Wisconsin-domiciled insurer, requested approval of an assumption reinsurance agreement for the transfer of Lumbermens Mutual Casualty Company ("Lumbermens") long-term disability policies pursuant to § 38.2-136 C of the Code of Virginia ("Code").

Pursuant to § 38.2-136 C of the Code, the Petitioner has requested that the Commission waive the policy holder consent to this transaction required by § 38.2-136 B of the Code because a delinquency proceeding has been instituted against Lumbermens for the purpose of liquidating the insurer.

The assumption reinsurance agreement represents the liquidator's plan to liquidate Lumbermens in an orderly fashion and have certain policies transferred to an insurer licensed in the Commonwealth of Virginia. The Bureau of Insurance ("Bureau"), having reviewed the application, has recommended that the application be approved.

NOW THE COMMISSION, having considered the application, the recommendation of the Bureau that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved.

Accordingly, IT IS ORDERED THAT the application of the Petitioner for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code is hereby APPROVED.

CASE NO. INS-2013-00130
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL L. NEVILLE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael L. Neville ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00131
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMES ROBERT COUGHLIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Robert Coughlin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00132
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SHLOMO AZARBAD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shlomo Azarbad ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00134
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
THE BROWNYARD W H CORPORATION,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that The Brownyard W H Corporation ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00137
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TOWER RISK MANAGEMENT CORP,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tower Risk Management Corp ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00140
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PAULA S. WILBANKS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Paula S. Wilbanks ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00141
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL CARLOS SEMINARIO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Carlos Seminario ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00142
JULY 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK E. JACKSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mark E. Jackson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00143
JULY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RLA INS INTERMEDIARIES, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that RLA INS Intermediaries, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00144
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NENAD DJORDJEVIC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nenad Djordjevic ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00145
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AXIOM INSURANCE MANAGERS AGENCY, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Axiom Insurance Managers Agency, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00147
JUNE 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DAVID JOSEPH MACCHIA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that David Joseph Macchia ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-4809 and 38.2-4809.1 of the Code of Virginia ("Code") by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4809 and 38.2-4809.1 of the Code by failing to file the Annual Surplus Lines Gross Premium Tax Report and/or failing to pay the Bureau of Insurance Maintenance Assessment, Premium License Tax, and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00151
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EARL O. O. GARRO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Earl O. O. Garro ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4809.1 of the Code of Virginia ("Code") by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code 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 April 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent and a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4809.1 of the Code by failing to pay the Bureau of Insurance Maintenance Assessment and other related fines and penalties for the calendar year 2012.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent or a surplus lines broker.

(4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00152
JULY 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMERCIAL TRAVELERS MUTUAL INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

Commercial Travelers Mutual Insurance Company, a New York domiciled insurer ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), is required by § 38.2-1030 of the Code of Virginia ("Code") to maintain minimum surplus of $4 million.

Section 38.2-1036 of the Code provides that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth while the impairment of the insurer's surplus exists.

The Quarterly Statement of the Defendant, dated March 31, 2013, and filed with the Commission's Bureau of Insurance, indicates surplus of $2,906,298, an impairment of surplus of $1,093,702.

Accordingly, IT IS ORDERED THAT:

(1) Within 90 days of the date of entry of this Order, the Defendant shall eliminate the impairment in its surplus, restore the same to at least $4 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of the Defendant's surplus exists and until further order of the Commission.

CASE NO. INS-2013-00152
NOVEMBER 4, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMERCIAL TRAVELERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, 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 ("Commonwealth") 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 public in this Commonwealth.

Commercial Travelers Mutual Insurance Company, a foreign corporation domiciled in the state of New York ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order entered herein July 19, 2013,[1] the Defendant was ordered to eliminate the impairment in its surplus, restore the same to at least $4 million and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer within 90 days of the date of entry of the Impairment Order.

As of the date of this Order, the Defendant has failed to eliminate the impairment in its surplus.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to November 15, 2013, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before November 12, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o 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.

[1] Doc. Con. Cen. No. 130720379.

CASE NO. INS-2013-00152
DECEMBER 16, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COMMERCIAL TRAVELERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein November 4, 2013, Commercial Travelers Mutual Insurance Company, a New York corporation ("Defendant") licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to November 15, 2013, suspending the license of the Defendant unless on or before November 12, 2013, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

The Order was entered due to the Defendant's failure to eliminate the impairment in its surplus, restore the same to at least $4 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before October 17, 2013.[1]

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 its license.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the license of the Defendant to transact the business of insurance in the Commonwealth is hereby SUSPENDED.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth until further order of the Commission.

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth are hereby SUSPENDED.

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth until further order of the Commission.

(5) The Bureau of Insurance ("Bureau") 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 as notice of the suspension of such agent's appointment.

(6) The Bureau 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.

[1] The Commission entered an Impairment Order against the Defendant on July 19, 2013 (Doc. Con. Cen. No. 130720379).

CASE NO. INS-2013-00155
JUNE 28, 2013

IN THE MATTER OF
LIFE INSURANCE COMPANY OF NORTH AMERICA,
CONNECTICUT GENERAL LIFE INSURANCE COMPANY, and
CIGNA HEALTH AND LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Regulatory Settlement Agreement between Life Insurance Company of North America, Connecticut General Life Insurance Company, and CIGNA Health and Life Insurance Company and the Insurance Commissioners or Superintendent of the States of California, Connecticut, Maine, Massachusetts, and Pennsylvania, for and on behalf of the Virginia State Corporation Commission's Bureau of Insurance

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a Regulatory Settlement Agreement ("Agreement") dated May 13, 2013, a copy of which is attached hereto and made a part hereof, by and between the commissioners or superintendent of insurance for the states of California, Connecticut, Maine, Massachusetts, and Pennsylvania and Life Insurance Company of North America, domiciled in Pennsylvania, Connecticut General Life Insurance Company and CIGNA Health and Life Insurance Company (formerly known as Alta Health and Life Insurance Company), domiciled in Connecticut, which are all 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.

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: (i) the Agreement is hereby APPROVED AND ACCEPTED, and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement for the scope of review that is within the jurisdiction of the Commission.

CASE NO. INS-2013-00158
NOVEMBER 26, 2013

APPLICATION OF
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revisions of advisory loss costs and assigned risk workers' compensation insurance rates

FINAL ORDER

On July 19, 2013, the National Council on Compensation Insurance, Inc. ("NCCI"), filed an application with the State Corporation Commission ("Commission") for approval of certain changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies becoming effective on or after April 1, 2014 ("Application"). The Application consists of two separate filings: a voluntary market loss cost filing and an assigned risk market rate filing. The voluntary market loss cost filing addresses two categories of workers' compensation classifications: (i) industrial classifications, including coal mine classifications, and (ii) federal ("F") classifications. The assigned risk market rate filing addresses the same two categories.

With respect to voluntary loss costs, NCCI proposed an overall increase of 4.1% for industrial classifications; a decrease of 2.3% for F classifications; an increase of 18% for the surface coal mine classification; and an increase of 18% for the underground coal mine classification.

With respect to the assigned risk market rates, NCCI proposed an overall decrease of 4.2% for industrial classifications; a decrease of 7.4% for F classifications; an increase of 4.4% for the surface coal mine classification; and an increase of 4.2% for the underground coal mine classification.

Jay A. Rosen ("Rosen") and Dr. Harry L. Shuford ("Shuford") filed direct testimony and exhibits on behalf of NCCI. Rosen stated that NCCI has recommended two changes to the current methodology upon which the voluntary market loss costs, assigned risk market rates, and rating values are based. First, NCCI recommended a change to the calculation of the loss adjustment expense ("LAE"). The proposed change to the LAE is intended to increase the year-to-year stability of the LAE while also simplifying the calculation.[1] Second, NCCI recommended changes to the methodology used in calculating the occupation disease component of the two coal mine classification codes. The proposed changes include incorporation of actual claim data subsequent to the 2010 legislative reform rather than reliance on an estimated impact of the reform, updating mortality tables, and an increase in the annual federal medical benefit from One Thousand Dollars ($1,000) to Two Thousand Dollars ($2,000).[2]

On July 31, 2013, the Commission entered an Order Scheduling Hearing wherein the Commission docketed the case; required publication of the notice of proceeding; outlined a procedural schedule that provided respondents with the opportunity to participate and file testimony and exhibits; and scheduled an evidentiary hearing to investigate and determine (a) whether the rates and advisory loss costs set forth in the Application are excessive, inadequate, or unfairly discriminatory; and (b) any other issues subject to investigation.

On August 9, 2013, the Iron Workers Employers Association and the Washington Construction Employers Associations (collectively, "Respondents") filed their Notice of Participation. On August 14, 2013, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation.

On September 13, 2013, Glenn A. Watkins ("Watkins"), Ashley S. Pistole ("Pistole"), and David C. Parcell ("Parcell") filed direct testimony and exhibits on behalf of the Bureau of Insurance ("Bureau"). Watkins' testimony, in part, addressed the profit and contingency factor for industrial classes ("Industrial P&C") as well as for the coal mine occupational disease ("O.D. P&C"). Watkins recommended an Industrial P&C factor of negative 0.42% rather than the 2.05% proposed by NCCI and an O.D. P&C factor of negative 1.47% rather than the 5.87% proposed by NCCI.[3]

In her testimony, Pistole, in part, addressed the two changes in methodology proposed by the NCCI in its application.[4] Pistole also testified as to the Bureau's proposed changes to the assigned risk rates caused by Watkins' recommended P&C factors for the industrial and coal mine classes.[5] Based upon the testimony, the Bureau supported NCCI's proposed voluntary market loss costs.[6] With respect to the assigned risk market rates the Bureau proposed a rate decrease of 7.6% for the industrial classifications, a rate decrease of 10.7% for the F classifications, a rate decrease of 1.6% for the surface coal mine classification, and a rate decrease of 2.2% for the underground coal mine classification.[7]

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[1] Exhibit 2 at 4-5.

[2] *Id.* at 5-6.

[3] Exhibit 8 at 3, 10-14.

[4] Exhibit 6 at 8-12.

[5] *Id.* at 18.

[6] *Id.* at 19.

[7] *Id.* at 18.

On October 16, 2013, the Bureau and NCCI filed a Joint Pre-Trial Motion for Approval of Stipulation to Admit Testimony ("Joint Pre-Trial Motion") requesting that the testimony and exhibits of Shuford, Parcell, and Watkins be admitted into the record without personal appearances or verifications by those witnesses at the hearing.[8]

On October 24, 2013, a hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Application. Charles H. Tenser, Esquire, appeared on behalf of NCCI; John O. Cox, Esquire, appeared on behalf of the Bureau; Kiva Bland Pierce, Esquire, appeared on behalf of Consumer Counsel; and Fred H. Codding, Esquire, appeared on behalf of the Respondents.

Rosen testified on behalf of NCCI. He supported NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market as revised based on the proposed changes to the methodology.[9] In addition, Rosen stated that he revised his recommended changes for the assigned risk market rates such that his recommendations were in agreement with those supported by the Bureau and appearing in Pistole's testimony.[10]

Pistole testified on behalf of the Bureau. She discussed NCCI's proposed changes to the methodology.[11] She also addressed NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market as revised based on the proposed changes to the methodology.[12] Pistole agreed with Rosen's revised recommended changes for the assigned risk rates for the coal mine classifications.[13]

NOW THE COMMISSION, upon consideration of this matter, finds that the proposed changes to the methodology, as well as the proposed changes to the voluntary market advisory loss costs and assigned risk market rates, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to the voluntary market advisory loss costs and assigned risk market rates shall be, and they are hereby, APPROVED, for use with respect to new and renewal workers' compensation insurance policies effective on or after April 1, 2014: (i) an overall increase of 4.1% to the voluntary loss costs for industrial classifications; (ii) a decrease of voluntary loss costs of 2.3% for F classifications; (iii) an increase in the voluntary loss costs of 18% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 18% for the underground coal mine classification; (v) an overall decrease of 7.6% to the assigned risk rates for industrial classifications; (vi) a decrease to the assigned risk rates of 10.7% for F classifications; (vii) a decrease to the assigned risk rates of 1.6% for the surface coal mine classification; and (viii) a decrease to the assigned risk rate of 2.2% for the underground mine classification.

(2) The proposal by NCCI to change the methodology used to calculate the LAE is hereby APPROVED.

(3) The proposal by NCCI to change the methodology used to calculate the occupational disease component of the two coal mine codes is hereby APPROVED.

(4) Except as otherwise ordered herein, the proposed revisions that have been filed by NCCI in this proceeding on behalf of its members and subscribers, including those relating to minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates shall be, and they are hereby, APPROVED , for use with respect to new and renewal policies effective on or after April 1, 2014.

(5) On or before June 1, 2014, NCCI, the Bureau, Consumer Counsel, and the Respondents in this proceeding shall endeavor to recommend jointly to the Commission a proposed schedule for any year 2014 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, Consumer Counsel, 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, Consumer Counsel, 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.

(6) 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.

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[8] At the hearing on October 24, 2013, the Commission granted the Joint Pre-Trial Motion. Tr. at 7.

[9] *Id.* at 14-15.

[10] *Id.* at 15.

[11] *Id.* at 26-30.

[12] *Id.* at 31-32.

[13] *Id.* at 33.

CASE NO. INS-2013-00159
DECEMBER 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STATEWIDE PLANS, LLC
d/b/a STATE WIDE WARRANTY, LLC,
Defendant

JUDGMENT ORDER

On September 12, 2013, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Insurance ("Bureau") alleging that Statewide Plans, LLC d/b/a State Wide Warranty, LLC ("Defendant"), violated § 38.2-2619 of the Code of Virginia ("Code") by operating in the Commonwealth of Virginia ("Virginia") as an unlicensed home service contract provider.

The Rule, among other things, assigned the case to a Hearing Examiner and scheduled an evidentiary hearing for October 30, 2013. The Rule also ordered the Defendant to file a responsive pleading with the Clerk of the Commission on or before October 3, 2013, in which the Defendant was required to expressly admit or deny the allegations in the Rule and present any affirmative defense it intended to assert. The Defendant was advised that it may be found in default if it failed to either timely file a responsive pleading or if it filed such a pleading and failed to make an appearance at the hearing. Further, the Defendant was advised that if found in default, it would be deemed to have waived all objections to the admissibility of evidence and may have entered against it a judgment by default imposing some or all of the sanctions permitted by law.

The Defendant did not file a responsive pleading to the Rule.

An evidentiary hearing was convened as scheduled on October 30, 2013. The Defendant failed to appear. The Bureau appeared by its counsel, John O. Cox, Esquire. The Bureau presented proof that the Defendant was served with the Rule and moved for default judgment against the Defendant. The Bureau also submitted the Affidavit of James Ware as support for the allegations in the Rule. In addition, the Bureau clarified at the hearing that it was no longer seeking a fine but continued to request a permanent injunction enjoining the Defendant from issuing home service contracts to Virginia residents.

On October 31, 2013, the Hearing Examiner filed her report ("Report"), which summarized the factual and procedural history of this case, as well as the evidence presented at the hearing. In her Report, the Hearing Examiner found, based on the evidence presented, that

the Bureau's motion for default judgment should be granted and that the Defendant should be permanently enjoined from selling home service contracts in Virginia.

The Hearing Examiner recommended that the Commission enter an order that grants the Bureau's motion to dismiss; accepts the factual allegations in the Rule, as supported by the Affidavit of James Ware; finds that the Defendant violated § 38.2-2619 of the Code on at least two occasions by selling home service contracts to Virginia residents without a license; permanently enjoins the Defendant from selling home service contracts in Virginia; dismisses the Rule; and passes the papers in the case to the file for ended causes. The Hearing Examiner allowed comments on the Report to be filed within 21 days from the date of the Report. Neither the Defendant nor the Bureau filed comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in her Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the October 31, 2013 Report are hereby adopted.

(2) The Defendant is hereby PERMANENTLY ENJOINED from selling home service contracts in Virginia.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00162
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JORGE I. SOTO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jorge I. Soto ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") 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 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 7, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00167
AUGUST 1, 2013

TIAA-CREF LIFE INSURANCE COMPANY
and
TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between TIAA-CREF Life Insurance Company and Teachers Insurance and Annuity Association of America and the Florida Office of Insurance Regulation, the California Department of Insurance, the North Dakota Insurance Department, the Illinois Department of Insurance, the Pennsylvania Insurance Department, and the New Hampshire Insurance Department for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, North Dakota, Illinois, Pennsylvania, and New Hampshire and TIAA-CREF Life Insurance Company domiciled in New York and licensed to transact the business of insurance in the Commonwealth of Virginia; and Teachers Insurance and Annuity Association of America, domiciled in New York 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.

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: (i) the Agreement is hereby APPROVED AND ACCEPTED and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

CASE NO. INS-2013-00168
JULY 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MILESTONE PROVIDERS, LLC,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-6002 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of an entity to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the entity no longer meets the requirements for licensure as a viatical settlement provider in the Commonwealth. Section 38.2-6002 of the Code also provides that the Commission may suspend or revoke the license of any viatical settlement provider when it has violated any provisions of Chapter 60 of Title 38.2 of the Code.

Section 38.2-6002 of the Code requires that prior to the issuance of a license to act as a viatical settlement provider the Commission must find that the applicant, if it is a nonresident limited liability company, has furnished proof of its authority to transact business in the Commonwealth. In addition, §§ 38.2-6004 and 38.2-6011 of the Code require that a licensed viatical settlement provider must, on or before March 1 of each year, file with the Commission an annual report and anti-fraud certification.

Milestone Providers, LLC, is a nonresident limited liability corporation domiciled in Pennsylvania ("Defendant"), that is licensed by the Commission to act as a viatical settlement provider in the Commonwealth. The Defendant has failed to timely file its 2012 annual report and anti-fraud certification with the Commission.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to act as a viatical settlement provider in the Commonwealth be suspended.

Accordingly, IT IS ORDERED THAT the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to August 9, 2013, suspending the license of the Defendant to act as a viatical settlement provider in the Commonwealth unless on or before August 9, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o 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-2013-00168
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MILESTONE PROVIDERS, LLC,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered July 19, 2013 ("July 19 Order"), Milestone Providers, LLC, a Pennsylvania limited liability corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") was ordered to take notice that the Commission would enter an order subsequent to August 9, 2013, suspending the license of the Defendant unless on or before August 9, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed suspension.

The July 19 Order was entered due to the Defendant's failure to timely file its 2012 annual report and anti-fraud certification with the Commission.

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.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-6002 of the Code of Virginia, the license of the Defendant to act as a viatical settlement provider in the Commonwealth is hereby SUSPENDED.

(2) The Defendant shall not act as a viatical settlement provider in the Commonwealth until further order of the Commission.

CASE NO. INS-2013-00169
JULY 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SECONDARY LIFE CAPITAL, LLC,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-6002 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of an entity to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the entity no longer meets the requirements for licensure as a viatical settlement provider in the Commonwealth. Section 38.2-6002 of the Code also provides that the Commission may suspend or revoke the license of any viatical settlement provider when it has violated any provisions of Chapter 60 of Title 38.2 of the Code.

Section 38.2-6002 of the Code requires that prior to the issuance of a license to act as a viatical settlement provider the Commission must find that the applicant, if it is a nonresident limited liability company, has furnished proof of its authority to transact business in the Commonwealth. In addition, §§ 38.2-6004 and 38.2-6011 of the Code require that a licensed viatical settlement provider must, on or before March 1 of each year, file with the Commission an annual report and anti-fraud certification.

Secondary Life Capital, LLC, is a nonresident limited liability corporation domiciled in Washington, D.C. ("Defendant"), that is licensed by the Commission to act as a viatical settlement provider in the Commonwealth. On May 31, 2013, the Defendant's certificate of authority to transact business in the Commonwealth was cancelled. In addition, the Defendant failed to timely file its 2012 annual report and anti-fraud certification with the Commission.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to act as a viatical settlement provider in the Commonwealth be suspended.

Accordingly, IT IS ORDERED THAT the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to August 9, 2013, suspending the license of the Defendant to act as a viatical settlement provider in the Commonwealth unless on or before August 9, 2013, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o 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-2013-00169
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SECONDARY LIFE CAPITAL, LLC,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered July 19, 2013 ("July 19 Order"), Secondary Life Capital, LLC, a Washington, D.C., limited liability corporation ("Defendant") licensed by the State Corporation Commission ("Commission") to act as a viatical settlement provider in the Commonwealth of Virginia ("Commonwealth") was ordered to take notice that the Commission would enter an order subsequent to August 9, 2013, suspending the license of the Defendant unless on or before August 9, 2013, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed suspension.

The July 19 Order was entered due to the cancellation of the Defendant's certificate of authority to transact business in the Commonwealth and the Defendant's failure to timely file its 2012 annual report and anti-fraud certification with the Commission.

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.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-6002 of the Code of Virginia, the license of the Defendant to act as a viatical settlement provider in the Commonwealth is hereby SUSPENDED.

(2) The Defendant shall not act as a viatical settlement provider in the Commonwealth until further order of the Commission.

CASE NO. INS-2013-00170
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL G. RAMOS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael G. Ramos ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Dakota.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Dakota.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00171
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TIARA L. GAUL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tiara L. Gaul ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the state of California and the state of Washington.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the state of California and the state of Washington.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00172
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOSE ALANIZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jose Alaniz ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of Colorado and Wisconsin.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 17, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of Colorado and Wisconsin.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00173
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTONIO PAIGE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Antonio Paige ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Carolina.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 17, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of North Carolina.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00174
AUGUST 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WILLIAM MAKEPEACE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that William Makepeace ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the Financial Industry Regulatory Authority ("FINRA").

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 May 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by FINRA.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00175
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HEATHER PARKS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Heather Parks ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by reporting late or failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the states of Wisconsin, South Dakota, and Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 May 28, 2013, and mailed

to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the states of Wisconsin, South Dakota, and Utah.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00176
SEPTEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JASON NATHAN LEIGH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jason Nathan Leigh ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809, 38.2-1826 C, 38.2-1831 (3) and 38.2-1831 (10) of the Code of Virginia ("Code") 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 30 calendar days administrative actions that were taken against him by the State of South Dakota and the State of Kansas, by obtaining or attempting to obtain a license through misrepresentation or fraud, and by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 March 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809, 38.2-1826 C, 38.2-1831 (3) and 38.2-1831 (10) of the Code 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 30 calendar days administrative actions that were taken against him by the State of South Dakota and the State of Kansas, by obtaining or attempting to obtain a license through misrepresentation or fraud, and by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to two years from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00177
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JODI MARIE COLLINS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jodi Marie Collins ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the state of Colorado.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 17, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the state of Colorado.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00180
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ERIC M. LAMCHICK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Eric M. Lamchick ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of South Dakota and Florida.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 20, 2013, and July 19, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of South Dakota and Florida.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00181
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RAYMOND YOUNG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Raymond Young ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar 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 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 June 17, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Wisconsin.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00182
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
INTERSTATE SPECIALTY MARKETING, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Interstate Specialty Marketing, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against it by the states of Nevada, Missouri, and Utah.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against it by the states of Nevada, Missouri, and Utah.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00183
JULY 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JONATHAN B. SILVERSTEIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jonathan B. Silverstein ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar

days an administrative action that was taken against him by the state of Indiana, 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 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 June 17, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Indiana, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00184
AUGUST 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JEFFREY LEN PRUITT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeffrey Len Pruitt ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1831 (10) of the Code of Virginia ("Code") by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, or untrustworthiness in the conduct of business in this Commonwealth or elsewhere, or demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 June 21, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (10) of the Code by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, or untrustworthiness in the conduct of business in this Commonwealth or elsewhere, or demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00188
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HAULERS INSURANCE COMPANY, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Haulers Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy; violated §§ 38.2-610 A, 38.2-2202 A, 38.2-2202 B, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1833 of the Code by paying commissions to an agent that was not appointed within 30 days of the application; violated § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to any vehicle other than the vehicle customarily driven by the operator responsible for incurring points; violated § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate policies; violated § 38.2-2220 of the Code by using forms that did not contain the precise language of the standard forms filed and adopted by the Commission; and violated § 38.2-517 A of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Thirty-two Thousand Dollars ($32,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated May 1, 2013, and July 10, 2013, and confirmed that restitution was made to 25 consumers in the amount of Fourteen Thousand Eight Hundred Nine Dollars and Forty-five Cents ($14,809.45).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00189
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DIRECT GENERAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Direct General Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated §§ 38.2-604 B, 38.2-610 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to any vehicle other than the vehicle customarily driven by the operator responsible for incurring points; violated § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate policies; violated § 38.2-2220 of the Code by using forms that did not contain the precise language of the standard forms filed and adopted by the Commission; and violated §§ 38.2-510 A (1), 38.2-510 A (3), and 38.2-517 A of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Forty-five Thousand Dollars ($45,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated February 4, 2013, April 24, 2013, and June 24, 2013, and confirmed that restitution was made to 73 consumers in the amount of Twenty-one Thousand Five Hundred Fifty-eight Dollars and Twenty-one Cents ($21,558.21).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00191
NOVEMBER 12, 2013

APPLICATION OF
ARTHUR C. ERMLICH, JR.

For a license to transact the business of insurance as an insurance agent

ORDER

On August 5, 2013, Arthur C. Ermlich, Jr. ("Applicant"), filed a document ("Application") with the State Corporation Commission ("Commission") challenging the denial by the Commission's Bureau of Insurance ("Bureau") of his request for a license to transact the business of insurance as an insurance agent in the Commonwealth of Virginia.

On August 16, 2013, the Commission entered a Scheduling Order that, among other things, assigned the case to a Hearing Examiner and ordered the Bureau to file an answer or other responsive pleading to the Petition on or before September 9, 2013.

On September 9, 2013, the Bureau, by counsel, filed a Response wherein, among other things, it represented that the Bureau denied the Applicant's request for a license because of his use of "dishonest practices" together with his "demonstrated incompetence and untrustworthiness in the conduct of business in Virginia."[1]

[1] Response at 4.

By Hearing Examiner's Ruling dated September 10, 2013, a hearing was scheduled for October 18, 2013, for the purposes of receiving testimony and evidence on the Application.

Prior to the scheduled hearing, the Bureau and the Applicant discussed the issues raised by the Petition and resolved the matter. On October 7, 2013, the Bureau issued a license to the Applicant and, on the same date, the Applicant filed a letter with the Clerk of the Commission requesting the withdrawal of his challenge and stating that the matter had been resolved.

On October 9, 2013, the Hearing Examiner issued a Report. In her Report, she found the Applicant's request to be reasonable, cancelled the hearing scheduled for October 18, 2013, and recommended to the Commission that it adopt the findings of her Report and dismiss the case from the Commission's docket. In addition, the Hearing Examiner waived the period for the filing of comments on her Report.

NOW THE COMMISSION, upon consideration of the record herein and the Report of the Hearing Examiner, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings of the Hearing Examiner's Report are hereby adopted.

(2) The case is dismissed from the Commission's docket of active cases, and the papers herein shall be passed to the file for ended causes.

CASE NO. INS-2013-00195
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FERNANDO GUILLERMO CRISSIEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Fernando Guillermo Crissien ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of Missouri and New York.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the states of Missouri and New York.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00196
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SHAWINA MCGOWAN BENJAMIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shawina McGowan Benjamin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the states of Georgia and Washington.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the states of Georgia and Washington.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00197
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICARDO CARDENAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ricardo Cardenas ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar 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 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 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of California.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00198
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LAWRENCE B. CHESBROUGH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lawrence B. Chesbrough ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Ohio.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Ohio.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00199
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GLEN HABIB THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Glen Habib Thompson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C, 38.2-1831 (1), and 38.2-1831 (11) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida; by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission; and by having had a producer license denied in another state.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 July 10, 2013, and September 25, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C, 38.2-1831 (1), and 38.2-1831 (11) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida; by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission; and by having had a producer license denied in another state.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00200
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PATRICK MCDONALD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Patrick McDonald ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Washington.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 10, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the state of Washington.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to 60 days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00202
SEPTEMBER 16, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CONSUMERS INSURANCE USA, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Consumers Insurance USA, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated §§ 38.2-610 A, 38.2-1905 A, 38.2-2202 B, 38.2-2230, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1833 of the Code by paying commissions to an agent that was not appointed within 30 days of the application; violated §§ 38.2-1905 C, 38.2-1906 D, 38.2-2234 B, and 38.2-2234 E of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated § 38.2-2204 of the Code by failing to represent coverage for all permissive users; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; and violated § 38.2-510 A of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Twenty-seven Thousand Two Hundred Dollars ($27,200), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated May 31, 2013, and confirmed that restitution was made to 57 consumers in the amount of Six Thousand Four Hundred Forty-nine Dollars and Ninety-six Cents ($6,449.96).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

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

CASE NO. INS-2013-00203
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOHN FREEMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Freeman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees; 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 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 June 11, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1831 (1) of the Code failing to make records available promptly upon request for examination by the Commission or its employees; and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00204
SEPTEMBER 6, 2013

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

CONSENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that AUA, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-503, 38.2-512, 38.2-1809, 38.2-1812, 38.2-1813, 38.2-1822, and 38.2-1826 of the Code of Virginia ("Code") by placing before the public a letter containing a statement which was misleading or untrue; by making false representations relative to a communication relating to the business of insurance in order to obtain a benefit from any individual; by failing to make records available promptly upon request for examination by the Commission or its employees; by directly or indirectly sharing commissions or other valuable consideration with a person who was not properly licensed and appointed; by failing to hold premiums in a fiduciary capacity and remit them to the insurer in the ordinary course of business; by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission; and by failing to report within 30 calendar days to the Commission and to every insurer for which it is appointed a change in his residence address.

The Commission is authorized by § 38.2-220 of the Code to issue temporary or permanent injunctions in order to restrain acts which violate the provisions of Title 38.2 of the Code.

By Voluntary Agreement and Consent to Revocation of Insurance Agency or Consulting Firm License Authority dated July 26, 2013, filed with the Bureau, and signed by the Defendant's owner Richard E. Rushing, Jr., the Defendant consented to the revocation of all authority held by it to conduct the business of insurance or insurance consulting in the Commonwealth. In addition, the Defendant waived its right to a hearing and agreed to not file an application to transact the business of insurance in the Commonwealth for a period of five years.

In light of the foregoing, the Bureau has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth for five years.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00207
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GLOBAL SETTLEMENTS, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Global Settlements, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 55-525.30 of the Code of Virginia ("Code") by performing settlements on Virginia property without being properly registered.

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 Virginia the sum of Seven Thousand Five Hundred Dollars ($7,500) and waived its right to a hearing.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00209
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLEN LINDSAY MESSERLY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allen Lindsay Messerly ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1813 A and 38.2-1831 (6) of the Code of Virginia ("Code") by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 24, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1813 A and 38.2-1831 (6) of the Code by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00211
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JARROD C. THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jarrod C. Thompson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of California and the State of Washington.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 7, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, 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 as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of California and the State of Washington.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00212
OCTOBER 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SELECTIVE INSURANCE COMPANY OF AMERICA,
SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA,
SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST
and
SELECTIVE WAY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, and Selective Way Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies 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 to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

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 agreed to comply with the corrective action plan set forth in their letter to the Bureau dated August 2, 2013, and waived their right to a hearing.

The Bureau 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.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00215
SEPTEMBER 20, 2013

IN THE MATTER OF
ING LIFE INSURANCE AND ANNUITY COMPANY,
ING USA ANNUITY AND LIFE INSURANCE COMPANY,
MIDWESTERN UNITED LIFE INSURANCE COMPANY,
ReliaStar LIFE INSURANCE COMPANY
ReliaStar LIFE INSURANCE COMPANY OF NEW YORK, and
SECURITY LIFE OF DENVER INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between ING Life Insurance and Annuity Company, ING USA Annuity and Life Insurance Company, Midwestern United Life Insurance Company, ReliaStar Life Insurance Company, ReliaStar Life Insurance Company of New York, and Security Life of Denver Insurance Company and the Florida Office of Insurance Regulation, the California Department of Insurance, the North Dakota Insurance Department, the Illinois Department of Insurance, the Pennsylvania Insurance Department, the Connecticut Department of Insurance and the New Hampshire Insurance Department for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the States of Florida, California, North Dakota, Illinois, Pennsylvania, Connecticut, and New Hampshire and ING Life Insurance and Annuity Company, domiciled in Connecticut and licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); ING USA Annuity and Life Insurance Company, domiciled in Iowa and licensed to transact the business of insurance in the Commonwealth; Midwestern United Life Insurance Company, domiciled in Indiana and licensed to transact the business of insurance in the Commonwealth; ReliaStar Life Insurance Company, domiciled in Minnesota and licensed to transact the business of insurance in the Commonwealth; ReliaStar Life Insurance Company of New York, domiciled in New York and licensed to transact the business of insurance in the Commonwealth; and Security Life of Denver Insurance Company, domiciled in Colorado and licensed to transact the business of insurance in the Commonwealth;[1] and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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: (i) the Agreement is hereby APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

[1] The Agreement also includes ING U.S., Inc. ING U.S., Inc., is not licensed to transact the business of insurance in the Commonwealth; therefore, this Order does not include this company.

CASE NO. INS-2013-00216
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JUSTIN MCKINNON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Justin McKinnon ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 B of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission the facts and circumstances regarding his criminal conviction.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 B of the Code by failing to report within 30 calendar days to the Commission the facts and circumstances regarding his criminal conviction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00217
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT SHAPIRO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Scott Shapiro ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 A of the Code of Virginia ("Code") 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 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 5, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 A of the Code by failing to make records available promptly upon request for examination by the Commission or its employees.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00218
SEPTEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL A. LAMBOY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael A. Lamboy ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the Financial Industry Regulatory Authority ("FINRA").

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 5, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by FINRA.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00221
OCTOBER 22, 2013

TRANSAMERICA LIFE INSURANCE COMPANY,
TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY,
TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY OF NEW YORK,
TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY,
MONUMENTAL LIFE INSURANCE COMPANY,
and
WESTERN RESERVE LIFE ASSURANCE CO. OF OHIO

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Transamerica Life Insurance Company, Transamerica Advisors Life Insurance Company, Transamerica Advisors Life Insurance Company of New York, Transamerica Financial Life Insurance Company, Monumental Life Insurance Company, and Western Reserve Life Assurance Co. of Ohio and the Florida Office of Insurance Regulation, the California Department of Insurance, the North Dakota Insurance Department, the Illinois Department of Insurance, the Pennsylvania Insurance Department, the Vermont Department of Financial Regulation and the New Hampshire Insurance Department for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the States of Florida, California, North Dakota, Illinois, Pennsylvania, Vermont and New Hampshire and Transamerica Life Insurance Company, domiciled in Iowa and licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); Transamerica Advisors Life Insurance Company, domiciled in Arkansas and licensed to transact the business of insurance in the Commonwealth of Virginia; Transamerica Advisors Life Insurance Company of New York, domiciled in New York and licensed to transact the business of insurance in the Commonwealth; Transamerica Financial Life Insurance Company, domiciled in New York and licensed to transact the business of insurance in the Commonwealth; Monumental Life Insurance Company, domiciled in Iowa and licensed to transact the business of insurance in the Commonwealth; and Western Reserve Life Assurance Co. of Ohio, domiciled in Ohio and licensed to transact the business of insurance in the Commonwealth; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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: (i) the Agreement is hereby APPROVED AND ACCEPTED and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

CASE NO. INS-2013-00224
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REGENT INSURANCE COMPANY,
SOUTHERN PILOT INSURANCE COMPANY,
and
GENERAL CASUALTY COMPANY OF WISCONSIN,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Regent Insurance Company, Southern Pilot Insurance Company, and General Casualty Company of Wisconsin (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-317 of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has 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 each tendered to the Commonwealth the sum of One Thousand Dollars ($1,000) for an amount totaling Three Thousand Dollars ($3,000), 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 6, 2013.

The Bureau 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.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00226
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PHILLIP SAMUEL MONTANO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Phillip Samuel Montano ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees; 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 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 15, 2013.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1831 (1) of the Code by failing to make records available promptly upon request for examination by the Commission or its employees; and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00227
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN SECURITY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Security Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), 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 27, 2013.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00228
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SENTINEL INSURANCE COMPANY, LTD.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sentinel Insurance Company, Ltd. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 3, 2013, and confirmed that restitution was made to 21 consumers in the amount of Three Thousand Seven Hundred Fifty-six Dollars ($3,756).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00230
NOVEMBER 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Northern Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 4, 2013.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00231
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allied Property and Casualty Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated August 19, 2013.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00232
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REGENT INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Regent Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission, and by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 3, 2013.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00234
DECEMBER 9, 2013

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
and
HEALTHKEEPERS, INC.

For modification of the Final Order to remove claims processing from the functions that must be performed in Virginia

FINAL ORDER

On October 8, 2013, Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, and the Final Order entered in Case No. INS-2007-00141.[1] In the 2007 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 Virginia:

[1] *Petition of Anthem Health Plans of Virginia, Inc., et al.*, *For Amendment of Final Order in Case No. INS-2002-00131*, Case No. INS-2007-00141, 2007 S.C.C. Ann. Rept. 114, Final Order (Aug. 9, 2007) (hereinafter, "2007 Final Order").

actuarial, underwriting, marketing, community relations, distribution management, and sales. In the 2007 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 this Petition, the Petitioners are seeking relief, in part, from the requirement in the 2007 Final Order that claims processing must be provided from a location in Virginia. In the Petition, Anthem defines claims processing as "non-customer-facing functions focused on claims adjudication - primarily electronic and automated" and not including "traditional customer or health care provider-facing service transactions such as answering and responding to telephone inquiries, questions about benefits, appeals, pre-authorization requests, face-to-face encounters, and other day-to-day interactions with customers and health care providers."[3] The Petitioners represent that an advance draft of the Petition has been provided to the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and to the Medical Society of Virginia ("MSV") and that MSV has authorized the Petitioners to represent that it does not object to the Petition.[4]

On October 18, 2013, the Commission entered a Scheduling Order in which it provided a deadline of November 1, 2013, for interested persons to comment or to file a notice of participation as a respondent in this matter and for the Bureau of Insurance ("Bureau") to file a response to the Petition.

On October 31, 2013, the Bureau filed its response to the Petition. The Bureau stated that it does not oppose the relief requested by the Petitioners.

On November 1, 2013, Consumer Counsel filed comments. Consumer Counsel stated that, "Based on Anthem's representation that 'claims processing' will not include personal customer or health care provider interaction by Anthem employees located outside of Virginia or the Commonwealth", it did not object to the Petition.[5]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is GRANTED.

(2) Anthem is permitted to provide claims processing services from outside of Virginia. Claims processing means non-customer-facing functions focused on claims adjudication – primarily electronic and automated. Claims processing does not include traditional customer or health care provider-facing service transactions such as answering and responding to telephone inquiries, questions about benefits, appeals, pre-authorization requests, face-to-face encounters, and other day-to-day interactions with customers and health care providers.

(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 filed herein shall be placed in the file for ended causes.

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[2] *Id.* at 116, para. 4.

[3] Petition at 3.

[4] Petition at 8.

[5] Consumer Counsel Response at 2.

CASE NO. INS-2013-00235
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CENTRAL MUTUAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Central Mutual Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policies.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), 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 10, 2013.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00236
OCTOBER 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DEBORAH L. HEARD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Deborah L. Heard ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-512 and 38.2-1831 (10) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on or relative to any document 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; and by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 August 28, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512 and 38.2-1831 (10) of the Code by making false or fraudulent statements or representations on or relative to any document 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; and by using fraudulent, coercive, or dishonest practices in the conduct of business in the Commonwealth.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00247
NOVEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DEBRA ANN PEOPLES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Debra Ann Peoples ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were 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 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 2, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of Florida.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00248
NOVEMBER 20, 2013

NEW YORK LIFE INSURANCE COMPANY,
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION, and
NYLIFE INSURANCE COMPANY OF ARIZONA

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between New York Life Insurance Company, New York Life Insurance and Annuity Corporation, and NYLife Insurance Company of Arizona and the Florida Office of Insurance Regulation, the California Department of Insurance, the North Dakota Insurance Department, the Illinois Department of Insurance, the Pennsylvania Insurance Department, and the New Hampshire Insurance Department for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the States of Florida, California, North Dakota, Illinois, Pennsylvania, and New Hampshire and New York Life Insurance Company, domiciled in New York and licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); New York Life Insurance and Annuity Corporation, domiciled in Delaware and licensed to transact the business of insurance in the Commonwealth; and NYLife Insurance Company of Arizona, domiciled in New York and licensed to transact the business of insurance in the Commonwealth; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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: (i) the Agreement is hereby APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

CASE NO. INS-2013-00250
DECEMBER 4, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JENNIFER LUCILLE MALLORY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jennifer Lucille Mallory ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1813 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by failing to hold all premiums received from insureds in a fiduciary capacity and failing to account for such funds.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 August 28, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1813 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to pay funds in the ordinary course of business to the insurer entitled to the payment, and by failing to hold all premiums received from insureds in a fiduciary capacity and failing to account for such funds.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00252
DECEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Northern Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 25, 2013, and confirmed that restitution was made to 1,533 consumers in the amount of $221,905.38.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00253
DECEMBER 18, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLMERICA FINANCIAL ALLIANCE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allmerica Financial Alliance Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of One Thousand Dollars ($1,000), agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 25, 2012, confirmed that restitution was made to 15,995 consumers in the amount of $404,419.40, and waived its right to a hearing.

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00256
DECEMBER 11, 2013

IN THE MATTER OF
MONUMENTAL LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Regulatory Settlement Agreement between Monumental Life Insurance Company and the Insurance Commissioners of the Commonwealths of Virginia and Kentucky and the State of West Virginia

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested approval and acceptance by the State Corporation Commission ("Commission") of a Regulatory Settlement Agreement ("Agreement") dated November 18, 2013, a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the Commonwealths of Virginia and Kentucky, and the State of West Virginia; and Monumental Life Insurance Company ("Monumental Life"), domiciled in Iowa and licensed to transact the business of insurance in the Commonwealth of Virginia.

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 the Agreement be, and it is hereby, APPROVED AND ACCEPTED.

CASE NO. INS-2013-00257
DECEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ELEPHANT INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Elephant Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use an insurance policy or endorsement as of the effective date that such policy or endorsement was filed with the Commission, and by making or issuing an insurance contract or policy not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 the sum of Two Thousand Dollars ($2,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 17, 2013, and confirmed that restitution was made to 91 consumers in the amount of Four Thousand One Hundred Fifty-four Dollars and Sixty-two Cents ($4,154.62).

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.

NOW 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.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00259
DECEMBER 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DOROTHY ARRINGTON SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Dorothy Arrington Smith ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-512 A, 38.2-512 B, 38.2-1826 A, and 38.2-1831 (10) of the Code of Virginia ("Code") by making false statements on an application for insurance, by affixing the signature of a proposed insured on an application for insurance without written permission, by failing to report within 30 calendar days to the Commission any change in her residence address, and by using fraudulent and dishonest practices in the submission of insurance applications.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 30, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512 A, 38.2-512 B, 38.2-1826 A, and 38.2-1831 (10) of the Code by making false statements on an application for insurance, by affixing the signature of a proposed insured on an application for insurance without written permission, by failing to report within 30 calendar days to the Commission any change in her residence address, and by using fraudulent and dishonest practices in the submission of insurance applications.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00260
DECEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WILLIAM M. STEVENSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that William M. Stevenson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Florida.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 29, 2013.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW 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 by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Florida.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00262
DECEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GUY BERGMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Guy Bergman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Ohio.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 November 5, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00266
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL ANTHONY FERRER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Anthony Ferrer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, 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 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 16, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1831 (1) of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00268
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARCIE JO MNAHONCAK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marcie Jo Mnahoncak ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 and subsections A, B, and C of § 38.2-1826 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report within 30 calendar days to the Commission and to every insurer for which she is appointed a change in her residence address, by failing to report within 30 calendar days to the Commission the facts and circumstances regarding criminal convictions, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of California, the State of North Carolina, and the State of Florida.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 November 5, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 and subsections A, B, and C of § 38.2-1826 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to report within 30 calendar days to the Commission and to every insurer for which she is appointed a change in her residence address, by failing to report within 30 calendar days to the Commission the facts and circumstances regarding criminal convictions, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of California, the State of North Carolina, and the State of Florida.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00270
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TERESA LYN GRAHAM,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Teresa Lyn Graham ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of Ohio, and by failing to provide the Bureau with a copy of the order, consent to order, or other relevant legal documents related to such action.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 November 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of Ohio, and by failing to provide the Bureau with a copy of the order, consent to order, or other relevant legal documents related to such action.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00271
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANASTASIA D. BLAKE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anastasia D. Blake ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (11) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Kansas and the State of California; by failing to provide the Bureau with a copy of the order, consent to order, or other relevant legal documents related to such actions; and by having her insurance producer license revoked in any other state.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 November 18, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (11) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Kansas and the State of California; by failing to provide the Bureau with a copy of the order, consent to order, or other relevant legal documents related to such actions; and by having her insurance producer license revoked in any other state.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00274
DECEMBER 18, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FARMERS INSURANCE EXCHANGE
and
MID-CENTURY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Farmers Insurance Exchange and Mid-Century Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-305 and 38.2-317 of the Code of Virginia ("Code") by failing to provide information required by the statute in the insurance policies, and by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has 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 the sum of Two Thousand Dollars ($2,000) each for an amount totaling Four Thousand Dollars ($4,000), agreed to comply with the corrective action plan set forth in their letter to the Bureau dated November 20, 2013, and waived their right to a hearing.

The Bureau 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.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. INS-2013-00276
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DANIEL PETEFISH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel Petefish ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1809 of the Code of Virginia ("Code") 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 to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 November 20, 2013, and mailed to the Defendant's address shown in the records of the Bureau.

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.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in the Commonwealth as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.

(6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

DIVISION OF COMMUNICATIONS

CASE NO. PUC-1997-00066
AUGUST 28, 2013

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
R&B NETWORK, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered May 1, 2012, in Case No. PUC-2012-00016, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to R&B Network, Inc. ("R&B" or "Company"), granting the Company's request for cancellation of its certificates.[1]

On July 30, 2013, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the Interconnection Agreement between Verizon and R&B.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00066 is hereby closed.

[1] *Application of R&B Network, Inc., For approval to cancel certificates of public convenience and necessity to provide local and interexchange telecommunications services*, Case No. PUC-2012-00016.

CASE NO. PUC-1997-00150
OCTOBER 29, 2013

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A BELL ATLANTIC-VIRGINIA, INC.
and
USA EXCHANGE, LLC d/b/a
OMNIPLEX COMMUNICATIONS GROUP

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered December 11, 1997, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon Virginia LLC f/k/a Bell Atlantic-Virginia, Inc. ("Verizon"), and USA eXchange, LLC ("USA eXchange").[1]

On October 15, 2013, Verizon advised the Commission of the termination of the Interconnection Agreement between Verizon and USA eXchange.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00150 is hereby closed.

[1] The Commission did not issue any certificates of public convenience and necessity to USA eXchange, LLC.

CASE NO. PUC-1997-00164
OCTOBER 29, 2013

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A BELL ATLANTIC-VIRGINIA, INC.
and
TIE COMMUNICATIONS, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered January 16, 1998, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon Virginia LLC f/k/a Bell Atlantic-Virginia, Inc. ("Verizon"), and Tie Communications, Inc. ("TCI").[1]

On October 15, 2013, Verizon advised the Commission of the termination of the Interconnection Agreement between Verizon and TCI.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00164 is hereby closed.

[1] The Commission did not issue any certificates of public convenience and necessity to Tie Communications, Inc.

CASE NO. PUC-2001-00226
FEBRUARY 22, 2013

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

ORDER ON PETITION

On January 14, 2013, Verizon Virginia LLC f/k/a Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon") filed with the State Corporation Commission ("Commission") a Petition for a Waiver of Certain Service Quality Results Measured under the Performance Assurance Plan for November 2012 ("Petition"). According to the Petition, the service performance results sought to be waived for November 2012 would otherwise be included in Verizon's calculation of monthly bill credits due to Competitive Local Exchange Carriers ("CLECs") pursuant to Verizon's Performance Assurance Plan ("VA PAP"). According to Verizon, waiver of such service performance results for November 2012 would reduce the bill credits due to CLECs to $49,770, a reduction of $67,689.[1]

In its Petition, Verizon stated that on October 29 and 30, 2012, Hurricane Sandy struck the Mid-Atlantic and Northeastern portions of the United States. Verizon asserted that this extraordinary event was beyond its control and prevented it from satisfying two of the VA PAP wholesale metrics with benchmark standards during November 2012.[2] Verizon asserted that Hurricane Sandy prevented the timely processing of orders for Resale POTS and Pre-qualified Complex services and orders for UNE Loops, Pre-qualified Complex services, and Local Number Portability because the New York office of the Verizon employees who process these orders was closed because of the storm.[3] Verizon stated that in normal months, it has routinely provided excellent service to CLECs and met or exceeded the standard for these two metrics.[4]

Verizon based its request upon the waiver provisions found in Appendix C to the VA PAP, which provide for waiver petitions where the service quality data may have been influenced by factors beyond the control of Verizon.[5]

On January 25, 2013, the Commission entered an order for Notice and Comment that provided interested parties until February 7, 2013, to file comments on Verizon's Petition. To date no comments have been received.

NOW THE COMMISSION, upon consideration of the absence of any opposition to Verizon's Petition, finds that the waiver should be granted.

[1] Petition at 3.

[2] *Id.* at 2, 3-4. Verizon refers to Metrics OR-1-04-2320 and OR-1-04-3331.

[3] *Id.*

[4] *Id.* at 6.

[5] *Id.* at 4-5.

Accordingly, IT IS ORDERED THAT:

(1) Verizon's Petition for Waiver of Certain Quality Results Measured Under the Performance Assurance Plan for November 2012 is granted.

(2) This case shall be continued.

CASE NO. PUC-2003-00084
MAY 31, 2013

APPLICATION OF
VERIZON VIRGINIA INC.
and
DSLNET COMMUNICATIONS VA, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered February 3, 2012, in Case No. PUC-2011-00072, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity ("certificates") previously issued to DSLnet Communications VA, Inc. ("DSLnet VA" or "Company"), granting the Company's request for cancellation of its certificates.[1]

On May 16, 2013, Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and DSLnet VA.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2003-00084 is hereby closed.

[1] *Application of DSLnet Communications VA, Inc., For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services,* Case No. PUC-2011-00072, S.C.C. Doc. Con. Cen. No. 120210213, Order Cancelling Certificates (Feb. 3, 2012).

CASE NO. PUC-2006-00084
JUNE 7, 2013

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
CORDIA COMMUNICATIONS CORP. OF VIRGINIA

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered November 18, 2011, in Case No. PUC-2011-00064, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to Cordia Communications Corp. of Virginia ("Cordia" or "Company"), granting the Company's request for cancellation of its certificates, bond, and tariffs.[1]

On April 23, 2013, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the Interconnection Agreement between Verizon and Cordia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an Interconnection Agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2006-00084 is hereby closed.

[1] *Application of Cordia Communications Corp. of Virginia, For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services and of the associated bond and tariffs,* Case No. PUC-2011-00064, Doc. Con. No. 111150016, Order Cancelling Certificates and Associated Bond and Tariffs (Nov. 18, 2011).

CASE NO. PUC-2010-00046
JULY 3, 2013

APPLICATION OF
VERIZON VIRGINIA INC. AND
VERIZON SOUTH INC.

For a waiver of Rule 20 VAC 5-428-80 regarding printed directories

ORDER GRANTING WAIVER

On August 3, 2010, Verizon Virginia Inc.[1] and Verizon South Inc. (collectively, "Verizon") filed an application ("Application") with the State Corporation Commission ("Commission") for a waiver of the annual telephone directory publication and distribution requirement of 20 VAC 5-428-80 A of the Commission's Rules Governing Local Exchange Telecommunications Carrier Retail Service Quality ("Service Quality Rules").[2] Specifically, Verizon requested a waiver of the requirement to distribute a printed directory of residential listings ("residential white page directory") to all its customers on an annual basis and instead distribute only to customers upon request. These directories are published and delivered by SuperMedia LLC ("SuperMedia").

The Commission issued an Order for Notice and Inviting Comments and Requests for Hearing on September 29, 2010, that, among other things, provided for notice to the public and directed that the Staff of the Commission ("Staff") file comments on the issues associated with the Application. Over 400 comments from the public and interested entities were received. No one requested a hearing.

After consideration of the filings by Verizon and the comments submitted by members of the public, interested entities, and the Staff, the Commission issued an order on May 5, 2011, in which it found that it is consistent with the public interest to grant an interim waiver to Verizon, and to any other local exchange carrier ("LEC") that relies on Verizon to comply with this rule ("May 5, 2011 Order"). The waiver was granted on an interim basis subject to Verizon meeting certain requirements while the interim waiver is in effect.[3] The May 5, 2011 Order directed the Staff to monitor the changes in Verizon's directory distribution policy in accordance with the interim waiver and file a report thereon with the Commission on or before May 1, 2013.

On May 1, 2013, the Staff filed a report ("Staff Report") in which the Staff documented that Verizon filed a notification regarding the implementation of its new procedures for printed residential directories on July 12, 2011. The Staff Report notes that Verizon began the new directory delivery process in late July 2011 with the publication and delivery of the Danville directory and subsequently has implemented the new procedures for all residential directories in Verizon's service areas. The Staff found that under Verizon's new procedures, customers continue to receive a printed directory containing white page business and government listings and the consumer guide that, in most cases, is combined with a yellow page directory. In addition, Verizon's procedures provide that upon request, a customer may receive a residential white page directory (printed or CD ROM), and upon such request, the consumer will continue to receive such directory annually.

The Staff Report further reflects that beginning with the 2011 third quarter results, Verizon has submitted quarterly reports to the Division of Communications showing the number of customer requests (by quarter) for a printed residential white page directory. The quarterly reports showed that the number of requests for printed residential directories has been very low in all Verizon directory areas in Virginia, representing less than one percent of the total yellow page directories in circulation.

The Staff Report documents that all residential white page directories have been published for all Verizon areas at least once since implementation of the new distribution policy. The Staff has received only seven consumer inquiries or complaints regarding the distribution of residential white pages since May 1, 2011.[4] According to the Staff, most of those complaints were readily resolved by explaining the new policy to the customer. In a few other situations, customers were assisted in obtaining a desired directory. Overall, the Staff observed that there has been very little response or adverse impact on consumers in Virginia from the change in Verizon's residential directory distribution practices.

Finally, the Staff Report notes that Verizon is no longer required to deliver residential white page directories in any other jurisdictions in which it is an incumbent local exchange carrier (Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Delaware, District of Columbia, Florida, Texas, and California).[5]

The Staff Report states that monitoring the results during the interim waiver period has provided sufficient evidence for determining that eliminating the automatic delivery of residential white page directories has not harmed consumers in Virginia. The Staff does not object to the Commission granting a permanent waiver to Verizon, but recommends that a number of the prior requirements set forth in the May 5, 2011 Order be kept in place. The Staff also recommends that the waiver of 20 VAC 5-428-80 A continue to apply to any other LEC that relies on Verizon to comply with the rule.

NOW THE COMMISSION, having considered this matter and the recommendations of the Staff, is of the opinion and finds that it is consistent with the public interest to make the interim waiver permanent, subject to the requirements imposed herein. In granting this waiver pursuant to

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[1] Verizon Virginia Inc. converted to Verizon Virginia LLC on December 31, 2011.

[2] Rule 20 VAC 5-428-80 A reads as follows:

> A LEC shall publish or cause to be published its customers' listing information in printed directories and shall distribute or cause to be distributed to its customers such directories at yearly intervals. The listing information of a LEC's customers shall be updated at least yearly, unless otherwise agreed to by the commission or staff.

[3] There are fifteen specific requirements in the May 5, 2011 Order including how Verizon notifies customers of the process for requesting delivery of a free residential white page directory, online directory information and access, interaction with other LECs, and reporting requirements for Verizon to the Staff.

[4] The latest inquiry was received in October 2012.

[5] Verizon discontinued delivery in two states in 2010, ten states in 2011 (including Virginia), and the District of Columbia in 2012.

20 VAC 5-428-120 of the Service Quality Rules, we note that the Commission will continue to monitor Verizon's compliance with the requirements set forth herein and any complaints from customers arising from the waiver and may reconsider the granting of this waiver should the need arise.

Accordingly, IT IS ORDERED THAT:

(1) Verizon is granted a waiver of 20 VAC 5-428-80 A of the Service Quality Rules as it relates to the requirement to distribute a printed copy of residential white page directories on an annual basis, subject to Verizon's continued compliance with the requirements set out below.

(2) Verizon shall ensure that customers continue to receive automatically a printed directory containing white page business and government listings and consumer guide.

(3) Verizon shall ensure that the instructions for ordering residential white page directories are prominently displayed on the cover of the directories that continue to be distributed, on the table of contents and the emergency number 911 page of the directories, and on the exterior of the protective bag (if one is used) in which those directories will be delivered.

(4) Verizon shall ensure that the necessary information for obtaining a free residential white page directory is available on the websites of Verizon and SuperMedia (or its successor).

(5) Verizon shall ensure that the white page directories are highly searchable from any site within the primary website.

(6) Verizon shall timely inform the LECs that rely on Verizon for publishing and distributing directories regarding any future changes in its white page procedures that will affect their customers. Verizon shall furnish to the LECs all necessary information and directions on which the LECs need to rely to inform and assist their customers.

(7) Verizon shall notify the Division of Communications in writing of any proposed further modifications or changes to its residential distribution policy.

(8) Verizon shall treat a customer's initial request for a residential white page directory (either printed or CD ROM) as a standing order that does not require annual renewal.

(9) Verizon shall ensure that if it and/or SuperMedia (or its successor) establishes a process for transmission of electronic files identifying customers requesting white page directories, such process shall be made available to interested LECs in Virginia.

(10) Verizon shall ensure that business and governmental entities with multiple telephone lines will be able to order all necessary residential white page directories through a single request. Other managed multi-tenant locations (such as retirement communities, nursing homes, and apartment complexes) will be able to order residential white page directories through a single request by the management or by individual request of the tenant.

(11) This waiver of 20 VAC 5-428-80 A shall apply to any other LEC that relies on Verizon to comply with the rule.

(12) With nothing further to come before the Commission, this case shall be removed from the Commission's active docket and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2012-00042
FEBRUARY 22, 2013

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

Ex Parte: In the matter of investigating 911 emergency call service outages and problems

ORDER

On July 3, 2012, the State Corporation Commission ("Commission") issued an Order Establishing Investigation ("July 3 Order") in response to reported outages and problems related to 911 emergency call services following a storm that crossed the Commonwealth of Virginia at the end of June 2012. The Commission directed the Staff of the Commission ("Staff"), pursuant to §§ 56-35, 56-36, 56-247, and 56-249 of the Code of Virginia, to investigate this matter and report on the same. The Staff was directed to file a report containing its preliminary findings by September 14, 2012, and a final report containing its final findings and recommendations by December 31, 2012.[1] The July 3 Order also directed Verizon Virginia LLC, Verizon South Inc. (collectively, "Verizon"), and any other local exchange carrier experiencing 911 service outages and problems to cooperate fully with the Staff during the course of its investigation and to respond to all requests for information, reports, or other data in a timely and efficient manner.

On September 14, 2012, the Staff filed its Report of Preliminary Findings as directed by the Commission ("Preliminary Findings Report"). This initial report stated that early in the afternoon on June 29, 2012, a severe and destructive storm ("June 29 Derecho") with widespread wind gusts of over 70 mph tracked across a large section of the Midwestern United States. The storm progressed into the Mid-Atlantic States in the afternoon and evening. Late in the evening, the storm continued to expand and impacted significant portions of Virginia, Maryland, and the District of Columbia with severe straight-line wind speeds reported as high as 87 mph. By the morning of June 30, there was an unprecedented and critical loss of 911 services primarily impacting public safety answering points ("PSAPs") and citizens in the Northern Virginia area.

[1] On December 10, 2012, the Commission granted a Staff request to extend the time for filing the Staff's final report from December 31, 2012, to January 17, 2013.

The Preliminary Findings Report stated that Verizon acknowledged multiple problems starting with the failure of backup generators to start in the Fairfax and Arlington central offices. Ultimately there was a total loss of 911 telephone service to four public safety answering points (Fairfax County, Prince William County, Manassas, and Manassas Park) for a significant period of time. In addition, the Staff found that 21 other Virginia PSAPs were impacted and experienced such problems as the failure to receive Automatic Location Information ("ALI") and the loss of administrative and backup telephone lines.

The Preliminary Findings Report contained a number of detailed findings that suggested, among other things, that the two generators in Fairfax and Arlington may not have been properly maintained or tested. The Staff concluded that the 911 service outages should not have happened as Verizon's 911 network was engineered, designed, and constructed to withstand such a storm. The Preliminary Findings Report noted that Verizon has acknowledged that it failed to meet expectations of the PSAPs and residents of Northern Virginia and is engaged in corrective actions to prevent a reoccurrence.

On January 17, 2013, the Staff filed its Report of Final Findings and Recommendations ("Final Report"). The Staff stated that the further investigation had substantiated the findings in the Preliminary Findings Report that the 911 outages following the June 29 Derecho in Northern Virginia should not have occurred and were avoidable if Verizon had properly maintained the generators in the Arlington and Fairfax offices. The Staff found that the 911 outages and subsequent Verizon investigation exposed numerous deficiencies and weaknesses inherent in its procedures, processes, and central offices.

The Staff also stated that its investigation showed that Verizon has resolved many problems, and is initiating actions to correct additional deficiencies. However, the Staff concluded that it will take a concerted effort on Verizon's part to correct all the problems, which the Staff believes cannot be done overnight and will require oversight to ensure compliance. To facilitate this, the Staff recommended the following to the Commission.

1. This docket should remain open.

2. Verizon should be required to update and file quarterly corrective action progress reports with the Commission.

3. Verizon should correct all deficiencies and implement all recommendations identified in its power audits.

4. Verizon should meet quarterly with the Staff to provide additional details, schedules, budgets, and updates on its corrective actions, audits, inspections, and other initiatives intended to correct its deficiencies in Virginia.

5. Verizon should continue to meet and cooperate with the PSAPs to ensure their concerns are addressed.

6. By the end of 1Q 2013, Verizon should develop and review with the Staff a schedule to conduct audits (including power, mechanical, and HVAC equipment) in all remaining Virginia offices. Verizon should permit the Staff to monitor any audit as it is conducted.

7. Recognizing the time required to complete the audits, at a minimum, batteries should be inspected and tested in all Virginia locations by the end of 2Q 2013.

8. Verizon should provide the Staff with copies quarterly of any additional or revised power audits conducted for offices in Virginia.

9. Verizon should provide the Staff with any plans to conduct additional inspections or audits for switching and/or transport equipment and operational audits in Virginia. Copies of the results from any such inspections and audits should be provided to the Staff on a quarterly basis.

10. Verizon should establish a plan to address the availability and sufficiency of spare parts for manufacturer discontinued equipment.

11. The Staff should continue to communicate and meet with PSAPs and the 911 community.

12. Verizon should maintain and update a complete inventory of its 911 service infrastructure.

13. Verizon should provide a quarterly report to the Staff identifying any problems found in the monthly testing of generators in offices in Virginia. The report should identify the office and the corrective action undertaken and include applicable dates.

14. The Staff should file an annual status report with the Commission that includes recommendations on continuing the various requirements on Verizon and/or recommendations on any changes or additions to such.

15. The Staff should evaluate the FCC Public Safety and Homeland Security Bureau's Report and Recommendations released on January 10, 2013, and advise the Commission of any additional recommendations we may determine are warranted based on that report.

NOW THE COMMISSION, upon consideration of the foregoing, makes the following findings in this proceeding. We find that the recommendations listed in the Staff's Final Report are reasonable, responsive to our order initiating this investigation, and should continue to be implemented by Verizon and the Staff forthwith. In addition, we agree with the Staff that this docket should remain open at this time to monitor and facilitate the implementation of such recommendations including, but not limited to, the receipt of the reports referenced therein. Finally, if Verizon objects to any of the recommendations, it shall notify the Commission of such within 30 days of this Order so that we can establish further procedures for this matter.

Accordingly, IT IS SO ORDERED and this matter is continued pending further order of the Commission.

CASE NO. PUC-2012-00056
JANUARY 14, 2013

APPLICATION OF
EARTHLINK BUSINESS, LLC

For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia

ORDER NUNC PRO TUNC

On September 17, 2012, EarthLink Business, LLC ("EarthLink"), 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 ("Application"). On December 14, 2012, the Commission issued a Final Order granting the Certificates requested in the Application ("Final Order").

NOW THE COMMISSION, upon consideration of the Final Order, is of the opinion and finds that an Order *Nunc Pro Tunc* should be entered so as to revise Ordering Paragraph (4) of the Final Order. Said revision shall be effective as if originally set forth in the Final Order.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (4) of the Final Order is removed and replaced, *nunc pro tunc*, with the following:

> (4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, EarthLink shall provide to the Division of Communications tariffs that conform to all applicable Commission rules and regulations. If EarthLink elects to provide retail services on a non-tariffed basis, EarthLink shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(2) There being nothing further to come before the Commission, this case shall be dismissed and placed in the file for ended causes.

CASE NO. PUC-2012-00058
FEBRUARY 28, 2013

APPLICATION OF
UNITE PRIVATE NETWORKS, L.L.C.
and
RIDGEMONT EQUITY PARTNERS I, L.P.

For a transfer of control

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On October 31, 2012, Unite Private Networks, L.L.C. ("Unite"), and Ridgemont Equity Partners I, L.P. ("Ridgemont") (collectively, "Applicants"),[1] completed an application ("Application") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] regarding a transaction that transferred indirect control of Unite to Ridgemont ("Transaction").

Unite is a Delaware limited liability company and is a wholly owned direct subsidiary of UPN Intermediate Holdings LLC, which, in turn, is a wholly owned direct subsidiary of UPN Holdings LLC ("UPN"), which is owned by Banc of America Capital Investors V, L.P. ("BACI") (88%) and certain Unite employees (12%). Unite holds certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia.[3]

Ridgemont is a Delaware limited partnership. Its general partner is Ridgemont Equity Management I, L.P. ("Ridgemont Equity"), a Delaware limited partnership, which is controlled by its general partner, Ridgemont Equity Management I, LLC ("Ridgemont Equity Management"), which is controlled by its members.

The Applicants request Commission approval for Ridgemont's acquisition of BACI's equity interests in UPN through its alternative investment vehicle, REP UP, L.P. ("REP UP"). REP UP was created in February 2012 to hold the investment in UPN and its subsidiaries and is controlled by its general partner, Ridgemont Equity, which is controlled by Ridgemont Equity Management, which is controlled by its members. As a result of the Transaction, REP UP holds a controlling interest in UPN and thus an indirect controlling interest in Unite. UPN's remaining 12% equity continues to be owned by certain Unite employees. The Applicants represent that the Transaction was consummated on August 15, 2012.

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[1] Banc of America Capital Investors V, L.P., and Ridgemont Equity Management I, LLC, also are considered Applicants and have provided the required verification.

[2] Va. Code § 56-88 *et seq.*

[3] *Application of Unite Private Networks, L.L.C., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-2011-00069, Final Order (Jan. 17, 2012).

The Applicants represent that the Transaction did not have an impact on customers since it was completed at the holding company level. The Applicants further represent that, following the Transaction, UPN continues to offer service with no change in the rates or terms and conditions of service. UPN also continues to provide service to its customers under the same name and continues to be led by an experienced management team. The Applicants represent that Ridgemont has the financial, managerial, and technical resources to render local exchange telecommunications services in Virginia.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by the Commission Staff, is of the opinion and finds that the Transaction described herein should be approved. However, the Commission is concerned with the Applicants' failure to obtain the necessary prior approval required under the Utility Transfers Act.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of… (ii) A telephone company, or all of the assets thereof, without the prior approval of the Commission ….
>
> Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

> Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed $10,000.

Therefore, the Applicants are directed to file a response within ten (10) days of the date of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code (or other applicable law) for failing to obtain prior approval of the Commission before transferring indirect control of Unite to Ridgemont.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are granted approval of the Transaction as described herein.

(2) The Applicants shall, either individually or jointly, file a response within ten (10) days of the date of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code.

(3) This case is continued pending further order of the Commission.

CASE NO. PUC-2012-00058
APRIL 4, 2013

APPLICATION OF
UNITE PRIVATE NETWORKS, L.L.C.
and
RIDGEMONT EQUITY PARTNERS I, L.P.

For a transfer of control

FINAL ORDER

On September 10, 2012, Unite Private Networks, L.L.C. ("Unite"), and Ridgemont Equity Partners I, L.P. ("Ridgemont"), filed with the State Corporation Commission ("Commission") a letter advising that the transfer of control of Unite to Ridgemont had been completed on August 15, 2012 ("Transaction"). The Transaction described in the filing constituted a transfer that required prior Commission approval pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code").[1] The Staff of the Commission ("Staff") performed a review and issued a memorandum of incompleteness on September 20, 2012. Unite and Ridgemont (hereinafter, "Applicants")[2] made the requisite filings for the application ("Application") to be deemed complete on October 31, 2012.

Unite is a Delaware limited liability company in a holding company corporate structure that, prior to the Transaction, was primarily owned by Banc of America Capital Investors V, L.P. Unite holds certificates of public convenience and necessity to provide local exchange and interexchange

[1] Va. Code § 56-88 *et seq.*

[2] Banc of America Capital Investors V, L.P., and Ridgemont Equity Management I, LLC, also are considered Applicants and have provided the statutorily required verifications.

telecommunications services in Virginia that were issued by the Commission on January 17, 2012.[3] Ridgemont is a Delaware limited partnership. Its general partner is Ridgemont Equity Management I, L.P., a Delaware limited partnership, which is controlled by its general partner, Ridgemont Equity Management I, LLC, which is controlled by its members.

The Applicants represented that the Transaction did not have an impact on customers since it was completed at the holding company level with no change in rates, terms, or conditions of service. The Staff reviewed the Application and recommended that the Commission approve the Transaction.

On February 28, 2013, the Commission issued an Order Granting Approval and Directing Response, which (1) granted approval for the transfer of indirect control of Unite, and (2) directed the Applicants to file a response stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code for failing to obtain prior approval of the Commission before completing the Transaction.

Section 56-88.1 of the Code provides, in part:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of … [a] telephone company, or all of the assets thereof, without the prior approval of the Commission.
>
> Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

> Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed $10,000.

On March 7, 2013, the Applicants filed a response ("Response") explaining that the Applicants initially expected the Transaction to be completed prior to Unite receiving its certificates of public convenience and necessity from the Commission. The Applicants further stated that they understood that they should have requested Commission approval of the Transaction upon realizing that the closing would be occurring much later than expected. The Applicants stated that the failure to make this request was due to an administrative oversight. The Applicants asserted that upon becoming aware of the oversight, they filed the necessary information to complete the Application, and provided the Staff with the necessary information to fully investigate the Application. The Applicants asserted that the oversight was not intentional and did not harm the public. Accordingly, the Applicants have requested that if the Commission determines that this violation warrants imposition of a fine, that the fine be minimal and suspended on the condition that the Applicants not violate § 56-88.1 of the Code in the future.

NOW THE COMMISSION, upon consideration of the applicable law and the Applicants' Response, is of the opinion and finds that the Applicants should be, and hereby are, found in violation of § 56-88.1 of the Code and fined Five Thousand Dollars ($5,000) pursuant to § 12.1-13 of the Code. The Commission further finds that the fine, assessed jointly and severally upon the Applicants, should be, and hereby is, suspended on the condition that the Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants hereby are assessed a fine of Five Thousand Dollars ($5,000) pursuant to § 12.1-13 of the Code for violation of § 56-88.1 of the Code.

(2) This fine is suspended on the condition that the Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

(3) There being nothing further to come before the Commission, this matter is 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.

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[3] *Application of Unite Private Networks, L.L.C., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-2011-00069, Final Order (Jan. 17, 2012).

CASE NO. PUC-2012-00065
FEBRUARY 14, 2013

APPLICATION OF
NEW EDGE NETWORKS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

The State Corporation Commission ("Commission") issued certificates of public convenience and necessity ("Certificates") No. T-682 permitting the provision of local exchange telecommunications services, and No. TT-245A permitting the provision of interexchange telecommunications services to New Edge Networks of Virginia, Inc. ("New Edge-VA"), on January 26, 2009, in Case No. PUC-2008-00062.[1]

On October 5, 2012, New Edge-VA filed a letter requesting that the Commission cancel its Certificates. In support of this request, New Edge-VA stated that in accordance with the change in control application that was before the Commission in Case No. PUC-2012-00061,[2] New Edge-VA was to be merged with and into EarthLink Business, LLC ("EarthLink"). As a result of this pro forma merger, which was expected to be completed on or before December 31, 2012, New Edge-VA would no longer exist as a separate corporate entity and EarthLink would provide services to New Edge-VA's former customers pursuant to EarthLink's Certificates.[3] Accordingly, New Edge-VA requested that the Commission cancel its Certificates when EarthLink notifies the Commission that the proposed merger has been completed, or as soon as possible thereafter under the Commission's Rules of Practice and Procedure.

On November 26, 2012, the Commission issued an Order Granting Approval in Case No. PUC-2012-00061, which approved the intra-company changes proposed therein and directed the joint applicants to file a report of action within ninety (90) days of the completion of the transaction. By letter dated January 28, 2013, EarthLink informed the Commission that the aforementioned merger of New Edge-VA into EarthLink was completed on December 31, 2012.

NOW THE COMMISSION, upon consideration of the matter, finds that Certificate Nos. T-682 and TT-245A, issued to New Edge-VA, should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2012-00065.

(2) Certificate No. T-682, issued to New Edge Networks of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth, is cancelled.

(3) Certificate No. TT-245A, issued to New Edge Networks of Virginia, Inc., to provide interexchange telecommunications services throughout the Commonwealth, is cancelled.

(4) Any tariffs on file associated with Certificate Nos. T-682 and TT-245A are cancelled.

(5) There being nothing further to be done in this matter, this case shall be removed from the Commission's active docket and the papers filed herein placed in the file for ended causes.

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[1] *Application of New Edge Networks of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2008-00062, 2009 S.C.C. Ann. Rept. 219, Final Order (Jan. 26, 2009).

[2] *See Joint Application of CTC Communications of Virginia, Inc., et al., For approval of certain pro forma intra-company changes pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2012-00061, Doc. Cont. Cen. No. 121130167, Order Granting Approval (Nov. 26, 2012).

[3] At the time of New Edge-VA's October 5, 2012 filing, EarthLink had an application for certificates of public convenience and necessity pending in Case No. PUC-2012-00056. This application has since been approved by the Commission. *See Application of EarthLink Business, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00056, Doc. Cont. Cen. No. 121220108, Final Order (Dec. 14, 2012).

CASE NO. PUC-2012-00066
FEBRUARY 14, 2013

APPLICATION OF
SUMMIT INFRASTRUCTURE GROUP, LLC

For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia

FINAL ORDER

On November 7, 2012, Summit Infrastructure Group, LLC ("Summit" 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 ("Application"). Summit also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, Summit filed a Motion for Protective Order ("Motion") to protect information in the Application that Summit asserted should be treated as confidential.

By Order for Notice and Comment dated November 26, 2012 ("November 26 Order"), the Commission, among other things, directed Summit to provide notice of its Application to the public and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). The Commission also ordered Summit's Motion to be held in abeyance until a party sought access to the information that Summit designated as confidential. On December 14, 2012, Summit filed proof of service and proof of notice, as the Commission required in its November 26 Order.

On January 31, 2013, the Staff filed its Staff Report finding that Summit'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 Summit's Application, the Staff determined it would be appropriate to grant Summit Certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Summit should notify the Division of Communications 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.

The November 26 Order provided an opportunity for Summit to file a response to the Staff Report on or before February 7, 2013. Summit did not file a response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Certificates to provide local exchange and interexchange telecommunications services to Summit. Having considered § 56-481.1 of the Code, the Commission further finds that Applicant may price its interexchange telecommunications services competitively. The Commission also finds that Summit's Motion is no longer necessary; therefore, the Motion should be denied.[1]

Accordingly, IT IS ORDERED THAT:

(1) Summit hereby is granted a Certificate, No. T-724, 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, and the provisions of this Order.

(2) Summit hereby is granted a Certificate, No. TT-273A, 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Summit may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Summit shall provide to the Division of Communications tariffs that conform to all applicable Commission rules and regulations. If Summit elects to provide retail services on a non-tariffed basis, Summit shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) Summit shall notify the Division of Communications 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.

(5) Applicant's Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(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.

[1] The Commission has received no request for leave to review the information that Applicant designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2012-00075
JANUARY 25, 2013

APPLICATION OF
DIECA COMMUNICATIONS, INC.

For amended and reissued certificates of public convenience and necessity to reflect a new corporate name

ORDER AMENDING CERTIFICATES

On November 15, 2012, and supplemented on December 4, 2012, DIECA Communications, Inc. d/b/a Covad Communications Company ("DIECA" or the "Company"), filed a request ("Application") with the State Corporation Commission ("Commission") that the Commission amend and reissue its Certificates of Public Convenience and Necessity ("Certificates") to reflect the Company's new corporate name, MegaPath Corporation.

The Commission granted DIECA certificate number T-410 to provide local exchange telecommunications services and certificate number TT-50A to provide interexchange telecommunications services. According to the Company, on December 31, 2011, MegaPath, Inc., a Delaware Corporation, merged into DIECA, with the name of the surviving entity changed to MegaPath Corporation. The Commission issued a Certificate of Merger to the Company on January 3, 2012, recording the name of the company as MegaPath Corporation.

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds that DIECA's Certificates for local exchange and intrastate toll telecommunications services should be updated to reflect DIECA's new name.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2012-00075.

(2) Certificate No. TT-50A authorizing DIECA to provide intrastate toll telephone service is hereby cancelled and shall be reissued as amended Certificate No. TT-50B in the name of MegaPath Corporation.

(3) Certificate No. T-410 authorizing DIECA to provide local exchange telecommunications services is hereby cancelled and shall be reissued as amended Certificate No. T-410a in the name of MegaPath Corporation.

(4) For any tariffs currently on file with the Commission, the Company shall provide replacement tariffs to the Commission's Division of Communications reflecting the name change within thirty (30) days of the date of entry of this Order.

(5) There being nothing further to be done, this case shall be closed, and the papers herein shall be placed in the file for ended causes.

CASE NO. PUC-2012-00078
JANUARY 25, 2013

JOINT APPLICATION OF
ZAYO GROUP, LLC,
ABOVENET OF VA, L.L.C.,
FIBERGATE OF VIRGINIA, LLC,
ABOVENET, INC.,
ABOVENET COMMUNICATIONS, INC.,
FIBERGATE HOLDINGS, INC.,
and
FIBERGATE, INC.

For approval of pro forma intra-company transactions pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On November 29, 2012, Zayo Group, LLC ("Zayo"), AboveNet of VA, L.L.C. ("AboveNet-VA"), FiberGate of Virginia, LLC ("FiberGate-VA"), AboveNet, Inc. ("ABN-Parent"), AboveNet Communications, Inc. ("AboveNet"), FiberGate Holdings, Inc. ("FiberGate-Parent"), and FiberGate, Inc. ("FiberGate") (collectively, "Applicants"), filed a joint application with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval of pro forma intra-company transactions ("Joint Application").

The Applicants request Commission approval of pro forma intra-company transactions that will result in the transfer of the assets and customers of AboveNet-VA and FiberGate-VA to Zayo ("Proposed Transaction"). The Applicants represent that, depending on the timing of state regulatory approvals, the Proposed Transaction will be accomplished by: (1) the use of a series of pro forma mergers to roll-up AboveNet-VA[2] and FiberGate-VA[3] into Zayo; or (2) the pro forma assignment of assets and customers of AboveNet-VA and FiberGate-VA to Zayo, followed by the series of pro forma mergers. The Applicants represent that the Proposed Transaction will simplify Zayo's corporate structure, reduce its reporting and accounting burdens, and provide other operational efficiencies.

The Applicants represent that the Proposed Transaction will be virtually transparent to customers and will not result in any changes in their services. Further, the Applicants represent that the rates, terms, and conditions of service will not change as a result of the Proposed Transaction. Finally, the Applicants represent that Zayo has the financial, managerial, and technical resources to render local exchange telecommunications services in Virginia.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by the Commission Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved.

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[1] Va. Code § 56-88 *et seq.*

[2] With respect to AboveNet-VA, the roll-up will consist of the sequential mergers of: (a) AboveNet-VA with and into its direct parent, AboveNet, whereupon the separate existence of AboveNet-VA will cease and AboveNet will be the surviving entity; (b) AboveNet with and into its direct parent, ABN-Parent, whereupon the separate existence of AboveNet will cease and ABN-Parent will be the surviving entity; and (c) ABN-Parent with and into its direct parent, Zayo, whereupon the separate existence of ABN-Parent will cease and Zayo will be the surviving entity.

[3] With respect to FiberGate-VA, the roll-up will consist of the sequential mergers of: (a) FiberGate-VA with and into its direct parent, FiberGate, whereupon the separate existence of FiberGate-VA will cease and FiberGate will be the surviving entity; (b) FiberGate with and into its direct parent, FiberGate-Parent, whereupon the separate existence of FiberGate will cease and FiberGate-Parent will be the surviving entity; and (c) FiberGate-Parent with and into its direct parent, Zayo, whereupon the separate existence of FiberGate-Parent will cease and Zayo will be the surviving entity.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted approval of the Proposed Transaction as described herein.

(2) The Applicants shall file a Report of Action ("Report") with the Commission in its Document Control Center within ninety (90) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction took place and all legal documentation supporting the Proposed Transaction.

(3) Once the Proposed Transaction has taken place, the Applicants shall file applications with the Commission requesting that the current certificates of public convenience and necessity issued to AboveNet-VA, Certificate Nos. T-413a and TT-53B, and to FiberGate-VA, Certificate No. T-504a, be canceled.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2012-00079
FEBRUARY 27, 2013

JOINT PETITION OF
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC., SPRINT NEXTEL CORPORATION, SOFTBANK CORP.,
and
STARBURST II, INC.

For approval of an indirect transfer of control of Sprint Communications Company of Virginia, Inc., to Starburst II, Inc., pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On November 29, 2012, Sprint Communications Company of Virginia, Inc. ("Sprint Communications"), Sprint Nextel Corporation ("Sprint"), SOFTBANK CORP. ("SoftBank"), and Starburst II, Inc. ("Starburst II") (collectively, "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval of the indirect transfer of control of Sprint Communications to Starburst II ("Joint Petition").

The Petitioners filed the Joint Petition with the Commission under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Commission's Rules") regarding confidential information, in order to obtain confidential treatment of the Joint Petition. Commission Rule 5 VAC 5-20-170 provides, in part: "When an application (including supporting documents and prefiled testimony) contains information that the applicant claims to be confidential, the filing shall be made under seal and accompanied by a motion for protective order or other confidential treatment." Therefore, on November 29, 2012, concurrently with the Joint Petition and pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules, the Petitioners filed with the Commission a Motion for Entry of a Protective Order ("Motion") requesting that the Commission issue a protective order to prevent public disclosure of the confidential information contained in the Joint Petition. On December 5, 2012, the Staff of the Commission ("Staff") filed a Memorandum of Completeness, which deemed the Joint Petition complete as of November 29, 2012.

The Petitioners request Commission approval of a transaction in which Starburst II will become the direct parent of Sprint and, therefore, the indirect parent of Sprint Communications, which holds certificates of public convenience and necessity in Virginia,[2] and by which SoftBank will, through Starburst II, invest $20.1 billion in Sprint and indirectly acquire approximately 70% of the shares of Sprint ("Proposed Transaction").

According to the Joint Petition, on October 15, 2012, Sprint and SoftBank announced that they had entered into a series of agreements, which would result in SoftBank investing over $20 billion in Sprint and acquiring approximately a 70% indirect interest in Sprint, with the remaining interest held by existing Sprint shareholders. Under the terms of the agreements, SoftBank, a publicly traded holding company organized and existing under the laws of Japan, formed a U.S. holding company, Starburst I, Inc. ("Starburst I"), which is wholly owned by SoftBank. Starburst I formed another new wholly owned subsidiary, Starburst II, which directly owns a third new subsidiary, Starburst III, Inc. ("Merger Sub"). As part of the Proposed Transaction, Sprint will merge with Merger Sub, with Sprint being the surviving entity, and Starburst I will have an approximately 70% interest in Starburst II. The remaining approximately 30% of Starburst II will be held by current Sprint shareholders.

Upon completion of the Proposed Transaction, SoftBank will be the ultimate, indirect owner of Sprint and, therefore, of Sprint Communications. The Petitioners represent that Sprint Communications will continue to provide service to its Virginia customers following the completion of the Proposed Transaction with no immediate change in the rates, terms, and conditions of service as currently provided. In addition, Sprint's current Chief Executive Officer ("CEO"), Mr. Daniel Hesse, will become the CEO of Starburst II, which will be renamed Sprint Corporation. As a result, the Petitioners state that SoftBank will be acquiring the same Sprint Communications team that is currently providing services to Virginia customers.

The Petitioners also seek approval of the Proposed Transaction from the Federal Communications Commission ("FCC") in IB Docket No. 12-343. On January 28, 2013, the Department of Justice, including the Federal Bureau of Investigation, with the concurrence of the Department of Homeland Security (collectively, "Agencies"), requested that the FCC defer any action until the Agencies have completed their review of the Proposed Transaction for national security, law enforcement and public safety issues. In 2011, the Agencies conducted a similar review of a transfer of control involving the acquisition of indirect control of Virginia certificated competitive local exchange carriers by a foreign-owned company. In Case No.

[1] Va. Code § 56-88 *et seq.*

[2] Certificate No. TT-12B to provide interexchange telecommunications services and Certificate No. T-367 to provide local exchange telecommunications services in Virginia.

PUC-2011-00037, the Commission conditioned its approval of such transfer of control upon the transaction receiving the approval of the FCC.[3] Ultimately, all the necessary approvals were received and the transaction was completed.[4]

NOW THE COMMISSION, upon consideration of the Joint Petition, the representations of the Petitioners, and the applicable law, and having been advised by Staff, is of the opinion and finds that, consistent with our finding in Case No. PUC-2011-00037, the approval granted herein should be conditioned upon approval of the Proposed Transaction by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Proposed Transaction. Finally, we find that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[5]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval, subject to the condition set forth in Ordering Paragraph (2), of the Proposed Transaction as described herein.

(2) The approval granted herein is conditioned upon approval of the Proposed Transaction by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Proposed Transaction.

(3) The Petitioners shall file with the Commission proof of such approval or denial within ten (10) days of the issuance of the FCC's determination.

(4) Should approval be granted by the FCC, the Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction took place and all legal documentation supporting the Proposed Transaction.

(5) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(6) This case is dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

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[3] *See Joint Petition of Global Crossing Telemanagement VA, LLC, Global Crossing Limited, and Level 3 Communications, Inc., For approval of the transfer of control of Global Crossing Telemanagement VA, LLC, and Related Transactions, pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2011-00037, 2011 S.C.C. Ann. Rept. 259, Order Granting Approval (Aug. 19, 2011). The Commission imposed a similar condition in Case No. PUC-2003-00094. *See Petition of Global Crossing Ltd. (Debtor-in-Possession) and GC Acquisition Limited, For approval of the transfer of control of Global Crossing Ltd.'s Virginia operating subsidiaries to GC Acquisition Limited*, Case No. PUC-2003-00094, 2003 S.C.C. Ann. Rept. 270, Order Granting Approval (Aug. 13, 2003).

[4] Joint Petition of Global Crossing Telemanagement VA, LLC, Global Crossing Limited, and Level 3 Communications, Inc., For approval of the transfer of control of Global Crossing Telemanagement VA, LLC, and Related Transactions, pursuant to Va. Code § 56-88 et seq., Case No. PUC-2011-00037, 2011 S.C.C. Ann. Rept. 261, Dismissal Order (Oct. 24, 2011).

[5] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information contained in the Joint Petition. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2012-00080
MAY 21, 2013

APPLICATION OF
UNITED FEDERAL DATA OF VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On February 4, 2013, United Federal Data of Virginia, LLC ("United Federal Data," 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 ("Application"). United Federal Data also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").[1] In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, United Federal Data filed a Motion for Protective Order to protect information in the Application that United Federal Data asserted should be treated as confidential ("Motion").

By Order for Notice and Comment dated February 11, 2013, the Commission, among other things, directed United Federal Data to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). The Commission also ordered Applicant's Motion to be held in abeyance until a party sought access to the information that United Federal Data designated as confidential. On March 22, 2013, United Federal Data filed the required proof of publication and proof of service.

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[1] United Federal Data also has requested authority to use individual case base pricing ("ICB") for its interexchange services.

On April 22, 2013, the Staff filed its Staff Report finding that United Federal Data'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 United Federal Data's Application, the Staff determined it would be appropriate to grant Applicant Certificates subject to the following condition: United Federal Data should notify the Division of Communications no less than thirty 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.

The Order for Notice and Comment provided an opportunity for United Federal Data to file a response to the Staff Report on or before April 29, 2013. United Federal Data did not file a response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant United Federal Data Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that United Federal Data may price its interexchange telecommunications services competitively. The Commission also finds that Applicant's Motion is no longer necessary, therefore, the Motion should be denied.[2]

Accordingly, IT IS ORDERED THAT:

(1) United Federal Data hereby is granted a Certificate, No. T-728, 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, and the provisions of this Order.

(2) United Federal Data hereby is granted a Certificate, No. TT-275A, 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, United Federal Data may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, United Federal Data shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If United Federal Data elects to provide retail services on a non-tariffed basis, United Federal Data shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) United Federal Data shall notify the Division of Communications 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) Applicant's Motion for Protective Order hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(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.

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[2] The Commission has received no request for leave to review the information that Applicant designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

CASE NO. PUC-2012-00083
MAY 22, 2013

APPLICATION OF
NEXTG NETWORKS ATLANTIC, INC.

For reissuance of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect company name change

ORDER REISSUING CERTIFICATES

On December 7, 2012, NextG Networks Atlantic, Inc. ("NextG" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia (Certificate Nos. T-627 and TT-204A, respectively) be amended to reflect the Company's corporate name change ("Application"). NextG submitted with its Application proof of its corporate name change to Crown Castle NG Atlantic Inc., effective as of May 4, 2012.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of NextG should be cancelled and reissued in the name of Crown Castle NG Atlantic Inc.

Accordingly, IT IS ORDERED THAT:

(1) The case is docketed and assigned Case No. PUC-2012-00083.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-627, heretofore issued to NextG, is cancelled and shall be reissued as Certificate No. T-627a in the name of Crown Castle NG Atlantic Inc.

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-204A, heretofore issued to NextG, is cancelled and shall be reissued as Certificate No. TT-204B in the name of Crown Castle NG Atlantic Inc.

(4) For any tariffs currently on file with the Commission, Crown Castle NG Atlantic Inc. shall provide replacement tariffs to the Commission's Division of Communications reflecting the name change within thirty (30) days of the date of entry of this Order.

(5) There being nothing further to come before the Commission, this case is dismissed from the active docket, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC-2013-00001
MARCH 5, 2013

JOINT PETITION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC.,
and
COVISTA OF VIRGINIA, INC.

For approval to transfer assets and customers

ORDER GRANTING APPROVAL

On January 7, 2013, Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), and Covista of Virginia, Inc. ("Covista") (collectively, "Petitioners"),[1] filed a joint petition ("Petition") with the State Corporation ("Commission") requesting approval to transfer substantially all of Covista's telecommunications assets and Virginia customers to Birch ("Proposed Transaction"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia[2] and a request for streamlined review by the Commission. In addition, the Petitioners filed a motion for a protective order ("Motion") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Birch is a Virginia corporation whose principal place of business is Kansas City, Missouri. Birch is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity ("Certificates"), Certificate No. T-703 and Certificate No. TT-257A.[3] Birch is a wholly owned subsidiary of BCI, which in turn is a wholly owned subsidiary of Birch Communications Holdings, Inc. BCI and its subsidiaries provide telecommunications services to residential and business customers in 38 states.

Covista is a Virginia corporation with offices in Chattanooga, Tennessee, and is authorized to provide local exchange telecommunications services pursuant to Certificate No. T-395a.[4] Covista also provides resold interexchange services in Virginia. Covista is a wholly owned subsidiary of Covista, Inc. ("CI"), which in turn is a wholly owned subsidiary of Covista Communications, Inc.

Pursuant to an Asset Purchase Agreement dated November 30, 2012, Birch's direct parent, BCI, will purchase certain assets and customers from CI.[5] Specifically, BCI will purchase the following assets from CI: customer accounts, customer agreements and contracts, certain vendor agreements and contracts, and certain intellectual property. BCI, however, will not assume any of CI's pre-closing liabilities. Upon completion of the Proposed Transaction, BCI's Virginia operating subsidiary, Birch, will begin providing telecommunications services to all of Covista's current Virginia customers, and Covista will no longer offer telecommunications services in Virginia.[6]

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[1] Birch Communications, Inc. ("BCI"), Birch Communications Holdings, Inc., Covista, Inc. ("CI") and Covista Communications, Inc., are also considered Petitioners and have provided the statutorily required verifications.

[2] Va. Code § 56-88 *et seq*.

[3] *Application of Birch Communications of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2010-00060, 2010 S.C.C. Ann. Rept. 271, Final Order (Dec. 21, 2010).

[4] Covista was originally certificated as Total-Tel of Virginia, Inc. *See Application of Total-Tel of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-1997-00151, 1997 S.C.C. Ann. Rept. 320, Final Order (Nov. 24, 1997).

[5] BCI is also purchasing assets and customers from Capsule Communications, Inc., GT3 Holdings Corporation/General Telecom, and ClearEnd Corporation, which do not provide services in Virginia.

[6] On February 19, 2013, Covista filed a letter application requesting that the Commission cancel its authority to provide local exchange telecommunications services, Certificate No. T-395a, effective upon notification by Birch that the Proposed Transaction is complete. This application has been docketed as Case No. PUC-2013-0010.

According to the Petition, Covista's customers will be given prior written notice of the transfer of their account to Birch in compliance with federal and state customer notice rules. Upon closing of the Proposed Transaction, Birch will handle all Covista customer billings and adopt Covista's tariffs or file any necessary revisions to its tariffs and published service offerings to incorporate Covista's current services and rates so that affected customers will continue to receive the same services that they currently receive without any immediate changes to their service offerings, rates, terms, or conditions. Therefore, the Petitioners state that they expect the Proposed Transaction to be seamless and transparent to customers with no interruption or disruption of service. Birch represents that its financial statements provided as confidential Exhibit B-2 to the Petition demonstrates that it possesses ample financial resources. Birch also represents that its management team has more than 100 years of combined experience providing telecommunications services. Finally, Birch represents that it offers local voice, long distance voice, broadband Internet, converged Internet Protocol solutions, and related telecommunications and information technology services nationwide.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved. We also find that the Petitioners' Motion is no longer necessary; therefore, the Motion is denied.[7]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction as described herein.

(2) The Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of the completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction took place and all legal documentation supporting the Proposed Transaction.

(3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case hereby is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

[7] The Commission has held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2013-00002
MARCH 5, 2013

JOINT PETITION OF
YANKEE METRO PARTNERS, LLC,
YANKEE METRO PARENT, INC.,
SIDERA NETWORKS, INC.,
SIDERA NETWORKS, LLC,
NEON COMMUNICATIONS GROUP, INC.,
NEON COMMUNICATIONS, INC.,
NEON VIRGINIA CONNECT, LLC,
LTS GROUP HOLDINGS LLC,
and
LTS BUYER LLC

For approval to transfer control of NEON Virginia Connect, LLC, and Sidera Networks, LLC, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On January 8, 2013, Yankee Metro Partners, LLC ("Yankee"), Yankee Metro Parent, Inc. ("Yankee Parent"), Sidera Networks, Inc. ("Sidera Networks"), Sidera Networks, LLC ("Sidera"), NEON Communications Group, Inc., NEON Communications, Inc., NEON Virginia Connect, LLC ("NEON"), LTS Group Holdings LLC ("LTS Holdings"), and LTS Buyer LLC ("LTS Buyer") (collectively, "Petitioners")[1] filed a joint petition and request for streamlined review with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] for approval of the indirect transfer of control of NEON and Sidera (collectively, the "Virginia Entities") to LTS Buyer ("Joint Petition"). The Petitioners also filed with the Commission a Motion for Confidential Treatment ("Motion") requesting that the Commission issue a protective order to prevent public disclosure of the confidential information contained in the Joint Petition.

The Petitioners request Commission approval to consummate a transaction whereby LTS Buyer, and ultimately LTS Holdings and Berkshire Partners, LLC ("Berkshire"), will acquire indirect control of the Virginia Entities, each of which holds certificates of public convenience and necessity in Virginia, through LTS Buyer's acquisition of direct control of the Virginia Entities' ultimate parent company, Yankee ("Proposed Transaction"). Pursuant to the terms of an Agreement and Plan of Merger between the Petitioners dated December 22, 2012, LTS Buyer will acquire all of the ownership interests in

[1] Berkshire Partners, LLC, ABRY Partners LLC, and ABRY Partners VI, L.P., also are considered Petitioners and have provided the required verifications.

[2] Va. Code § 56-88 *et seq.*

Yankee. Specifically, SD1 Merger Sub LLC ("Merger Sub"), a direct wholly owned subsidiary of LTS Buyer created solely for the purposes of the Proposed Transaction, will merge with and into Yankee, with Yankee surviving the merger as a direct wholly owned subsidiary of LTS Buyer.[3] As a result, the Virginia Entities will become indirect wholly owned subsidiaries of LTS Buyer.

The only significant change that will occur as a result of the Proposed Transaction will be the acquisition of indirect control of the Virginia Entities by LTS Buyer, and ultimately by LTS Holdings and Berkshire, resulting in a change in ultimate ownership but not direct ownership. The Petitioners represent that, upon completion of the Proposed Transaction, the Virginia Entities will continue to provide service to their customers with no immediate change in the rates, terms, and conditions of service as currently provided.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[4]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction as described herein.

(2) The Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction took place and all legal documentation supporting the Proposed Transaction.

(3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[3] In addition, the Petitioners state that the following mergers will occur simultaneously: (1) SD2 Merger Sub, LLC ("Merger Sub 2"), a direct wholly owned subsidiary of Merger Sub, will merge with and into Yankee Parent, with Yankee Parent surviving the merger and remaining a direct wholly owned subsidiary of Yankee; and (2) SD3 Merger Sub, LLC, a direct wholly owned subsidiary of Merger Sub 2, will merge with and into Sidera Networks, with Sidera Networks surviving the merger and remaining a direct wholly owned subsidiary of Yankee Parent.

[4] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information contained in the Confidential Exhibits. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2013-00003
JANUARY 25, 2013

APPLICATION OF
TCG VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

By Order issued November 8, 1996,[1] the State Corporation Commission ("Commission") issued to TCG Virginia, Inc. ("TCG"), certificates of public convenience and necessity No. T-365 permitting the provision of local exchange telecommunications services and No. TT-26A permitting the provision of interexchange telecommunications services.

Control of TCG was transferred to Teleport Communications America, LLC ("TCAL"), by authority granted by the Commission, with the surviving entity being TCAL.[2] Subsequently, the Commission granted certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services to TCAL.[3]

On January 14, 2013, TCG filed a letter application with the Commission requesting cancellation of the certificates of public convenience and necessity previously issued to TCG.

NOW UPON CONSIDERATION of the matter, the Commission finds that Certificate Nos. T-365 and TT-26A issued to TCG should be cancelled.

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[1] *Application of TCG Virginia, Inc., For Certificates of Public Convenience and Necessity to Provide Intrastate Telecommunications Services*, Case No. PUC-1996-00085, 1996 S.C.C. Ann. Rept. 217, Order (Nov. 8, 1996).

[2] *Joint Application of TCG Virginia, Inc., and Teleport Communications America, LLC, For approval of merger of TCG Virginia, Inc., and Teleport Communications America, LLC,* Case No. PUC-2012-00067, Order Granting Approval (Dec. 13, 2012).

[3] *Application of Teleport Communications America, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00063, Final Order (Dec. 14, 2012).

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUC-2013-00003.

(2) Certificate of public convenience and necessity No. T-365, issued to TCG Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(3) Certificate of public convenience and necessity No. TT-26A, issued to TCG Virginia, Inc., to provide interexchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(4) Any tariffs on file associated with certificate Nos. T-365 and TT-26A are hereby cancelled.

(5) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2013-00004
FEBRUARY 7, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GROUP LONG DISTANCE OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

By Order issued on November 25, 1997,[1] the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-397 permitting the provision of local exchange telecommunications services to Group Long Distance of Virginia, Inc. ("Company").

The foregoing telecommunications carrier has been notified by the Commission of the termination of its corporate existence for its failure to pay annual registration or other fees. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-397.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed as Case No. PUC-2013-00004.

(2) Certificate No. T-397, issued to Group Long Distance of Virginia, Inc., is hereby cancelled.

(3) Any tariffs on file associated with the above-referenced certificate are hereby cancelled.

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

[1] *Application of Group Long Distance of Virginia, Inc., For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service*, Case No. PUC-1997-00152, 1997 S.C.C. Ann. Rept. 321, Final Order (Nov. 25, 1997).

CASE NO. PUC-2013-00005
JUNE 21, 2013

APPLICATION OF
CITRIX COMMUNICATIONS VIRGINIA LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On March 21, 2013, Citrix Communications Virginia LLC ("Citrix") 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 ("Application"). Citrix also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").

By Order for Notice and Comment dated April 11, 2013 ("Scheduling Order"), the Commission, among other things, directed Citrix to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On May 22, 2013, Citrix filed the required proof of publication and proof of service.

On June 5, 2013, the Staff filed its Staff Report finding that Citrix'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 Citrix's Application, the Staff determined it would be appropriate to grant Citrix Certificates subject to the following condition: Citrix should notify the Division of Communications 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.

The Scheduling Order provided an opportunity for Citrix to file a response to the Staff Report on or before June 13, 2013. Citrix did not file a response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Citrix Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Citrix may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Citrix hereby is granted Certificate No. T-729 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, and the provisions of this Order.

(2) Citrix hereby is granted Certificate No. TT-276A 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Citrix may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Citrix shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Citrix elects to provide retail services on a non-tariffed basis, Citrix shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) Citrix shall notify the Division of Communications 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-2013-00010
AUGUST 28, 2013

APPLICATION OF
COVISTA OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and cancellation of any associated tariffs

ORDER CANCELLING CERTIFICATE AND TARIFF

By previous Orders issued at various times in other dockets, the State Corporation Commission ("Commission") issued a certificate of public convenience and necessity ("certificate") No. T-395a permitting the provision of local exchange telecommunications services to Covista of Virginia, Inc. ("Covista").[1]

Subsequent control of Covista was transferred to Birch Communications of Virginia, Inc. ("Birch"), by authority granted by the Commission,[2] with the surviving entity being Birch.

On February 19, 2013, Covista filed a letter application with the Commission requesting cancellation, at a later date, of the certificate previously issued to Covista, as well as any associated tariffs, due to the transfer of control and the fact that Covista would no longer offer services in Virginia. On August 20, 2013, Covista filed a letter requesting that the certificate and tariffs be cancelled.

NOW UPON CONSIDERATION of the matter, the Commission finds that certificate No. T-395a issued to Covista should be cancelled.

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[1] Covista was originally certificated as Total-Tel of Virginia, Inc. See Application of Total-Tel of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange communications services, Case No. PUC-1997-00151, 1997 S.C.C. Ann. Rept. 320, Final Order (Nov. 24, 1997).

[2] Joint Petition of Birch Communications of Virginia, Inc., and Covista of Virginia, Inc., For approval to transfer assets and customers, Case No. PUC-2013-00001, Order Granting Approval (Mar. 5, 2013).

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUC-2013-00010.

(2) Certificate No. T-395a, issued to Covista of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(3) Any tariffs on file associated with certificate No. T-395a are hereby cancelled.

(4) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. PUC-2013-00014
JULY 11, 2013

APPLICATION OF
TNCI OPERATING COMPANY LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On April 24, 2013, TNCI Operating Company LLC ("TNCI-OpCo" 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 ("Application"). TNCI-OpCo also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, TNCI-OpCo filed a Motion for Protective Order to protect information in the Application that TNCI-OpCo asserted should be treated as confidential ("Motion").

By Order for Notice and Comment dated May 13, 2013 ("Scheduling Order"), the Commission, among other things, directed TNCI-OpCo to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). The Commission also ordered Applicant's Motion to be held in abeyance until a party sought access to the information that TNCI-OpCo designated as confidential.

On May 23, 2013, TNCI-OpCo filed the required proof of service. On June 10, 2013, TNCI-OpCo filed the required proof of publication.

On July 1, 2013, the Staff filed its Staff Report finding that TNCI-OpCo'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 TNCI-OpCo's Application, the Staff determined it would be appropriate to grant Applicant Certificates subject to the following condition: TNCI-OpCo should notify the Division of Communications 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.

The Scheduling Order provided an opportunity for TNCI-OpCo to file a response to the Staff Report. On July 2, 2013, TNCI-OpCo filed its response concurring with Staff's recommendation that the Commission grant it Certificates and requesting that the Commission grant the Certificates at its earliest convenience.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant TNCI-OpCo Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that TNCI-OpCo may price its interexchange telecommunications services competitively. The Commission also finds that Applicant's Motion is no longer necessary; therefore, the Motion should be denied.[1]

Accordingly, IT IS ORDERED THAT:

(1) TNCI-OpCo hereby is granted a Certificate, No. T-730, 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, and the provisions of this Order.

(2) TNCI-OpCo hereby is granted a Certificate, No. TT-277A, 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, TNCI-OpCo may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, TNCI-OpCo shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If TNCI-OpCo elects to provide retail services on a non-tariffed basis, TNCI-OpCo shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

[1] The Commission has received no request for leave to review the information that Applicant designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(5) TNCI-OpCo shall notify the Division of Communications 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) Applicant's Motion for Protective Order hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(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-2013-00015
APRIL 22, 2013

APPLICATION OF
ABOVENET OF VA, L.L.C.

For approval to cancel certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELING CERTIFICATES

On April 4, 2013, Zayo Group, LLC ("Zayo"), the successor in interest to AboveNet of VA, L.L.C. ("AboveNet VA"), filed a letter application ("Application") with the State Corporation Commission ("Commission") to voluntarily surrender the AboveNet VA certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

The Commission granted AboveNet VA Certificate No. T-413a to provide local exchange telecommunications services and Certificate No. TT-53B to provide interexchange telecommunications services in 2003.[1] According to the Application, a merger of Zayo and AboveNet VA was approved in Case No. PUC-2012-00078[2] and was completed on March 12, 2013. The Application further represents that AboveNet VA no longer exists and Zayo provides services to AboveNet VA's customers. Accordingly, the Application requests that the Certificates noted above be cancelled by the Commission.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Certificate Nos. T-413a and TT-53B should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2013-00015.

(2) Certificate Nos. T-413a and TT-53B hereby are cancelled.

(3) Any tariffs associated with Certificate Nos. T-413a and TT-53B on file with the Commission's Division of Communications are cancelled.

(4) With nothing further to come before the Commission in this matter, this case shall be removed from the Commission's active docket and the papers herein placed in the file for ended causes.

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[1] The original Certificates (TT-53A and T-413) were granted in 1998 to MFN of VA, L.L.C., by the Commission in Case No. PUC-1998-00047. The Certificates were updated to reflect a corporate name change to AboveNet VA in Case No. PUC-2003-00146.

[2] *Joint Application of Zayo Group, LLC, AboveNet of VA, L.L.C., FiberGate of Virginia, LLC, AboveNet, Inc., AboveNet Communications, Inc., FiberGate Holdings, Inc., and FiberGate, Inc., For approval of pro forma intra-company transactions pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2012-00078, Order Granting Approval (Jan. 25, 2013).

CASE NO. PUC-2013-00017
MAY 24, 2013

APPLICATION OF
UNITY TELECOM, LLC

For approval of partial discontinuance of competitive telecommunications services

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On April 19, 2013, Unity Telecom, LLC f/k/a dPi Teleconnect, L.L.C. ("Unity Telecom" or "Company") filed with the State Corporation Commission ("Commission") an application for approval of a partial discontinuance of competitive telecommunications services pursuant to 20 VAC 5-423-30 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Application"). Unity Telecom requests that the Commission approve the Company's proposed discontinuance of its prepaid local exchange service for residential customers in the Commonwealth of Virginia as of May 31, 2013.

Unity Telecom states that it had approximately 106 customers as of the filing of its Application. All of these customers, according to Unity Telecom, purchase prepaid service on a month-to-month basis. The Company states that all affected customers were notified of the planned discontinuance by letter mailed on March 27, 2013, which stated in part that as of May 31, 2013, customers will need to make arrangements with another carrier to avoid a loss of service. Unity Telecom also provided a toll-free telephone number for these customers to use to obtain assistance with the transition.

NOW THE COMMISSION, upon consideration of foregoing, is of the opinion and finds that Unity Telecom's Application for a partial discontinuance of competitive telecommunications services should be granted. The Commission's primary concern with authorizing discontinuance of any telecommunications services is providing adequate notice to affected customers. We have reviewed the notice provided by the Company and find that it provides customers with sufficient notice of the discontinuance of the affected services.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUC-2013-00017.

(2) Unity Telecom is authorized to partially discontinue its competitive telecommunications services in Virginia, as described in the Application, as of May 31, 2013.

(3) There being nothing further to come before the Commission, this case shall be removed from the Commission's active docket and the papers filed herein placed in the file for ended causes.

CASE NO. PUC-2013-00018
AUGUST 1, 2013

APPLICATION OF
CEBRIDGE TELECOM VA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On May 14, 2013, Cebridge Telecom VA, LLC ("Cebridge Telecom" 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 ("Application"). Cebridge Telecom also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").

By Order for Notice and Comment dated May 24, 2013 ("Scheduling Order"), the Commission, among other things, directed Cebridge Telecom to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On July 11, 2013, Cebridge Telecom filed the required proof of service and proof of publication.

On July 18, 2013, the Staff filed its Staff Report finding that Cebridge Telecom'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 Cebridge Telecom's Application, the Staff determined it would be appropriate to grant Applicant Certificates subject to the following condition: Cebridge Telecom should notify the Division of Communications 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.

The Scheduling Order provided an opportunity for Cebridge Telecom to file a response to the Staff Report. On July 25, 2013, Cebridge Telecom filed its response concurring with the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Cebridge Telecom Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Cebridge Telecom may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Cebridge Telecom hereby is granted a Certificate, No. T-731, 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, and the provisions of this Order.

(2) Cebridge Telecom hereby is granted a Certificate, No. TT-278A, 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Cebridge Telecom may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Cebridge Telecom shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Cebridge Telecom elects to provide retail services on a non-tariffed basis, Cebridge Telecom shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) Cebridge Telecom shall notify the Division of Communications 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-2013-00019
JULY 11, 2013

APPLICATION OF
CAVALIER TELEPHONE, L.L.C.,
INTELLIFIBER NETWORKS, INC.,
PAETEC COMMUNICATIONS OF VIRGINIA, INC.,
TALK AMERICA OF VIRGINIA, INC.,
US LEC OF VIRGINIA L.L.C.,
WINDSTREAM KDL-VA, INC.,
and
WINDSTREAM CORPORATION

For authority to complete a certain pro forma intra-corporate transaction

ORDER GRANTING AUTHORITY

On May 1, 2013, Cavalier Telephone, L.L.C., Intellifiber Networks, Inc., PaeTec Communications of Virginia, Inc., Talk America of Virginia, Inc., US LEC of Virginia L.L.C., Windstream KDL-VA, Inc. (collectively, "Licensees"), and Windstream Corporation ("Windstream") (Windstream and Licensees, "Applicants"), filed an application with the State Corporation Commission ("Commission") requesting authority pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")[1] to undertake a pro forma intra-corporate transaction ("Application").

Windstream, a publicly traded corporation, has subsidiaries that provide local and long distance telephone services, data hosting services, broadband and high-speed data services, and video services throughout the country. The six Licensees hold certificates of public convenience and necessity in Virginia.[2]

The Applicants request Commission approval to complete a transaction in which a new corporation, Windstream Holdings, Inc. ("Windstream Holdings"), will be inserted into the corporate ownership structure above Windstream ("Proposed Transaction"). The primary change will be the insertion of a new publicly traded holding company at the top of the ownership chain. The Applicants represent that there will be no changes in the working control of the Licensees, the membership of their boards of directors, the management of their operations, or their capital structure. In addition, the Applicants represent that the retail and wholesale services provided by the Licensees, and the rates, terms, and conditions of those services, will not change as a result of the Proposed Transaction. The Applicants further represent that upon completion of the Proposed Transaction, the Licensees will remain well-qualified to provide service to their customers, and their operations will continue to be overseen by the same well-qualified management team, which has substantial telecommunications experience and technical expertise.

NOW THE COMMISSION, upon consideration of the Application and the applicable law, and having been advised by the Staff of the Commission, is of the opinion and finds that the Proposed Transaction described herein should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Proposed Transaction as described herein.

(2) The Applicants shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction was completed and all legal documentation supporting the Proposed Transaction.

(3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[1] Va. Code § 56-88 *et seq.*

[2] Windstream also has two subsidiaries, McLeodUSA and Windstream Communications, Inc., which operate in Virginia strictly as resellers of interexchange telecommunications services which do not require certificates.

CASE NO. PUC-2013-00023
JULY 26, 2013

JOINT PETITION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC.,
and
ERNEST COMMUNICATIONS OF VIRGINIA, INC.

For approval to transfer assets and customers, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On June 6, 2013, Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), and Ernest Communications of Virginia, Inc. ("Ernest") (collectively, "Petitioners"),[1] filed a joint petition and request for streamlined review ("Petition") with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] for approval to transfer substantially all of Ernest's telecommunications assets and Virginia customers to Birch ("Proposed Transaction"). The Petitioners also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Pursuant to an Asset Purchase Agreement dated May 30, 2013, Birch's direct parent, BCI, will purchase the following assets from Ernest's direct parent, ECI: certain customer accounts and receivables, certain customer agreements and contracts, certain vendor agreements and contracts, certain equipment, and certain intellectual property. BCI, however, will not assume any of ECI's pre-closing liabilities or obligations. Upon completion of the Proposed Transaction, BCI's Virginia operating subsidiary, Birch, will provide telecommunications services to all of Ernest's current Virginia customers, and Ernest will no longer offer telecommunications services in Virginia.[3]

The Petitioners represent that upon completion of the Proposed Transaction, Birch will handle all Ernest customer billings and adopt Ernest's tariffs or file any necessary revisions to its tariffs and published service offerings to incorporate Ernest's current services and rates so that affected customers will continue to receive the same services that they currently receive without any immediate changes to their service offerings, rates, terms, or conditions. The Petitioners further represent that Birch will continue to be operated by the same experienced and well-qualified management personnel following the completion of the Proposed Transaction. Finally, the Petitioners represent that the Proposed Transaction is not expected to affect Birch's financial resources or access to financial and capital markets.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[4]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction as described herein.

(2) The Petitioners shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction, which shall note the date the Proposed Transaction took place.

(3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[1] Both of the Petitioners are Virginia corporations, and each holds a certificate of public convenience and necessity ("Certificate") in Virginia. In addition to Birch and Ernest, Birch Communications, Inc. ("BCI"), Birch Communications Holdings, Inc., Holcombe Green, R. Kirby Godsey, Ernest Communications, Inc. ("ECI"), Joseph Ernest, and Paul Masters are also considered Petitioners and have provided the statutorily required verifications.

[2] Va. Code § 56-88 *et seq.*

[3] On July 1, 2013, Ernest filed a letter application requesting that the Commission cancel its authority to provide local exchange telecommunications services, Certificate No. T-597, and any associated tariffs, effective January 31, 2014, contingent upon notification by Birch that the Proposed Transaction has been completed. This application has been docketed as Case No. PUC-2013-00028.

[4] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2013-00024
AUGUST 26, 2013

JOINT PETITION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC.,
and
LIGHTYEAR NETWORK SOLUTIONS, LLC

For approval to transfer assets and customers, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On June 20, 2013, Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), and Lightyear Network Solutions, LLC ("Lightyear") (collectively, "Petitioners"),[1] filed a joint petition and request for streamlined review ("Petition") with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] for approval to transfer substantially all of Lightyear's telecommunications assets and Virginia customers to Birch ("Proposed Transaction"). The Petitioners also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Pursuant to an Asset Purchase Agreement dated May 10, 2013, Birch's direct parent, BCI, will purchase the following assets from Lightyear: certain customer accounts and receivables, certain customer agreements and contracts, certain vendor agreements and contracts, certain equipment, and certain intellectual property. BCI, however, will not assume any of Lightyear's pre-closing liabilities or obligations. Upon completion of the Proposed Transaction, BCI's Virginia operating subsidiary, Birch, will provide telecommunications services to all of Lightyear's current Virginia customers, and Lightyear will no longer offer telecommunications services in Virginia.[3]

The Petitioners represent that upon completion of the Proposed Transaction, Birch will handle all of Lightyear's customer billings and adopt Lightyear's tariffs or file any necessary revisions to its tariffs and published service offerings to incorporate Lightyear's current services and rates so that affected customers will continue to receive the same services that they currently receive without any immediate changes to their service offerings, rates, terms, or conditions. The Petitioners further represent that Birch will continue to be operated by the same experienced and well-qualified management personnel following the completion of the Proposed Transaction. Finally, the Petitioners represent that the Proposed Transaction is not expected to affect Birch's financial resources or access to financial and capital markets.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[4]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction as described herein.

(2) The Petitioners shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction, which shall note the date the Proposed Transaction took place.

(3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[1] Birch, a Virginia corporation, and Lightyear, a Kentucky limited liability company, each hold certificates of public convenience and necessity ("Certificates") in Virginia. In addition to Birch and Lightyear, Birch Communications, Inc. ("BCI"), Birch Communications Holdings, Inc., Holcombe Green, R. Kirby Godsey, Lightyear Network Solutions, Inc., and LY Holdings, LLC, are also considered Petitioners and have provided the statutorily required verifications.

[2] Va. Code § 56-88 *et seq.*

[3] On July 1, 2013, Lightyear filed a letter application requesting that the Commission cancel its authority to provide local exchange telecommunications services, Certificate No. T-624, and any associated tariffs, effective December 31, 2013, contingent upon notification by Birch that the Proposed Transaction has been completed. This application has been docketed as Case No. PUC-2013-00029.

[4] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2013-00027
OCTOBER 1, 2013

APPLICATION OF
SIG ACQUISITION COMPANY, 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 11, 2013, SIG Acquisition Company, LLC ("SIG Acquisition" or "Company") 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 ("Application"). SIG Acquisition also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, SIG Acquisition filed a motion for protective order to protect information in the Application that it asserted should be treated as confidential ("Motion").

By Order for Notice and Comment dated July 22, 2013 ("Scheduling Order"), the Commission, among other things, directed SIG Acquisition to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). The Commission also ordered the Company's Motion to be held in abeyance until a party sought access to the information that SIG Acquisition designated as confidential.

On August 7, 2013, SIG Acquisition filed the required proof of service. On August 22, 2013, the Company filed the required proof of publication.

On September 17, 2013, the Staff filed its Staff Report finding that SIG Acquisition'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 SIG Acquisition's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: SIG Acquisition should notify the Division of Communications 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.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report. On September 20, 2013, SIG Acquisition filed its response concurring with Staff's recommendation that the Commission grant it Certificates and requesting that the Commission grant the Certificates at its earliest convenience.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant SIG Acquisition Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that SIG Acquisition may price its interexchange telecommunications services competitively. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[1]

Accordingly, IT IS ORDERED THAT:

(1) SIG Acquisition hereby is granted Certificate No. T-732 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, and the provisions of this Order.

(2) SIG Acquisition hereby is granted Certificate No. TT-279A 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, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, SIG Acquisition may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, SIG Acquisition shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If the Company elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) SIG Acquisition shall notify the Division of Communications 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) The Company's Motion hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(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.

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[1] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2013-00028
SEPTEMBER 25, 2013

APPLICATION OF
ERNEST COMMUNICATIONS OF VIRGINIA, INC.

For approval to cancel a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On July 1, 2013, Ernest Communications of Virginia, Inc. ("Ernest"), filed a letter with the State Corporation Commission ("Commission") requesting to surrender its certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services in the Commonwealth of Virginia, effective January 31, 2014 ("Application").

In 2002, the Commission granted Ernest Certificate No. T-597 to provide local exchange telecommunications services.[1] In this Application, Ernest requests that the Commission cancel its Certificate only after Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), has notified the Commission that the transfer of Ernest's assets and Virginia customers to Birch has been completed.[2] On September 16, 2013, Birch filed a letter notifying the Commission that such transaction took place on August 29, 2013, and further documenting Ernest's request that the Commission cancel its Certificate.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that it should cancel Certificate No. T-597.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2013-00028.

(2) Certificate No T-597 hereby is cancelled, effective January 31, 2014.

(3) Any tariff associated with Certificate No. T-597 on file with the Commission's Division of Communications hereby is cancelled, effective January 31, 2014.

(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.

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[1] *See Application of Ernest Communications of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2002-00078, 2002 S.C.C. Ann. Rept. 300, Final Order (Nov. 19, 2002).

[2] *See Joint Petition of Birch Communications of Virginia, Inc., and Ernest Communications of Virginia, Inc., For approval to transfer assets and customers, pursuant to Va. Code § 56-88 et seq*., Case No. PUE-2013-00023, Order Granting Approval (July 26, 2013).

CASE NO. PUC-2013-00029
OCTOBER 31, 2013

APPLICATION OF
LIGHTYEAR NETWORK SOLUTIONS, LLC

For approval to cancel a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On July 1, 2013, Lightyear Network Solutions, LLC ("Lightyear"), filed a letter with the State Corporation Commission ("Commission") requesting to surrender its certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services in the Commonwealth of Virginia, effective December 31, 2013 ("Application").

In 2004, the Commission granted Lightyear Certificate No. T-624 to provide local exchange telecommunications services.[1] In this Application, Lightyear requests that the Commission cancel its Certificate only after Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), has notified the Commission that the transfer of Lightyear's assets and Virginia customers to Birch has been completed.[2] On October 17, 2013, Birch filed a letter notifying the Commission that such transaction took place on September 27, 2013, and further documenting Lightyear's request that the Commission cancel its Certificate.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that it should cancel Certificate No. T-624.

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[1] *See Application of Lightyear Solutions Network, LLC, For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2004-00013, 2004 S.C.C. Ann. Rept. 227, Final Order (May 13, 2004).

[2] *See Joint Petition of Birch Communications of Virginia, Inc., and Lightyear Network Solutions, LLC, For approval to transfer assets and customers, pursuant to Va. Code § 56-88 et seq*., Case No. PUE-2013-00024, Order Granting Approval (Aug. 26, 2013).

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2013-00029.

(2) Certificate No T-624 hereby is cancelled, effective December 31, 2013.

(3) Any tariff associated with Certificate No. T-624 on file with the Commission's Division of Communications hereby is cancelled, effective December 31, 2013.

(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-2013-00031
SEPTEMBER 24, 2013

JOINT APPLICATION OF
SIG ACQUISITION COMPANY, LLC,
SUMMIT INFRASTRUCTURE GROUP, LLC,
and
WOODLAWN COMMUNICATION, LLC

For approval of transfer of customers and assets from Summit Infrastructure Group, LLC and Woodlawn Communication, LLC to SIG Acquisition Company, LLC pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On July 31, 2013, SIG Acquisition Company, LLC ("SIG"), Summit Infrastructure Group, LLC ("Summit"), and Woodlawn Communication, LLC ("Woodlawn") (collectively, "Applicants"), filed a joint application pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")[1] with the State Corporation Commission ("Commission") requesting approval to transfer the customers and assets from Summit and Woodlawn to SIG ("Joint Application"). The Applicants also filed a motion for a protective order ("Motion") to prevent public disclosure of the confidential information contained in the Joint Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Summit and Woodlawn hold certificates of public convenience and necessity ("CPCNs") in Virginia. Neither Summit nor Woodlawn provides regulated telecommunications services in Virginia. SIG is a newly formed Virginia limited liability company with a pending application for CPCNs in Virginia.[2] SIG is a wholly owned subsidiary of Summit Infrastructure Group, Inc. ("Parent"), which is wholly owned by investment funds managed by Columbia Capital V, LLC, a venture capital firm that focuses on investments in the communications, media, and technology industry.

The Applicants request Commission approval to complete a transaction in which SIG will acquire substantially all of the telecommunications assets of Summit and Woodlawn, including their telecommunications equipment and facilities and customer accounts and contracts. Summit and Woodlawn will each obtain approximately 21% ownership interest in Parent ("Proposed Transaction").

The Applicants represent that upon completion of the Proposed Transaction, SIG intends to use the same "SummitIG" name with which the customers are familiar, and SIG will have the same rates and terms of service, and the same technical, operational, and managerial personnel as Summit and Woodlawn. The Applicants further represent that SIG's operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise, and that SIG has the financial, managerial, and technical qualifications to provide services and facilities to the customers of Summit and Woodlawn.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by its Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved, subject to SIG receiving the requested CPCNs in Case No. PUC-2013-00027. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.[3]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Proposed Transaction as described herein, subject to SIG receiving the requested CPCNs in Case No. PUC-2013-00027.

(2) The Applicants shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction which shall include the date the Proposed Transaction took place.

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[1] Va. Code § 56-88 *et seq.*

[2] *See Application of SIG Acquisition Company, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia,* Case No. PUC-2013-00027.

[3] The Commission held the Applicants' Motion in abeyance and has not received a request to review the confidential information submitted in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) The Applicants' Motion hereby is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUC-2013-00033
SEPTEMBER 23, 2013

APPLICATION OF
GLOBAL NAPS SOUTH, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

The State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-421 ("Certificate") permitting the provision of local exchange telecommunications services to Global NAPs South, Inc. ("Global NAPs"), on November 2, 1998, in Case No. PUC-1998-00107.[1]

A letter application filed with the Commission on August 23, 2013, states that Global NAPs no longer provides telecommunications services and seeks to surrender the Certificate issued by the Commission.

NOW THE COMMISSION, upon consideration of the matter, finds that Certificate No. T-421 issued to Global NAPs should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2013-00033.

(2) Certificate No. T-421, issued to Global NAPs South, Inc., to provide local exchange telecommunications services throughout the Commonwealth is cancelled.

(3) Any tariffs on file associated with Certificate No. T-421 are cancelled.

(4) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

[1] *Application of Global NAPs South, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunication services*, Case No. PUC-1998-00107, 1998 S.C.C. Ann. Rept. 291, Final Order (Nov. 2, 1998).

CASE NO. PUC-2013-00035
DECEMBER 10, 2013

APPLICATION OF
TIME WARNER CABLE BUSINESS LLC
d/b/a TIME WARNER CABLE

For a certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On August 27, 2013, Time Warner Cable Business LLC d/b/a Time Warner Cable ("Time Warner Cable" or "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). Time Warner Cable requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").

By Order for Notice and Comment dated September 11, 2013, the Commission, among other things, directed Time Warner Cable to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report").

On November 8, 2013, the Staff filed its Staff Report finding that Time Warner Cable's Application was in compliance with the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq*. Based upon its review of Time Warner Cable's Application, the Staff determined it would be appropriate to grant the Company a certificate to provide interexchange telecommunications services in Virginia.

On November 20, 2013, Time Warner Cable filed its response concurring with Staff's recommendation that the Commission grant the Company the requested certificate.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Time Warner Cable a certificate of public convenience and necessity. Having considered § 56-481.1 of the Code, the Commission further finds that Time Warner Cable may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Time Warner Cable hereby is granted Certificate No. TT-280A 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, and the provisions of this Order.

(2) Pursuant to § 56-481.1 of the Code, Time Warner Cable may price its interexchange telecommunications services competitively.

(3) Prior to providing telecommunications services pursuant to the certificate granted by this Order, Time Warner Cable shall provide tariffs to the Commission's Division of Communications that conform to all applicable Commission rules and regulations. If Time Warner Cable elects to provide retail services on a non-tariffed basis, Time Warner Cable shall provide written notification of such an election to the Commission's Division of Communications.

(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-2013-00039
NOVEMBER 26, 2013

JOINT APPLICATION OF
CTC COMMUNICATIONS OF VIRGINIA, INC.
D/B/A EARTHLINK BUSINESS,
EARTHLINK BUSINESS, LLC,
BUSINESS TELECOM OF VIRGINIA, INC.
D/B/A EARTHLINK BUSINESS,
EARTHLINK, INC.,
CTC COMMUNICATIONS CORP.,
EARTHLINK BUSINESS HOLDINGS, LLC,
ITC^DELTACOM, INC.,
BTI TELECOM CORPORATION,
and
BUSINESS TELECOM, INC.

For approval of certain pro forma intra-company changes, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On October 7, 2013, CTC Communications of Virginia, Inc. d/b/a Earthlink Business ("CTC-VA"), EarthLink Business, LLC ("EarthLink Business"), Business Telecom of Virginia, Inc. d/b/a EarthLink Business ("BTI-VA"), EarthLink, Inc. ("EarthLink"), CTC Communications Corp., EarthLink Business Holdings, LLC ("ELB Holdings"), ITC^DeltaCom, Inc. ("ITC"), BTI Telecom Corporation, and Business Telecom, Inc. ("BTI") (collectively, "Applicants"), filed a joint application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") requesting approval of certain pro forma intra-company changes ("Joint Application").[1]

EarthLink is a provider of Internet Protocol and telecommunications infrastructure and services to other telecommunications carriers, businesses, enterprise organizations, and individual customers across the United States. EarthLink has three subsidiaries that hold certificates of public convenience and necessity in Virginia: CTC-VA, EarthLink Business, and BTI-VA. EarthLink has a fourth subsidiary, DeltaCom, LLC ("DeltaCom"), which provides resold interexchange telecommunications services as an intrastate service in Virginia.

The Applicants request Commission approval to complete a transaction that would result in the following two changes: (1) BTI and DeltaCom would become direct subsidiaries of EarthLink Business;[2] and (2) EarthLink Holdings, Inc. ("Holdings") would become the new publicly traded holding company between EarthLink and its current shareholders, and EarthLink would convert to a Delaware limited liability company.[3] In addition, subsequent to completing steps (1) and (2) above, EarthLink might contribute its membership interests in ELB Holdings to Holdings, which would remove EarthLink from the chain of ownership between CTC-VA, EarthLink Business, BTI-VA, and DeltaCom, and their ultimate parent, Holdings ("Proposed Transaction").

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[1] Va. Code § 56-88 *et seq.*

[2] This change would result from: (1) BTI Telecom Corporation merging into EarthLink Business, whereupon BTI Telecom Corporation would cease and EarthLink Business would be the surviving entity and direct parent company of BTI; and (2) ITC merging into EarthLink Business, whereupon ITC would cease and EarthLink Business would be the surviving entity and direct parent company of DeltaCom.

[3] The Applicants represent that this intra-company change would likely occur in three steps: (1) EarthLink would form a wholly owned subsidiary, Holdings, which would be a Delaware corporation; (2) Holdings would form a wholly owned subsidiary "MergerCo," which would be a Delaware limited liability company; and (3) MergerCo would merge into EarthLink, with EarthLink being the surviving corporation and a wholly owned subsidiary of Holdings.

The Applicants represent that the Proposed Transaction would be transparent to customers and would not result in any change in their services or to the rates, terms and conditions of their services. The Applicants further represent that, upon completion of the Proposed Transaction, EarthLink would be managed by the same directors, officers, and other management personnel as before and that there would be no change in its financial or technical resources to render local exchange telecommunications services.

NOW THE COMMISSION, upon consideration of the applicable law, and having been advised by the Staff of the Commission, is of the opinion and finds that it should approve the Proposed Transaction described herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Proposed Transaction described herein.

(2) The Applicants shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction which shall include the date the Proposed Transaction took place.

(3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUC-2013-00040
NOVEMBER 13, 2013

PETITION OF

LUMOS TELEPHONE INC.,
LUMOS TELEPHONE OF BOTETOURT INC.,
LUMOS NETWORKS INC.,
FIBERNET OF VIRGINIA, INC.,
LUMOS NETWORKS CORP.,
LUMOS NETWORKS OPERATING COMPANY,
QUADRANGLE CAPITAL PARTNERS LP,
QUADRANGLE NTELOS HOLDINGS II LP,
QUADRANGLE SELECT PARTNERS LP,
and
QUADRANGLE CAPITAL PARTNERS – A LP

For an order authorizing disposition of control under the Utility Transfers Act, Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On October 31, 2013, Lumos Networks Corp., Lumos Networks Operating Company, Quadrangle Capital Partners LP, Quadrangle NTELOS Holdings II LP, Quadrangle Select Partners LP, Quadrangle Capital Partners A LP (collectively, the Quadrangle entities shall be referred to as the "Quadrangle Funds"), Lumos Telephone Inc., Lumos Telephone of Botetourt Inc., Lumos Networks Inc., and Fibernet of Virginia, Inc. (collectively, "Petitioners"), filed a petition ("Petition") with the State Corporation Commission ("Commission") seeking authority to dispose of control pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*.

Lumos Telephone Inc. is a Virginia public service company that provides incumbent local exchange carrier ("ILEC") telecommunications services to approximately 21,679 customer lines within Allegheny and Augusta Counties, the City of Covington, the Town of Clifton Forge, the Town of Iron Gate, and the City of Waynesboro. Lumos Telephone of Botetourt Inc. is a Virginia certificated ILEC that provides telecommunications services to approximately 7,951 customer lines in Botetourt County, including Daleville, Troutville, and Fincastle. Lumos Networks Inc. is a Virginia public service company that provides competitive local exchange carrier ("CLEC") and long distance telecommunications services to approximately 40,766 lines in various Virginia markets, including Ashburn, Blacksburg, Charlottesville, Culpeper, Danville, Harrisonburg, Lynchburg, Roanoke, Richmond, and Staunton. Fibernet of Virginia, Inc., is a Virginia public service company that primarily provides CLEC services in and around Winchester, Virginia. The two ILEC companies ("Lumos ILECs") and the two CLEC companies ("Lumos CLECs") are owned by Lumos Networks Operating Company, which is owned by Lumos Networks Corp. (collectively, "Lumos Companies").

Quadrangle Capital Partners ("QCP") is a private investment firm based in New York City, which invests in media, communications, and information services businesses through the Quadrangle Funds, which it manages. The Quadrangle Funds assumed significant control over the Lumos ILECs and the Lumos CLECs when it purchased approximately 27% of Lumos Networks Corp.'s common stock in 2007.[1]

The instant Petition now seeks authority for the Quadrangle Funds to dispose of approximately one-half of its Lumos Networks Corp. common stock through a secondary market offering to the general public, which would reduce its ownership interest in the Lumos ILECs and Lumos CLECs from approximately 27% to 13.5%. The Petitioners represent that the Lumos ILECs and Lumos CLECs will retain their current corporate structure and

[1] *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 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*, Case No. PUC-2007-00085, 2007 S.C.C. Ann. Rept. 278, Order Granting Approval (Dec. 18, 2007).

certificates after the proposed disposition. They further state that the regulated utilities will incur no transactions costs, will suffer no change to its financial position, and will experience no change in rates or service to its customers.

NOW THE COMMISSION, upon consideration of the Petition and the representations of the Petitioners, the applicable statutes, and having been advised by Staff, is of the opinion and finds that adequate service at just and reasonable rates will not be adversely affected by the proposed disposition of control and, therefore, the Petition should be approved subject to certain requirements outlined below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 and § 56-90 of the Code, the Petitioners are hereby granted authority to dispose of control of the Lumos ILECs and Lumos CLECs as described herein.

(2) The authority granted herein shall have no ratemaking implications.

(3) The Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of the disposition of control. The Report will disclose the date of disposition and include documentation supporting the transaction.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUC-2013-00041
DECEMBER 13, 2013

APPLICATION OF
DUKE ENERGY CORPORATION,
DUKE ENERGY REGISTRATION SERVICES, INC.,
PANENERGY CORP.,
DUKE ENERGY SERVICES, INC.,
DUKENET VENTURECO, INC.,
ALINDA TELECOM INVESTOR I, L.P.,
DUKENET COMMUNICATIONS HOLDINGS, LLC,
DUKENET COMMUNICATIONS, LLC,
TIME WARNER CABLE INC.,
and
TWC ENTERPRISES LLC

For approval of the transfer of control of DukeNet Communications, LLC, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On November 6, 2013, Duke Energy Corporation ("Duke Energy"), Duke Energy Registration Services, Inc. ("DERS"), PanEnergy Corp. ("PanEnergy"), Duke Energy Services, Inc. ("DES"), DukeNet VentureCo, Inc. ("VentureCo"), Alinda Telecom Investor I, L.P. ("Alinda I"), DukeNet Communications Holdings, LLC ("DukeNet Holdings"), DukeNet Communications, LLC ("DukeNet"), Time Warner Cable Inc. ("TWC"), and TWC Enterprises LLC ("TWC Enterprises") (collectively, "Applicants"),[1] filed an application and request for streamlined review ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] for approval of the transfer of ultimate control of DukeNet from its current ultimate parent, Duke Energy, to TWC ("Proposed Transaction").

Pursuant to an Equity Purchase Agreement ("EPA") dated October 4, 2013, between TWC, DukeNet Holdings, Alinda I, Alinda II, and VentureCo, TWC will acquire ultimate control of DukeNet Holdings and, therefore, indirect control of DukeNet, through the sale of the equity in DukeNet Holdings by Alinda I, Alinda II, and VentureCo to TWC. Upon completion of the Proposed Transaction, DukeNet will remain a direct subsidiary of DukeNet Holdings, but it will have new ultimate ownership.[3]

The Applicants represent that, upon completion of the Proposed Transaction, DukeNet will continue to provide service to its customers with no immediate change in the rates, terms, and conditions of service as currently provided. The Applicants further represent that, given the financial strength, scope, scale, and telecommunications experience of TWC, they expect that DukeNet will be able to offer lower rates and improved service and customer

[1] DukeNet, a Delaware limited liability company that holds certificates of public convenience and necessity ("Certificates") in Virginia, is a direct subsidiary of DukeNet Holdings, which, in turn, is a joint venture between: (i) VentureCo, which holds a direct 50% interest; (ii) Alinda I, which owns a direct interest of approximately 29.65%; and, (iii) Alinda Telecom Investor II, L.P. ("Alinda II"), which owns a direct interest of approximately 20.35%. VentureCo is a direct subsidiary of DES, which, in turn, is a wholly owned subsidiary of PanEnergy, which is a wholly owned subsidiary of DERS, which, finally, is a wholly owned subsidiary of Duke Energy. The current ownership structure of DukeNet was approved by the Commission in Case No. PUC-2010-00043.

[2] Va. Code § 56-88 *et seq.*

[3] Exhibit E to the Application, which contains charts depicting both the existing and proposed ownership structure of DukeNet before and after the completion of the Proposed Transaction, currently shows TWC Enterprises, a wholly owned subsidiary of TWC, owning 100% of the equity of DukeNet Holdings following the Proposed Transaction. The Applicants state that the EPA provides TWC the flexibility to have either TWC or TWC Enterprises acquire the DukeNet Holdings equity. Therefore, the Applicants represent that, if TWC elects to acquire the equity of DukeNet Holdings directly rather than through its subsidiary, TWC Enterprises, TWC will promptly inform the Commission of this development, which would occur at the time of the closing of the Proposed Transaction. Application at 7.

care in Virginia's communications marketplace under TWC's ownership. Finally, the Applicants state that TWC retains the same qualifications to own and operate a competitive local exchange carrier in Virginia that were judged to be sufficient when the Commission issued Certificates to TWC's Virginia operating subsidiary, Time Warner Cable Information Services (Virginia), LLC, in Case No. PUC-2009-00055.[4]

NOW THE COMMISSION, upon consideration of the applicable law, and having been advised by the Staff of the Commission, is of the opinion and finds that the Proposed Transaction described herein should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Proposed Transaction as described herein.

(2) The Applicants shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction, which shall include the date the Proposed Transaction took place.

(3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[4] *See Application of Time Warner Cable Information Services (Virginia), LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00055, S.C.C. Ann. Rept. 224, Final Order (Jan. 28, 2010).

DIVISION OF ENERGY REGULATION

CASE NO. PUE-2001-00537
APRIL 25, 2013

APPLICATION OF
BOLLINGER ENERGY CORPORATION

For a license to conduct business as a competitive service provider for natural gas service

ORDER REISSUING LICENSE

On December 14, 2001, the State Corporation Commission ("Commission") issued to Bollinger Energy Corporation ("Bollinger") License No. G-14 to act as a competitive service provider for natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia. On March 11, 2013, Bollinger filed an application with the Commission requesting an amendment to its license to act as a competitive service provider of natural gas service to residential customers in retail access programs throughout the Commonwealth of Virginia ("Application").

On March 21, 2013, the Commission issued an Order for Notice and Comment in this proceeding ("Notice Order") that, among other things, directed Bollinger to provide notice of its Application and provided interested persons an opportunity to file written comments on the Application. On March 29, 2013, Bollinger filed proof of notice. No comments were received.

On April 12, 2013, the Commission Staff ("Staff") filed a Supplemental Staff Report concerning Bollinger's financial condition and technical fitness to act as a competitive service provider of natural gas service to residential customers in natural gas retail access programs throughout the Commonwealth of Virginia. The Staff recommended that Bollinger be granted an amended license to act as a competitive service provider of natural gas service to residential, commercial, and industrial customers in retail access programs throughout the Commonwealth of Virginia. The Supplemental Staff Report also identified several instances of Bollinger providing competitive natural gas service to residential customers in the Commonwealth of Virginia for several years without Commission authority to do so.

On April 19, 2013, Bollinger submitted a response to the Supplemental Staff Report ("Response")[1] in which it stated that "any violation of serving residential customers in the past was not intentional or malicious but only an effort to extend our services to business customers who were current commercial customers."[2] Bollinger further stated that it intends to "always be in compliance with SCC regulations and the law now and in the future."[3]

NOW THE COMMISSION, upon consideration of this matter, finds that Bollinger Energy Corporation's License No. G-14 to conduct business as a competitive service provider of competitive natural gas service to commercial and industrial customers shall be cancelled and reissued to authorize Bollinger to act as a competitive service provider of natural gas to residential, commercial, and industrial customers in retail access programs throughout the Commonwealth of Virginia. While we believe that no further action is warranted in this instance, we note that compliance with all Commission Orders, rules, and the Code of Virginia will be strictly enforced and that any future violations by Bollinger may result in fines and as allowed under §§ 56-235.8 F 1 and 12.1-13 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-14 authorizing Bollinger Energy Corporation to be a competitive service provider of natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia is hereby cancelled and shall be reissued as License No. G-14A, authorizing Bollinger Energy Corporation to be a competitive service provider of natural gas service to residential, commercial, and industrial customers in natural gas retail access programs throughout the Commonwealth of Virginia.

(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.

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[1] We note that Bollinger submitted its Response by letter dated April 16, 2013. Although Bollinger's Response was neither filed in accordance with the Notice Order nor received in a timely manner, we accept the Response for filing and consider it herein. On April 24, 2013, Bollinger filed a Response appropriately with the Clerk of the Commission.

[2] Response at 1.

[3] *Id.*

CASE NO. PUE-2005-00042
JUNE 25, 2013

APPLICATION OF
DELTA ENERGY, LLC

For a license to conduct business as a natural gas competitive service provider

ORDER CANCELLING LICENSE

On June 2, 2005, Delta Energy, LLC ("Delta"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq*. ("Retail Access Rules").

On July 11, 2005, the Commission issued an Order Granting License, which granted a license ("License No. G-21") to Delta to conduct business as a natural gas competitive service provider to commercial and industrial customers throughout the Commonwealth of Virginia.

On March 18, 2013, Delta filed a letter ("Notice"), pursuant to 20 VAC 5-312-80 (O) of the Retail Access Rules, informing the Commission that Delta's natural gas marketing business was acquired by Hess Energy Marketing at the end of 2012 and therefore, Delta will no longer serve customers in Virginia as a competitive service provider. In its Notice, Delta requested that the Commission close the license issued in this proceeding.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. G-21 issued to Delta Energy, LLC, should be cancelled. The Commission further finds that this proceeding should be dismissed and the papers filed herein placed in the Commission's file for ended causes.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-21, issued to Delta Energy, LLC, to conduct business as a natural gas competitive service provider to commercial and industrial customers throughout the Commonwealth of Virginia is cancelled.

(2) There being nothing further to come before the Commission, this proceeding is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

CASE NOS. PUE-2007-00051, PUE-2008-00120, AND PUE-2011-00134
SEPTEMBER 24, 2013

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

APPLICATION OF
VIRGINIA NATURAL GAS, INC. AND
COMPASS ENERGY SERVICES, INC.

For Approval of Natural Gas Sales under Chapter 4 of Title 56 of the Code of Virginia

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
and
COMPASS ENERGY SERVICES, INC.

For approval of natural gas sales under Chapter 4 of Title 56 of the Code of Virginia

ORDER TERMINATING REPORTING REQUIREMENTS

On August 31, 2007, the State Corporation Commission ("Commission") issued an Order Granting Approval ("August 31 Order") in Case No. PUE-2007-00051,[1] authorizing Sequent Energy Management, L.P. ("Sequent") to act as Virginia Natural Gas, Inc.'s ("VNG") agent when selling natural gas to AGL C&I Energy Services Inc. ("AGL C&I"), an affiliate of VNG.[2] The Commission's August 31 Order also, among other things, authorized Sequent to

[1] 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, Case No. PUE-2007-00051, 2007 S.C.C. Ann. Rept. 447, Order Granting Approval (Aug. 31, 2007).

[2] VNG, Sequent, and AGL C&I are wholly owned subsidiaries of AGL Resources Inc. and are therefore "affiliated interests" as defined in § 56-77, Chapter 4, Title 56 of the Code of Virginia. Transactions between the parties therefore require prior approval by the Commission.

use a North American Energy Standards base contract ("NAESB Contract") for natural gas sales to AGL C&I through March 31, 2009, and imposed certain quarterly and annual reporting requirements on VNG and AGL C&I in Ordering paragraphs (7) and (12) to verify that all affiliate and non-affiliate transactions with commercial and industrial marketers occur at market prices.[3]

On March 30, 2009, the Commission entered an Order Granting Approval ("March 30 Order") in Case No. PUE-2008-00120,[4] authorizing Sequent to act as VNG's agent when selling natural gas to Compass Energy Services, Inc. ("Compass"), another affiliate of VNG.[5] The Commission's March 30 Order authorized Sequent to continue using the NAESB Contract that was approved in Case No. PUE-2007-00051 for natural gas sales to Compass for three years, through March 31, 2012. Ordering Paragraph (5) of the March 30 Order also continued the quarterly and annual reporting requirements imposed by the Commission in Case No. PUE-2007-00051.

On March 13, 2012, the Commission entered an Order Granting Approval in Case No. PUE-2011-00134,[6] which authorized certain revisions to the NAESB contract utilized by Sequent for natural gas sales to Compass. Ordering Paragraph (5) continued the customer protection requirements imposed in Case Nos. PUE-2007-00051 and PUE-2008-00120, including the quarterly and annual reporting requirements for VNG's natural gas sales to Compass and unaffiliated commercial and industrial marketers.

On September 4, 2013, VNG filed a letter with the Commission in Case No. PUE-2011-00134, advising the Commission that effective May 1, 2013, Compass was sold to a wholly owned subsidiary of Integrys Energy Services, Inc. Since the VNG/Compass affiliate arrangement no longer exists, VNG requested that it be relieved of the quarterly and annual reporting requirements imposed by the Commission most recently in Case No. PUE-2011-00134.

NOW THE COMMISSION, having considered VNG's request, is of the opinion and finds that Case Nos. PUE-2007-00051, PUE-2008-00120, and PUE-2011-00134 should be reopened for the limited purpose of terminating the quarterly and annual reporting requirements imposed on VNG and Compass for natural gas sales to Compass under the NAESB Contract.

Accordingly, IT IS ORDERED:

(1) Case Nos. PUE-2007-00051, PUE-2008-00120, and PUE-2011-00134 are reopened for the limited purpose of terminating the quarterly and annual reporting requirements therein relating to VNG's natural gas sales to Compass under the NAESB Contract.

(2) There appearing nothing further to be done, these cases are 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.

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[3] Ordering Paragraph (7) required VNG to file a Schedule with its quarterly Asset Management and Agency Agreement Report showing: (i) sales by 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 also was required to show any commercial and industrial customers that switch from VNG to AGL C&I of a designated assignee by (i) customer ID; (ii) former VNG rate schedule; and (iii) prior year volumes. Ordering Paragraph (12) also required VNG to include all transactions associated with the NAESB Contract in its Annual Report of Affiliate Transactions.

[4] *Application of Virginia Natural Gas, Inc. and Compass Energy Services, Inc., For Approval of Natural Gas Sales under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2008-00120, 2009 S.C.C. Ann. Rept. 362, Order Granting Approval (Mar. 30, 2009).

[5] Ordering Paragraph (4) of the Commission's August 31 Order in Case No. PUE-2007-00051 allowed AGL C&I to make a single assignment of the NAESB Contract to a wholly owned subsidiary of AGL C&I, which turned out to be Compass.

[6] *Application of Virginia Natural Gas, Inc., and Compass Energy Services, Inc., For approval of natural gas sales under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2011-00134, 2012 S.C.C. Ann. Rept. 369, Order Granting Approval (Mar. 13, 2012).

CASE NO. PUE-2007-00056
DECEMBER 16, 2013

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

DISMISSAL ORDER

By Order dated August 3, 2007, Kentucky Utilities Company d/b/a/ Old Dominion Power Company ("Applicant" or the "Company") was granted authority to structure a Revolving Credit Facility ("RCA") by entering agreements and assuming obligations necessary to establish one or more credit facilities to provide an additional, committed source of short-term borrowing up to an aggregate amount of $35 million. Moreover, the Company's aggregate short-term indebtedness, inclusive of RCA borrowings, was limited to $400 million as previously authorized by Commission Order dated September 21, 2004, in Case No. PUE-2002-00644. Applicant's RCA authority was granted for the purposes set forth in the application for a term of up to five years.

Applicant filed a Final Report of Action on March 21, 2013, which detailed origination fees of $17,500 and commitment/facility fees of $82,360 associated with the RCA.[1] Applicant reported that the RCA was terminated on November 1, 2010 following the Company's acquisition by PPL Corporation. Based on the information provided by Applicant in its Final Report, its related actions taken appear to have been in accordance with the authority granted.

On consideration whereby, IT IS ORDERED that, there appearing nothing further to be done, this matter is hereby dismissed.

[1] Because Applicant was directed to file a Final Report on or before January 31, 2013, the Company also filed a Motion For Leave to File Final Report of Action, which is granted.

CASE NO. PUE-2008-00022
AUGUST 8, 2013

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY
and
ANGD LLC

For authority to issue securities under Chapter 3 and 4 of Title 56 of the Code of Virginia

DISMISSAL ORDER

By Commission Order dated May 27, 2008, Appalachian Natural Gas Distribution Company ("Appalachian" or the "Company"), was granted authority under Chapters 3 and 4 of Title 56 of the Code of Virginia to issue debt securities and receive additional equity investment from its parent company affiliate, ANGD LLC ("ANGD"), in the manner and for the purposes set forth in the Company's application. The debt securities authorized were all with ANGD in the form of a $2,151,230 Inter-company Promissory Note ("First Note"), a $388,233 Inter-company Promissory Note ("Second Note"), and an Inter-company Revolving Credit Note ("Third Note") not to exceed $4,400,000 at any one time (collectively, "Notes"). The Company was also authorized to receive $119,495 of additional equity investment in the form of paid-in-capital from ANGD to reflect a proportional share of the additional equity investment ANGD received to secure the total financing arrangements underlying the Notes.

The Company filed a final report on April 5, 2013. Based upon the information supplied in the report, Appalachian's borrowings under the Third Note never exceeded the maximum aggregate limit of $4,400,000, and all other actions appear to have been taken in accordance with the authority granted.[1]

On consideration whereby, IT IS ORDERED that, there appearing nothing further to be done, this matter is hereby dismissed.

[1] In response to Staff inquiry, the Company affirmed that borrowings under the First Note consisted only of an intercompany promissory note in the amount of $2,151,230, as authorized, and not the erroneous amount of $2,154,368 provided in the final report.

CASE NO. PUE-2010-00118
SEPTEMBER 10, 2013

JOINT PETITION OF
UNITED WATER VIRGINIA INC.
and
VIRGINIA-AMERICAN WATER COMPANY

For exemption from the filing and prior approval requirements of the Utility Transfers Act and Affiliates Act or, alternatively, for approval of a plan of merger pursuant to the Utility Transfers Act and Affiliates Act

ORDER GRANTING MOTION AND ISSUING
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On December 21, 2010, the State Corporation Commission ("Commission") entered an Order Granting Approval in this docket which, among other things, authorized the merger of Virginia-American Water Company ("VAWC") and United Water Virginia Inc. ("United") (collectively, "Joint Petitioners"), with VAWC being the surviving entity.

On June 17, 2013, the Staff of the Commission filed a "Motion of the State Corporation Commission Staff to Issue Certificate of Public Convenience and Necessity" ("Motion"). In support of its Motion, the Staff stated that although the Commission authorized the merger of the Joint Petitioners in its Order Granting Approval issued on December 21, 2010 ("Order"), the Order did not cancel United's certificate of public convenience and necessity ("CPCN") and issue a new CPCN to VAWC reflecting its expanded service territory as a result of the merger approved by the Commission. The Staff therefore requested that this docket be reopened for the limited purpose of cancelling the CPCN of United and issuing a new CPCN to VAWC reflecting its expanded service territory as a result of the merger. The Staff's Motion further represents that VAWC supports the Motion.

NOW THE COMMISSION, upon consideration of the Staff's Motion, is of the opinion and finds that the Motion should be granted and that this docket should be reopened for the limited purpose of cancelling the CPCNs currently held by VAWC and United, and issuing a new CPCN to VAWC reflecting its expanded service territory as a result of the merger authorized by the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2010-00118 shall be restored to active status in the records of the Commission for the limited purpose of receiving: (a) the "Motion of the State Corporation Commission Staff to Issue Certificate of Public Convenience and Necessity;" (b) this "Order Granting Motion and Issuing Certificate of Public Convenience and Necessity"; and (c) the CPCN issued herein.

(2) The Staff's Motion is granted.

(3) Certificate Nos. W-6e and W-34f, which authorize VAWC to provide water service in the Cities of Hopewell and Alexandria, Prince William County, and portions of Prince George County, hereby are cancelled.

(4) Certificate No. W-219b, which authorizes United to provide water service in the Counties of Essex, King William, Northumberland, Lancaster, and Westmoreland, hereby is cancelled.

(5) Certificate No. W-328 is issued to VAWC authorizing it to provide water service in the Cities of Hopewell and Alexandria, the Counties of Essex, King William, Northumberland, Lancaster, Prince William, and Westmoreland, and portions of Prince George County.

(6) All other provisions of the Commission's December 21, 2010 Order Granting Authority shall remain in full force and effect.

(7) This matter is dismissed.

CASE NO. PUE-2010-00135
AUGUST 26, 2013

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

In re: Virginia Electric and Power Company's proposed pilot program on dynamic rates

ORDER GRANTING AUTHORITY

During its 2009 Session, the Virginia General Assembly passed Chapter 816 of the 2009 Virginia Acts of Assembly ("Chapter 816"), an uncodified enactment, directing the State Corporation Commission ("Commission") to conduct a proceeding to establish two types of pilot programs for certain customers of electric utilities that generate electricity from renewable generation facilities (collectively, the "Programs" or "Pilot Programs").[1] In establishing the Pilot Programs, Chapter 816 further directs the Commission to determine the scope of the Programs, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Programs.

On August 19, 2009, the Commission established Case No. PUE-2009-00084[2] and its Order for Notice and Comment, among other things, docketed the matter, established a procedural schedule, directed Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and Appalachian Power Company ("APCo") to file written comments concerning the issues in the proceeding and directed the Staff of the Commission ("Staff") to review the comments and file a report thereon ("Staff Report").

On July 30, 2010, the Commission issued an Order in Case No. PUE-2009-00084 ("July 30, 2010 Order") finding, in part, that Dominion Virginia Power, as one of the two investor-owned utilities with the largest number of customers in the Commonwealth, should establish Pilot Programs under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the utility at dynamic rates. The July 30, 2010 Order, among other things, directed Dominion Virginia Power to file with the Commission the details of its Pilot Programs within 60 days.

On September 30, 2010, Dominion Virginia Power filed an Application to Establish Pilot Program in which it proposed to offer three experimental and voluntary dynamic pricing tariffs pursuant to Chapter 816 and the Commission's directives in Case No. PUE-2009-00084 ("Pilot Program"). Specifically, the Company proposed a pilot enrollment of 2,000 participants consisting of 1,000 residential customers taking service under experimental dynamic pricing tariff DP-R and 1,000 commercial/general customers taking service under dynamic pricing tariffs DP-1 and DP-2. The Company stated that it would begin enrollment of eligible customers[3] in the Pilot Program 90 days from Commission approval but no earlier than April 1, 2011. The Company proposed to keep the Pilot Program in effect until November 30, 2013. Dominion Virginia Power also requested approval to begin

[1] As defined by § 1 of Chapter 816, the purpose of the Programs is:

> to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

[2] *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Establishing pilot programs to develop certain rate structures for renewable generation facilities*, Case No. PUE-2009-00084, 2010 S.C.C. Ann. Rept. 371, Order Establishing Pilot Programs (July 20, 2010).

[3] The Company limited participation to customers who have either an interval data recorder or advanced metering infrastructure ("AMI") meter, or who have AMI installed during the Pilot Program through the ongoing AMI demonstrations in Midlothian, Charlottesville, and Northern Virginia.

deferring incremental costs related to the Pilot Program, projected to be approximately $2.9 million, for future recovery in a cost recovery rate adjustment clause pursuant to § 56-585.1 A of the Code of Virginia.

By order issued on December 3, 2010 ("December 3, 2010 Order") in Case No. PUE-2009-00084, the Commission directed that review of the proposed Pilot Programs of APCo and Dominion Virginia Power be separated into individually docketed proceedings for further consideration, to include notice to the public of the details of the proposed Programs, with an opportunity for the public to comment or request a hearing on the Pilot Programs defined in the September filings. The December 3, 2010 Order in Case No. PUE-2009-00084 further directed that Dominion Virginia Power's filing on September 30, 2010, be moved into a newly established proceeding, Case No. PUE-2010-00135, for further consideration.

On December 3, 2010, the Commission issued an Order for Notice and Comment in Case No. PUE-2010-00135 that, among other things, provided interested persons an opportunity to comment or request a hearing on the Company's proposed Pilot Program and directed the Staff to review the Pilot Program and submit a Staff Report presenting their findings and recommendations. Notices of Participation were filed by Utility Management Services, Inc. ("UMS"), and Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Wal-Mart"). Comments concerning the Company's proposed Pilot Program were filed by Brittany Garcia, Wal-Mart, the Virginia Cable Telecommunications Association, and AARP Virginia. Comments also were filed by UMS in conjunction with its Notice of Participation.

On April 8, 2011, the Commission entered an Order Establishing Pilot Program ("April 8, 2011 Order") in this docket that, among other things, authorized implementation of the Pilot Program as proposed by the Company until November 30, 2013. The April 8, 2011 Order also authorized the Company to begin deferring incremental costs associated with the Pilot Program; however, the Commission made no order regarding any recovery of costs incurred by the Company for the Pilot Program.

On March 22, 2013, Dominion Virginia Power filed with the Commission a Petition to Extend, Expand, and Modify its Pilot ("Petition") approved by the April 8, 2011 Order. By its Petition, the Company seeks to extend the Pilot Program "by extension of the [dynamic pricing] tariffs beyond the November 30, 2013 expiration date, through and including January 31, 2016"[4] and to expand the Pilot Program by "a new Pilot enrollment limit of 3,000 participants consisting of an additional 1,000 residential customers for a total Pilot participation level of 2,000 residential customers taking service under experimental Rate Schedule DP-R, and 1,000 commercial/general service customers taking service under Rate Schedules DP-1 and DP-2."[5] The cost to continue the Pilot Program is approximately $1.4 million. According to the Company, "[t]he expansion and extension of the Pilot will not require an incremental budget over the original application,"[6] and "[t]he continuation of expenses will bring the total Pilot cost to $2.2 million versus an original anticipated Pilot spend of $2.9 million, indicating that the projected costs associated with the Pilot's expansion and extension will be more than covered by the original budget."[7] The Company further seeks authority to continue deferring costs associated with the Pilot Program, consistent with Ordering Paragraph (4) of the April 8, 2011 Order.

On April 26, 2013, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, directed the Company to give notice of its Petition by newspaper publication, provided interested persons an opportunity to request a hearing and submit comments on the Petition, and directed the Staff to review the Petition and file a Staff Report presenting its findings and recommendations.

On June 7, 2013, UMS filed a request for a hearing on the Petition ("Request for Hearing"). UMS stated that "[a] hearing should be conducted in this matter to discuss the eligibility requirements for participation in the Dynamic Pricing Pilot Program (Pilot Program) for commercial/general service Customers."[8] According to UMS, commercial/general service customers who do not currently have time-based meters should be eligible to participate in the Pilot Program in order to "enroll enough commercial/general service Customers on Schedules DP-1 or DP-2 to get a meaningful sample."[9] In support of its Request for Hearing, UMS further stated that "[t]he issues presented cannot be adequately addressed in written comments because the current eligibility requirements to participate in the Pilot Program severely restrict the amount of commercial/general service Customers who are able to participate in the DP-1 and DP-2 Pilot Programs."[10]

On June 17, 2013, the Company filed its Response to Request of Utility Management Services, Inc., for Hearing ("Response") in which it requested that UMS's Request for Hearing be denied. According to Dominion Virginia Power, "there are ample eligible customers and the Company has expended great effort to actively educate, recruit and enroll those customers in the Pilot."[11] In response to UMS's suggestion that participation in the Pilot Program should be extended to commercial/general service customers who do not currently have time-based meters, the Company stated that the time-based meter eligibility requirement was established "in part, to avoid the additional and unnecessary costs associated with a meter exchange, such as the one UMS has suggested."[12] According to Dominion Virginia Power, "there are ample eligible customers with an existing AMI or IDR meter without having to absorb a meter exchange cost associated with this Pilot."[13] Finally, the Company asserted that in its Request for Hearing UMS failed to provide sufficient reasons why the issues raised could not adequately be addressed in written comments.

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[4] Petition at 1-2.

[5] *Id.* at 2.

[6] *Id*.

[7] *Id*.

[8] Request for Hearing at 1.

[9] *Id*. at 3.

[10] *Id*. at 2.

[11] Response at 4.

[12] *Id*. at 6.

[13] *Id*.

On July 12, 2013, the Staff filed its Staff Report in which it concluded that:

> Dominion Virginia Power's expanded, extended and modified Pilot Program will not unreasonably prejudice or disadvantage any customer or class of customers; will not jeopardize the continuation of adequate and reliable electric service; and otherwise complies with the directives established by the Commission in its July 30, 2010 Order and April 8, 2011 Order.[14]

Staff noted that the Company's Petition seeks authority to continue to defer costs related to the Pilot Program through January 31, 2016. The Staff did not oppose the Company's request to continue the deferral of Pilot Program costs; however, the Staff stated that "[s]hould the Company request recovery of carrying costs in the future, Staff will address any such proposal at the time of such request."[15]

On July 26, 2013, Dominion Virginia Power filed its Response to the Staff Report ("July 26, 2013 Response") in which it stated that it supports Staff's conclusion that the Company's Petition "will not unreasonably prejudice or disadvantage any customer or class of customers; will not jeopardize the continuation of adequate and reliable electric service; and otherwise complies with the directives established by the Commission."[16] The Company further stated that it believes a hearing is not necessary in this proceeding and asked that the Petition be approved by the Commission on an expedited basis to ensure a seamless continuation by existing participants in the Pilot Program.

On August 2, 2013, UMS filed a supplemental letter to its Request for Hearing ("Supplemental Letter") in which it noted that UMS filed a notice of participation as a respondent in this proceeding in accordance with the Commission's December 3, 2010 Order. Accordingly, UMS requested that the Commission consider it a party to this proceeding.[17] UMS also reiterated its position that "the Company must expand the narrowly tailored eligibility requirements [of the Pilot Program] to allow for greater participation."[18]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's proposal to expand, extend and modify the Pilot Program is in the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers or the Company, and will not jeopardize the continuation of reliable electric service. Accordingly, we find that the Company's Petition should be approved. We further find that the issues presented in the Company's Petition can be adequately addressed without convening an evidentiary hearing and, therefore, UMS's Request for Hearing should be denied.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power's Petition hereby is approved and the Pilot Program shall be extended, expanded and modified as proposed therein.

(2) The Company may continue to defer incremental costs associated with the Pilot Program. However, the Commission makes no order regarding any recovery of costs incurred by the Company for the Pilot Program.

(3) The Company shall continue to submit an annual report to the Commission each year that the Pilot Program is in effect that includes, but is not limited to, the number of participants in the Pilot Program, an assessment of the feasibility and implications on the public interest of continuing the Pilot Program, and any information relevant to the Pilot Program requested by Staff. The Company's final annual report shall include a protocol, developed with input from Staff and other interested parties, for determining the Pilot Program's effect on customer modification of electricity consumption and the Company's methods for determining any associated material revenue loss or migration revenue adjustments.

(4) The Company shall obtain further Commission approval before changing the Pilot Program.

(5) UMS's Request for Hearing is denied.

(6) This case shall remain open to receive the reports required by this Order.

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[14] Staff Report at 9.

[15] *Id*. at 9-10.

[16] *Id*. at 9. *See* July 26, 2013 Response at 5.

[17] We note that UMS filed a notice of participation as a respondent in Case No. PUE-2010-00135 on January 31, 2011. UMS's notice of participation was timely filed in accordance with our December 3, 2010 Order, and we consider UMS to be a respondent throughout this proceeding.

[18] Supplemental Letter at 2.

CASE NO. PUE-2010-00139
APRIL 25, 2013

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates and charges and to revise its terms and conditions for gas service

ORDER RELEASING BOND

On January 31, 2011, Washington Gas Light Company ("WGL" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in base rates and to revise its terms and conditions for gas service. On September 8, 2011, WGL filed revised tariff pages and a bond in the amount of $28.5 million with the Commission and notified the Commission that it would place its proposed rates into effect on an interim basis, subject to refund with interest, for gas service rendered on and after October 1, 2011.

By Orders entered on July 2 and July 24, 2012, the Commission, among other things, authorized a $20 million increase in WGL's base rates and ordered the Company to refund with interest the difference between the Company's interim rates placed into effect on October 1, 2011, and the amount subsequently approved by the Commission.

On April 12, 2013, WGL filed a letter with the Commission representing that it had completed the refunds ordered by the Commission. The Company further requested that its bond be released.

NOW THE COMMISSION, having considered WGL's letter request, is of the opinion and finds that the bond filed by the Company is no longer necessary for the protection of the Company's customers.

Accordingly, IT IS ORDERED THAT:

(1) Bond Number 105525471 hereby is fully and unconditionally discharged and released, and Travelers Casualty and Surety Company of America, its parents, affiliates and subsidiaries hereby are released from any and all past, present and future liability under said bond.

(2) This proceeding is dismissed, and the papers herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2011-00014
NOVEMBER 25, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia

ORDER GRANTING EXTENSION

On November 8, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company"), filed with the State Corporation Commission ("Commission") a proposed revision to its electric vehicle pilot program ("EV Pilot Program"). In its filing, DVP proposes to extend by two years the Company's current electric vehicle rate options designated as Rate Schedules 1EV and EV, which was approved by the Commission in its Order Granting Approval issued July 11, 2011, in this proceeding.

On November 19, 2013, the Staff filed comments stating that it does not oppose DVP's proposed revision to extend the EV Pilot Program by two years. On November 21, 2013, the Company filed a letter informing the Commission that it will not be filing a reply to the Staff's comments.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the proposed revision to extend the term of the EV Pilot Program by two years should be approved.

Accordingly, IT IS ORDERED THAT:

(1) DVP's proposed revision to the EV Pilot Program and associated EV rate options and rates for a two-year period through and including December 1, 2015, for EV Pilot Program enrollment and through and including November 30, 2016, for EV Pilot Program implementations is hereby approved.

(2) Continued expenditures associated with the EV Pilot Program, with such costs continuing to be included for recovery in the Company's Rider C1A are also approved. However, the existing cost cap of $825,000 approved in the Order Granting Approval issued on July 11, 2011, in this proceeding shall remain unchanged.

(3) This matter is dismissed.

CASE NO. PUE-2011-00038
MARCH 27, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to provide billing and bill related services to NiSource Retail Services, Inc., pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER CLOSING CASE

On April 12, 2011, Columbia Gas of Virginia, Inc. ("Company"), filed an application with the State Corporation Commission ("Commission") for approval to provide billing and bill related services to NiSource Retail Services, Inc. ("NRS"). On July 8, 2011, the Commission entered an Order Granting Approval wherein it, among other things, approved the billing agreement ("Billing Agreement") that was the subject of the application, required the Company to develop specified cost and market data in order to determine whether a change in rates and fees was warranted, and continued the matter.

On March 13, 2013, the Company informed the Commission that the Billing Agreement was terminated and that NRS never utilized the services authorized under the Billing Agreement.

NOW THE COMMISSION, upon consideration of the foregoing, finds that there is nothing further to be decided in the captioned case and it therefore should be closed.

Accordingly, IT IS ORDERED THAT this matter hereby is dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2011-00082
JUNE 6, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric facilities: Northwest-Lakeside 230 kV Transmission Line

ORDER

By Order issued February 24, 2012, the State Corporation Commission ("Commission") granted authority to Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") to construct and operate the Company's proposed new 230 kilovolt overhead transmission line between the existing Northwest Substation and the existing Lakeside Substation, both in Henrico County ("Project").[1] Ordering Paragraph (5) of the Final Order required that the transmission line and associated substation work be constructed and in-service by July 1, 2013, but provided that the Company is granted leave to apply for an extension for good cause shown.[2]

On May 30, 2013, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, Dominion Virginia Power states that:

> The Project schedule has been significantly impacted by the fact that scheduling simultaneous outages at Lakeside and Northwest Substations was not possible, so work at those sites had to be performed serially rather than in parallel in converting the substations from straight bus to ring bus configurations; therefore, the Company requires approximately ten months to complete the Project.[3]

As such, the Company requests that the July 1, 2013 deadline provided in the Final Order be extended to June 1, 2014.[4] In its Motion, Dominion Virginia Power represents that "[t]he Company is requesting additional time lest further unavoidable delays occur."[5]

In its Motion, Dominion Virginia Power asserts that "the postponement of the in-service date until June 1, 2014 does not cause an increase in the Project cost estimate set forth in the Application."[6] The Company submits that the requested extension will not prejudice any person or party and states that

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[1] Dominion Virginia Power's proposed Project also includes necessary construction work at the Company's Lakeside, Mountain Road, Elmont, and Northwest Substations.

[2] *Application of Virginia Electric and Power Company, For approval and certification of electric facilities: Northwest-Lakeside 230 kV Transmission Line*, Case No. PUE-2011-00082, 2012 S.C.C. Ann. Rept. 284, 288, Final Order (Feb. 24, 2012).

[3] Motion at 2.

[4] *Id.*

[5] *Id.* at 2, n.1.

[6] *Id.* at 2, n.2.

Counsel for Commission Staff, the only other participant in this proceeding, permitted the Company to represent that it does not object to the grant of the Company's requested extension.[7]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Motion for Extension of Construction and In-Service Date should be granted.

Accordingly, IT IS ORDERED THAT:

(1) This matter is re-opened for the limited purpose of considering and ruling upon the Company's Motion.

(2) Ordering Paragraph (5) of the Commission's February 24, 2012 Final Order shall be revised as follows:

> The transmission line and associated substation work approved herein must be constructed and in-service by June 1, 2014, provided, however, the Company is granted leave to apply for an extension for good cause shown.

(3) All other provisions of the Commission's February 24, 2012 Final Order in this case shall remain unchanged.

(4) This matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

[7] *Id.* at 3.

CASE NO. PUE-2011-00091
AUGUST 26, 2013

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of prepaid electric service tariffs

ORDER

On August 11, 2011, Rappahannock Electric Cooperative ("Rappahannock" or "Cooperative") filed with the State Corporation Commission ("Commission") an application and exhibits ("Application") requesting that the Commission approve, pursuant to § 56-247.1 A 7 of the Code of Virginia ("Code"), proposed tariffs to allow the Cooperative to install and operate, upon a customer's request, the equipment and processes necessary to allow a customer to prepay for electric service and to allow the Cooperative to suspend service when a customer incurs charges equal to the customer's prepayments for that service.

On September 9, 2011, the Commission issued an Order for Notice and Hearing that, among other things, directed Rappahannock to provide public notice of its Application; ordered the Commission's Staff ("Staff") to investigate and file a report addressing the Application; provided opportunities for interested persons to comment, intervene, and participate in this proceeding; scheduled a hearing to receive evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission and to file a report.

On December 14, 2011, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of intent to participate in this proceeding.[1]

On March 1, 2012, the evidentiary hearing on the Application was convened.

On July 19, 2012, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report" or "Report") was filed. In his Report, the Hearing Examiner summarized the history and record in this case and recommended that the Commission enter an order that approves Rappahannock's prepaid service program as modified by findings identified in the Report. On August 9, 2012, Rappahannock and Consumer Counsel filed comments on the Hearing Examiner's Report.

On December 18, 2012, the Commission issued an Order on Application, which approved the Application subject to several requirements ordered therein. The Order on Application further directed that:

> If Rappahannock elects to operate a prepaid service program pursuant to the requirements ordered herein, the Cooperative shall file revised prepaid tariffs, in conformance with this Order on Application, with the Clerk of the Commission no less than thirty (30) days prior to offering prepaid electric service to customers….[2]

On August 1, 2013, Rappahannock filed with the Clerk of the Commission a Request for Commission Acceptance of Compliance Filing ("Compliance Filing"). In its Compliance Filing, Rappahannock indicates that it has elected to take actions necessary to operate a prepaid service program pursuant to the requirements of the Commission's Order on Application and therefore requests approval of revised prepaid tariffs. As part of the Compliance Filing, Rappahannock filed revised Schedule PE, Schedule PE-NT, and Appendix D – Prepaid Electric Service – General Rules and Regulations, which the

[1] A notice of participation in this proceeding was also filed, then subsequently withdrawn, by the Town of Stephens City, Virginia.

[2] Order on Application at 7.

Cooperative indicates have been revised to address the Commission's requirements. The Compliance Filing identifies further revisions to address certain operating exigencies, including those resulting from Rappahannock's decision to engage an outside vendor to perform certain functions associated with the program.[3]

The Compliance Filing states that Rappahannock has worked closely with Staff in developing and refining the attached prepaid tariffs and that Staff has no objections to the filing. Rappahannock states further that Consumer Counsel, the only other party to the proceeding, has reviewed the proposed changes and states that it will take no position on the Cooperative's request.[4] Rappahannock requests that its revised tariffs become effective as of September 3, 2013.[5]

NOW THE COMMISSION, upon consideration of this matter, hereby accepts the revised tariffs. Although we do not require Rappahannock to offer a prepaid service program, the Cooperative may offer such a program pursuant to the revised tariffs, effective September 3, 2013. The requirements of our December 18, 2012 Order on Application – including those we specifically identified as necessary to satisfy the requirements of Code § 56-247.1 A 7 – otherwise remain in full force and effect.

Accordingly, IT IS ORDERED THAT:

(1) Rappahannock's request to provide prepaid electric service pursuant to its revised prepaid tariffs is granted, effective September 3, 2013.

(2) All other provisions of the December 18, 2012 Order on Application shall remain in full force and effect.

(3) This matter is continued pending further order of the Commission.

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[3] Compliance Filing at 1- 3.

[4] *Id.* at 2.

[5] *Id.* at 3.

CASE NO. PUE-2011-00108
AUGUST 29, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to issue long-term debt securities

DISMISSAL ORDER

In its Order Granting Authority dated October 20, 2011, the State Corporation Commission ("Commission") granted Appalachian Power Company ("APCo" or "Company") authority to issue and sell up to $350 million of secured or unsecured promissory notes ("Notes") from time to time through December 31, 2012. APCo also was authorized 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 $149.5 million of tax exempt bonds ("Bonds") by the West Virginia Economic Development Authority and the Industrial Development Authority of Russell County, Virginia, on behalf of the Applicant. Lastly, the Company was authorized 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 Bonds.

The Commission's October 20, 2011 Order required APCo to file reports of action ("Reports"). The Company filed the requisite Reports in a timely manner. According to the Reports, on August 16, 2012, APCo issued $275 million in floating rate notes, designated as Series D due August 16, 2013. The interest rate resets quarterly based on the 3-month LIBOR rate plus 0.375%. The proceeds were used to retire the Company's $250 million, 5.65% Senior Notes, Series Q, which matured on August 15, 2012, and to repay short-term debt.

NOW THE COMMISSION, based upon the Reports filed by the Company, is of the opinion and finds that the Company's actions appear to be in accordance with the Commission's authority and there is nothing further to be done in this matter.

Accordingly, IT IS ORDERED THAT this matter hereby is dismissed, and the papers filed herein shall be passed to the file for ended causes.

CASE NOS. PUE-2011-00110 & PUE-2013-00051
JULY 13, 2013

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY,
LOUISVILLE GAS AND ELECTRIC COMPANY,
LG&E AND KU ENERGY LLC,
and
LG&E AND KU SERVICES COMPANY

For authority to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For authority under Chapter 4 of Title 56 of the Code of Virginia to execute an amended affiliate agreement

ORDER GRANTING AUTHORITY

On May 10, 2013, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP"), Louisville Gas and Electric Company, LG&E and KU Energy LLC, and LG&E and KU Serivces Company (collectively, "Applicants") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"), § 56-76 *et seq.* of the Code, requesting authority to execute an amended affiliate agreement ("Application").

The Applicants seek Commission approval to amend two terms of the Utility Money Pool Agreement ("Money Pool") that was authorized by Commission Order dated November 29, 2011, in Case No. PUE-2011-00110.[1] First, the Applicants seek authority to amend the manner in which the applicable interest rate on outstanding loan balances is determined by replacing commercial paper rate information from Bloomberg that is no longer free and publicly available with publicly available commercial paper rate information from the Federal Reserve.[2] The Applicants propose to add five basis points to the selected Federal Reserve rate to calculate the applicable interest on money pool balances.[3] Second, the Applicants request authority to extend the existing period of authority from November 30, 2016, to June 30, 2018.[4] With the requested amendments, all other terms and conditions of the Money Pool would remain the same as previously authorized.[5]

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that approval of the Application is not inconsistent with the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-82 of the Code, the Application is approved and the Applicants are authorized to amend the Money Pool Agreement as reflected in the Application.

(2) The period of authority for KU/ODP to incur borrowings under the Money Pool Agreement hereby is extended from November 30, 2016 to June 30, 2018.

(3) The deadline for filing of the final report of action set forth in Ordering Paragraph (3) of the Commission's Order Granting Authority in Case No. PUE-2011-00110 shall be extended to August 31, 2018. Such report shall be filed in Case No. PUE-2013-00051 unless otherwise ordered by the Commission. KU/ODP shall report on its short-term debt activities during the period from January 1, 2018, through June 30, 2018. Such report shall include a monthly schedule of daily average short-term borrowings from the Money Pool, daily average borrowings through revolving credit facilities, the average monthly balance of total short-term borrowings, the average monthly interest rate, the daily maximum amount of short-term debt outstanding for each month in the reporting period, and a schedule of the annual fees paid by KU/ODP for all credit facilities KU/ODP had available for the previous calendar year.

(4) Should KU/ODP wish to obtain authority beyond June 30, 2018, the Company shall file an application requesting such authority no later than April 30, 2018.

(5) Commission approval shall be required for any subsequent changes in the terms and conditions of the Money Pool.

(6) Approval of the Application shall have no implications for ratemaking purposes.

(7) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code hereafter.

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[1] Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For Authority under Chapter 4 of Title 56 of the Code of Virginia to execute an amended affiliate agreement, Case No. PUE-2011-00110, 2011 S.C.C. Ann. Rept. 548, Order Granting Authority (Nov. 29, 2011).

[2] Application at 6.

[3] *Id.*

[4] Application at 7.

[5] The same borrowing limit of $500 million would not produce total short-term debt in excess of twelve percent (12%) of KU/ODP's total capitalization, and consequently KU/ODP is not requesting authority pursuant to Va. Code § 56-55 *et seq.*, Application at 7.

(8) 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.

(9) All other terms and conditions of the authority granted by Commission Order dated November 29, 2011, in Case No. PUE-2011-00110 shall remain unchanged and are incorporated herein by reference. As so modified, the authority granted herein shall supercede the authority granted in Case No. PUE-2011-00110.

(10) Case No. PUE-2011-00110 hereby is dismissed.

(11) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2011-00114
AUGUST 30, 2013

APPLICATION 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

DISMISSAL ORDER

In its Order Granting Authority dated December 8, 2011, the State Corporation Commission ("Commission") granted Atmos Energy Corporation ("Atmos") authority to incur short-term indebtedness up to a maximum of $1.5 billion between January 1, 2012, and December 31, 2012. The Commission also authorized Atmos to borrow and lend short-term funds to and from its affiliate, Atmos Energy Holdings, Inc. ("AEH"), in an amount not to exceed $500 million at any one time during 2012.

The Commission's December 8, 2011 Order required Atmos and AEH (collectively, the "Companies") to file periodic reports of action ("Reports"). The Companies filed the requisite Reports in a timely manner. According to the Reports, Atmos's short-term borrowings peaked in September 2012, at $566.6 million and its intercompany borrowings from AEH peaked in December 2012 at $214 million. Additionally, it appears that Atmos's use of the proceeds were for proper corporate purposes.

NOW THE COMMISSION, based upon the Reports filed by the Companies, is of the opinion and finds that the Companies' actions appear to be in accordance with the Commission's authority and there is nothing further to be done in this matter.

Accordingly, IT IS ORDERED THAT this matter hereby is dismissed, and the papers filed here in shall be passed to the file for ended causes.

CASE NO. PUE-2011-00125
APRIL 24, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to enter into affiliate transactions under Chapter 4 of Title 56 the Code of Virginia

ORDER GRANTING MOTION

On November 30, 2011, Appalachian Power Company ("APCo") filed an Application with the State Corporation Commission ("Commission") requesting authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] Among the agreements for which APCo sought Commission approval was a proposed service agreement (the "2011 WV Transco Agreement") between APCo and its affiliate AEP West Virginia Transmission Company, Inc. ("West Virginia Transco").

On February 27, 2012, the Commission issued an Order approving in part, and denying in part, the Application.[2] With respect to the 2011 WV Transco Agreement, the Commission limited its approval to a service agreement "for purposes of studying and evaluating potential transmission projects and for preparation of applications for future submission to the Commission."[3] This approval was subject to additional requirements that the Commission found consistent with the public interest, including the following:

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[1] Va. Code § 56-76 *et seq.* (the "Affiliates Act").

[2] *Application of Appalachian Power Company, For authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2011-00125, Doc. Con. Cen. No. 120230127, Order (Feb. 27, 2012).

[3] *Id.* at 5 (footnote omitted).

(1) The duration of the Commission's approval herein is limited to five (5) years from the date of the Order.

(2) Should APCo wish to provide additional services to … West Virginia Transco, other than those services approved above, subsequent Commission approval is required.

(3) Separate approval is required for any changes in terms and conditions in the limited service agreements as approved herein, including changes in allocation methodologies and successors and assigns.

(4) Approval herein has no ratemaking implications.[4]

When the Commission issued this Order, Case No. 10-0577-EP-C was pending before the Public Service Commission of West Virginia ("West Virginia PSC"), pursuant to which APCo and West Virginia Transco were seeking approval by the West Virginia PSC of a service agreement between APCo and West Virginia Transco.

On March 12, 2012, APCo filed with the Commission a Petition for Reconsideration of the February 27, 2012 Order. In seeking reconsideration, APCo renewed its request for the Commission to approve the 2011 WV Transco Agreement. On May 3, 2012, the Commission issued an Order on Reconsideration,[5] which addressed APCo's request to approve the 2011 WV Transco Agreement as follows:

West Virginia Transco Service Agreement

We grant, in part, APCo's request for reconsideration to amend the Order's scope of approval of the proposed service agreement between APCo and West Virginia Transco, subject to the following requirements. In this case, APCo applied for Commission approval for its proposed activities with affiliated entities operating, or that plan to operate, in several other state jurisdictions, including West Virginia. Regarding the proposed West Virginia service agreement, APCo has asked us to approve an agreement for operations in West Virginia that are not currently authorized in that state. At this time, we do not find that it is in the public interest to grant the broad approval requested by APCo.

We will instead continue this request generally. If the West Virginia PSC authorizes the proposed service agreement between APCo and West Virginia Transco, APCo may propose to supplement or amend its agreement to be consistent with the authority granted by our sister state. In such event, APCo will retain the burden of proof on whether all aspects of the proposed service agreement are in the public interest with regard to matters properly under Virginia law and this Commission's jurisdiction.

Accordingly, service agreement requirement (2) of the Order is modified herein to state as follows:

(2) Subject to the findings and requirements of the Order, as modified by the Order on Reconsideration, should APCo wish to provide additional services to Virginia Transco or West Virginia Transco, other than those services approved above, subsequent Commission consideration is required.

Additionally, we find it is unnecessary to determine, at this time, whether to extend the five-year duration of our approval beyond the limited service agreements approved by the Order. If the West Virginia PSC approves the proposed service agreement, and we conclude to alter the terms of our approval of such agreement, we will at that time consider the agreement's duration, among other things.

All other requirements of the Order regarding the proposed service agreements remain in effect, and APCo's request to amend the Order's findings and requirements regarding the proposed service agreement between APCo and West Virginia Transco is otherwise denied.[6]

By Order entered on December 27, 2012, in Case No. 10-0577-EP-C, the West Virginia PSC approved a service agreement between APCo and West Virginia Transco.[7] Upon receiving approval from the West Virginia PSC, APCo filed, on January 24, 2013, a Motion to Approve Amended Service Agreement ("Motion") requesting Commission approval under the Affiliates Act of an amended Service Agreement between West Virginia Transco and APCo in the form recently approved by the West Virginia PSC (the "2013 WV Transco Agreement").

Pursuant to the terms of the 2013 WV Transco Agreement, APCo will perform certain transmission-related services for West Virginia Transco in connection with the operation, inspection, maintenance, third party use, and emergency restoration of West Virginia Transco's electric transmission assets in West Virginia. In addition, the 2013 WV Transco Agreement contains a provision appointing APCo as West Virginia Transco's agent for purposes of

[4] *Id.*

[5] *Application of Appalachian Power Company, For authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2011-00125, Doc. Con. Cen. No. 120520024, Order on Reconsideration (May 3, 2012).

[6] *Id.* at 3-4 (footnotes omitted).

[7] *Appalachian Power Company and Wheeling Power Company, both dba American Electric Power and AEP West Virginia Transmission Company, Inc., Application for approval of arrangements among affiliates related to the operation of a new public service corporation that will own transmission facilities and provide transmission services*, Case No. 10-0577-E-PC, Commission Order (Dec. 27, 2012). This Order was attached to the Company's Motion discussed below.

licensing space on West Virginia Transco's facilities for third party joint use attachments, as well as a mutual Facilities and Property License grant. Under the latter provision, each party grants to the other a license to attach to or occupy the granting party's facilities, equipment, and land for the purpose of constructing, operating, maintaining, and removing the attaching party's facilities and equipment.

APCo represents in its Motion that, while the 2013 WV Transco Agreement differs in several respects from the 2011 WV Transco Agreement initially filed with the Commission, the 2013 WV Transco Agreement is in the public interest and will provide adequate compensation to APCo for its services and use of its West Virginia distribution property, and will not permit West Virginia Transco to receive unjust benefits.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that APCo's Motion requesting approval of the 2013 WV Transco Agreement, which governs transactions that will occur only in West Virginia, is in the public interest if subject to the requirements set forth herein. Specifically, we find that the Motion shall be granted subject to the requirements recommended in the Commission Staff's Action Brief filed contemporaneously with this Order Granting Motion and noted herein. Moreover, as noted below, the approval herein is limited to the specific transactions identified in the 2013 WV Transco Agreement. Thus, our approval herein does not authorize services in connection with the construction or ownership of transmission facilities by agreement between West Virginia Transco and APCo. As required by Chapter 4 of Title 56 of the Code of Virginia, any agreement between APCo and an affiliate for such services requires an application for our approval and a showing that such agreement is in the public interest.

Accordingly, IT IS ORDERED THAT:

(1) APCo's Motion requesting approval of the 2013 WV Transco Agreement is hereby granted, subject to the requirements set forth herein.

(2) The approval granted herein for the 2013 WV Transco Agreement shall be for a set period of five (5) years from the date of this Order Granting Motion. Should APCo wish to continue operating under the 2013 WV Transco Agreement after the five (5) year period of authorization, subsequent Commission approval shall be required.

(3) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of, or ratemaking treatment provided for, any costs or income directly or indirectly related to the 2013 WV Transco Agreement.

(4) The approval granted herein shall be limited to the specific transactions identified in the 2013 WV Transco Agreement. Should APCo wish to enter into additional transactions with West Virginia Transco other than those specifically identified in the 2013 WV Transco Agreement, subsequent Commission approval shall be required.

(5) Separate Affiliates Act approval shall be required for APCo to provide services to West Virginia Transco through the engagement of affiliated third parties.

(6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the 2013 WV Transco Agreement, including changes in allocation methodologies, annual rental payments, and successors or assigns.

(7) Separate Affiliates Act approval shall be required for any arrangement or agreement between APCo and West Virginia Transco for services in connection with the construction or ownership of transmission facilities.

(8) APCo shall be required to maintain accurate records that clearly identify and distinguish its transmission assets from those of West Virginia Transco. Such records shall be available for the Commission Staff's review upon request.

(9) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(10) 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.

(11) APCo shall include all transactions under the 2013 WV Transco Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information currently provided, all transactions under the 2013 WV Transco Agreement shall be reported in the ARAT as follows:

a. By Case Number in which the transactions were approved;
b. Description of each transaction and the specific service(s) provided;
c. Transactions by month;
d. Dollar amount paid to APCo for each transaction per month; and
e. FERC account.

(12) In the event that rate filings are not based on a calendar year, then APCo shall include the affiliate information contained in its ARAT in such filings.

(13) APCo shall file with the Commission a signed and executed copy of the 2013 WV Transco Agreement approved herein within ninety (90) days of this Order Granting Motion.

(14) All other requirements set forth in the February 27, 2012 Order and the May 3, 2012 Order on Reconsideration issued in this proceeding shall remain in effect.

(15) There appearing nothing further to be done in this matter, it is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2011-00127
FEBRUARY 20, 2013

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER ON MOTION FOR ADDITIONAL TIME TO COMPLETE REFUND

On December 12, 2012, the State Corporation Commission ("Commission") issued a Final Order that, among other things, granted Virginia-American Water Company ("VAWC") $2,287,107 in additional annual gross revenues. The Final Order required VAWC to refund, with interest, no later than March 13, 2013, the difference between the interim rates that became effective July 12, 2012, and the final rates approved in the Final Order.

On January 31, 2013, VAWC filed a Motion for Additional Time to Complete Refund ("Motion"), requesting an extension until July 1, 2013, to complete the refund directed in the Final Order. According to VAWC, customers in certain of its districts only are billed on either a bi-monthly or quarterly basis, and those refunds cannot be completed until July 1, 2013. VAWC represented in its Motion that it contacted counsel for the Commission's Staff and was informed that the Staff does not object to the request.

NOW THE COMMISSION, upon consideration of VAWC's Motion, finds that the Motion should be granted and that VAWC should complete the refunds directed in the Final Order no later than July 1, 2013. We also find that VAWC should submit its report to the Commission's Staff, as directed in the Final Order, by August 30, 2013.

Accordingly, IT IS ORDERED THAT:

(1) VAWC shall complete the refunds to customers as directed in the Commission's Final Order, no later than July 1, 2013.

(2) On or before August 30, 2013, VAWC shall submit to the Divisions of Energy Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Order and itemizing the cost of the refund and accounts charged. VAWC shall not recover the interest paid or the expenses incurred in making such refunds from water rates and charges subject to the Commission's jurisdiction.

(3) All other provisions of the Commission's Final Order shall remain in full force and effect.

CASE NO. PUE-2011-00129
APRIL 18, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Waxpool 230 kV Double Circuit Transmission Line, Brambleton - BECO 230 kV Transmission Line and 230-34.5 kV Waxpool Substation

OPINION OF THE COMMISSION

On December 16, 2011, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct and operate two new overhead 230 kilovolt ("kV") double circuit transmission lines and an associated substation in Loudoun County ("Application").

On December 28, 2012, the Commission issued a Final Order authorizing construction and operation of the transmission lines and substation on the routes proposed in the Application, and granting a certificate of public convenience and necessity.

Pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, petitions for rehearing or reconsideration of the Commission's factual or legal decisions were due not later than 20 days after the Final Order. No such petition was filed.

On January 25, 2013, Loudoun Land Bay D, LLC ("Loudoun Land Bay"), filed a Notice of Appeal with the Commission.

The Commission hereby issues this Opinion under Va. Code § 12.1-39.

Application

The Company proposed to construct and operate three new facilities:

(1) an overhead 230 kV double-circuit transmission line extending approximately 1.5 miles ("Waxpool Loop") to a new Waxpool Substation;

(2) the new 230-34.5 kV Waxpool Substation in Loudoun County, on land owned by Intergate.Ashburn I, LLC ("Customer"), which will provide on-site service to the Customer's planned data center campus; and

(3) an overhead 230 kV transmission line extending approximately 11.2 miles from the Company's existing Brambleton Substation to a proposed expansion of the Company's existing BECO Substation ("Brambleton-BECO Line") (Waxpool Loop, Waxpool Substation, and Brambleton-BECO Line are referred to collectively as the "Project").

The estimated construction cost is approximately $48.9 million: approximately $27.6 million for transmission line construction; approximately $12.1 million for transmission substation work; and approximately $9.2 million for distribution substation work.[1]

Final Order

The Final Order discussed the procedural history of this case and made findings as required by statute. Subject to the requirements set forth in the Final Order, the Commission: (i) authorized Dominion to construct and operate the Waxpool Loop, Waxpool Substation, and Brambleton-BECO Line on the routes and locations requested by the Company;[2] (ii) issued a certificate of public convenience and necessity for the Project; and (iii) directed the Project to be constructed and in service by December 31, 2013, with leave to apply for an extension for good cause shown.

The need for the Project, the Waxpool Substation, and the route for the Brambleton-BECO Line were not contested.[3] Loudoun Land Bay contested Dominion's proposed route for the Waxpool Loop.

Route for the Waxpool Loop

Although we do not discuss herein all of the concerns expressed regarding the proposed routes, we have considered the evidence and arguments presented in this proceeding. Unlike the Brambleton-BECO Line, no existing transmission rights-of-way are available for the Waxpool Loop, which is less than two miles in length. This case focused on three possible routes for the Waxpool Loop: Routes B, D, and F. Dominion proposed and requested Route D. Loudoun Land Bay requested Route B and, if Route B was not selected, then Route F. The Hearing Examiner recommended Route F. The Commission approved Route D as requested by the Company.

In reaching this conclusion, the Commission gave full consideration to all the evidence and arguments in this case. We did not disregard the impact that Route D will have on Loudoun Land Bay. To the contrary, the Commission considered the impacts of Routes B, D, and F. Each of these routes will impact various interests. The Commission found that Route D satisfies the statutory criteria, is supported by the evidence, and is the best route for the Waxpool Loop.

When the Company proposed Route D in its Application, it passed along the border of two undeveloped parcels (of about 94 acres and 32 acres), which were held by separate companies.[4] These companies, however, shared a common ownership and, eight months after this case began, were merged into a single entity – Loudoun Land Bay – which now owns all approximately 126 acres.[5] Loudoun Land Bay addressed the impact of Route D on the resources it has spent to date and on its ability to develop these 126 acres. Loudoun Land Bay also asserted other factors in its objection to Route D, which the Commission has fully considered.[6]

It is the Commission's judgment, based on the evidence in this case, that Loudoun Land Bay's assertions are outweighed by other considerations favoring Route D over Routes B and F. Route B would impact The Regency, a residential subdivision. As noted by Dominion, the Commission previously rejected a proposed transmission line route that – like Route B herein – would have run between The Regency community and the Verizon campus; in that prior case, the Commission rejected a proposed route that would have encroached on The Regency's viewshed with a new transmission line supported by 80-foot structures.[7] We base our review herein on the facts of *this* case, not the prior one. Our findings, however, are consistent: we reject Route B, which would adversely impact The Regency's tree buffer with a new transmission line that would, in this instance, require an estimated 100-foot right-of-way utilizing structures with an approximate average height of 100 feet.[8] This conclusion is also consistent with Loudoun County's request to protect The Regency, as further noted below.

In contrast to this finding, Loudoun Land Bay: (i) claims that the desire – by Loudoun County and others – to protect The Regency, which "is surrounded 100 percent by commercial development in every direction," is "ironic and regrettable";[9] (ii) doubts the extent to which Loudoun County's request to protect The Regency is "meaningful";[10] and (iii) opines that "[a]ll of the commercial development in the surrounding area cannot be held hostage

[1] Ex. 2, Application at 5.

[2] The Commission's approval of the Waxpool Loop along proposed Route D directed the Company to move the tie-in to existing Line #2095 approximately 200 feet south from the originally proposed Route D tie-in as recommended by the Hearing Examiner. Final Order at 15; Hearing Examiner's Report at 21.

[3] Hearing Examiner's Report at 16, 18.

[4] *See, e.g.*, Loudoun Land Bay's June 18, 2012 Notice of Participation at 2, 7.

[5] *See, e.g.*, Hearing Examiner's Report at 13.

[6] *See, e.g.*, Loudoun Land Bay's June 18, 2012 Notice of Participation; Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief; Loudoun Land Bay's Nov. 30, 2012 Response in Support of Hearing Examiner's Report.

[7] *See* Dominion's Oct. 1, 2012 Post-hearing Brief at 17 n. 55 (citing Case No. PUE-2001-00154).

[8] *See, e.g., id.*; Ex. 2, Appendix at 47, 62.

[9] Tr. 162-163 (Loudoun Land Bay witness Gordon).

[10] Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief at 7.

to desires for a pleasant viewshed from that community."[11] Although Loudoun Land Bay questions the need to protect The Regency, we find such considerations relevant and meaningful. Similarly, the Loudoun County Board of Supervisors expressly endorsed Route D over Route B in an effort to protect the residential homeowners in The Regency: "Route D would cause the least amount of impact to residents of The Regency, a nearby community. Other proposed routes would traverse more closely to this neighborhood, causing additional visual impact. Specifically, Route B would be located within one-quarter mile of a number of homes in The Regency."[12]

Next, contrary to Loudoun Land Bay's claim, the Commission has also considered the impact on commercial development in the area. We do not question the actions that Loudoun Land Bay states it has taken to further such development. Loudoun Land Bay, however, admitted that it is not in "active development mode" with its property.[13] Loudoun Land Bay acknowledged that to get commercial development approved, it must first file a site plan with Loudoun County – but that it has not yet done so.[14] Thus, Loudoun Land Bay explicitly confirmed that its "plans have not yet matured to site plan submission and active development mode."[15]

In contrast, there are site plans on file with Loudoun County for two significant development projects in the area, Loudoun Center and Loudoun Metro, and Dominion's requested Route D better accommodates these projects.[16] For example, Route F requires a significant incursion through Loudoun Center that directly conflicts with the development plan on file with Loudoun County.[17] In addition, Route D – as opposed to Route B – is in closer proximity to future data center development, better supports the development of future growth in the area, and would permit a new substation to be constructed adjacent to such route.[18] Indeed, the Loudoun County Board of Supervisors requested the Commission to approve Route D for similar reasons: "Route D is preferred as it would be in closer proximity to future data center and commercial growth. Routing the line in this location would better facilitate long-term power options for Loudoun's business community."[19]

In further support of Route D – and in response to Loudoun Land Bay – Dominion also explained that: (i) Route D "would also require far less removal of existing tree cover – six times less – than Route B";[20] (ii) other sources could not serve the Customer's data center campus, on whose land the Waxpool Substation will be constructed;[21] (iii) other routes could not better serve expected data center development in the area;[22] (iv) Loudoun Land Bay's hybrid route (combining Routes D and F) will cause even greater impact on the Loudoun Center development;[23] (v) Dominion's rights-of-way cost estimates are reasonable, and "the Company's cost estimates for real property for *all* routes considered were based upon sales of comparable properties in the area during recent [Dominion] transmission proceedings;"[24] (vi) although the Department of Environmental Quality ("DEQ") initially indicated a preference for Route B, the "DEQ Report presents no objections or obstacles to construction of the proposed Project, including use of [Route D] for the Waxpool Loop," and "the DEQ's Office of Wetlands and Water Protection specifically stat[ed] no concerns with Route D as the Proposed Route";[25] and (vii) although the Virginia Department of Transportation initially indicated a preference for Route B, it also "express[ed] its preference for a perpendicular crossing of Loudoun County Parkway by the Waxpool Loop, which is provided by [Route D]."[26] In addition, the Commission required Dominion to comply with the DEQ's recommendations in this proceeding, which we found necessary to minimize adverse environmental impact.[27]

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[11] *Id.* at 6.

[12] Letter from Tim Hemstreet, County Administrator to Joel H. Peck, Clerk, State Corporation Commission, filed July 16, 2012 (transmitting Resolution as directed by Loudoun County Board of Supervisors). *See also* Dominion's Oct. 1, 2012 Post-hearing Brief at 18. In addition, and again contrary to Loudoun Land Bay's assertion, we find that the impacts on The Regency are not assuaged by the trees that would remain in the buffer, or by the possibility that trees may be removed in the future for other purposes. *See, e.g.,* Dominion's Oct. 1, 2012 Post-hearing Brief at 20; Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief at 4, 6-7, 12-15.

[13] Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief at 5.

[14] Tr. 172-173 (Loudoun Land Bay witness Gordon); *see also* Tr. 147-148 (Dominion witness Fisher).

[15] Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief at 5.

[16] *See, e.g.,* Dominion's Oct. 1, 2012 Post-hearing Brief at 15-16.

[17] *See, e.g.,* Dominion's Nov. 30, 2012 Comments on Hearing Examiner's Report at 14.

[18] *See, e.g., id.* at 18 (citing Tr. 56:15-57:9, 64:7-17; 64:19-65:5, 70:21-71:21, 80:11-16, 92:3-93:8 (Vol. III); Exhibit 12 at 7:6-9; and Tr. 57:22-25, 80:11-16 (Vol. III)).

[19] Letter from Tim Hemstreet, County Administrator to Joel H. Peck, Clerk, State Corporation Commission, filed July 16, 2012 (transmitting Resolution as directed by Loudoun County Board of Supervisors). *See also* Dominion's Nov. 30, 2012 Comments on Hearing Examiner's Report at 13.

[20] *See, e.g.,* Dominion's Nov. 30, 2012 Comments on Hearing Examiner's Report at 18 (citing Exhibit 23 at 4:4-17).

[21] *See, e.g.,* Dominion's Oct. 1, 2012 Post-hearing Brief at 22 (citing Exhibit 5 at 7:15-8:8; Tr. 47:1-51:15 and 52:19-53:1 (Vol. III)).

[22] *See, e.g., id.* (citing Tr. 56:15-57:9, 64:7-17; 64:19-65:5, 70:21-71:21, 80:11-16, 92:3-93:8 (Vol. III); Exhibit 12 at 7:6-9).

[23] *See, e.g., id.* at 22-23 (citing Tr. 132:14-24 (Vol. III); Exhibit 2, Appendix at 67).

[24] Dominion's Nov. 30, 2012 Comments on Hearing Examiner's Report at 16 (quoting Ex. 23 at 3).

[25] Dominion's Oct. 1, 2012 Post-hearing Brief at 14.

[26] *Id.* at 15.

[27] Final Order at 16.

The Commission's decision in this case does not, as posited by Loudoun Land Bay, create a "doctrine of law that says that a landowner should be prejudiced just because they do not have at the time of right of way designation a filed site plan."[28] We have not ignored the arguments of, or the impact on, Loudoun Land Bay. Rather, this case – not unlike other transmission line proceedings – requires the Commission to make a routing decision based on our analysis and judgment of the specific facts provided herein. For example, we are aware of the relative costs, lengths, and other considerations attendant to each route.[29] Indeed, each of the possible routes possesses strengths and weaknesses. We have found – based on the evidence and specific facts of this case – that Route D is the best route. Although we recognize and have considered the differences raised by Loudoun Land Bay, other significant considerations have informed our decision herein and support Route D. That is, taken as a whole, we find that the evidence supports our conclusion that Route D is the preferable option and satisfies the statutory requirements. This is a factual determination, not a "doctrine of law."

In conclusion, we find that the transmission lines and substation approved herein satisfy statutory requirements, including Va. Code §§ 56-46.1, 56-259, and 56-265.2. For example, we have:

- found that "the public convenience and necessity require" the construction of such facilities;[30]
- "give[n] consideration to the effect of that facility on the environment and establish[ed] such conditions as may be desirable or necessary to minimize adverse environmental impact";[31]
- "give[n] 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";[32]
- "consider[ed] the effect of the proposed facility on economic development within the Commonwealth";[33]
- "consider[ed] any improvements in service reliability that may result from the construction of such facility";[34]
- "determine[d] that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned";[35]
- "verif[ied] the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation";[36]
- found that Dominion has "provide[d] adequate evidence that existing rights-of-way cannot adequately serve the needs of the company";[37] and
- found that Dominion has "consider[ed] the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."[38]

Accordingly, the Commission authorized construction and operation of the transmission lines and substation on the routes proposed in the Application and granted a certificate of public convenience and necessity.

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[28] Loudoun Land Bay's Oct. 1, 2012 Post-hearing Brief at 5.

[29] For example, Route F is costlier and longer than Route D, which is costlier and longer than Route B. *See, e.g.,* Hearing Examiner's Report at 18.

[30] Va. Code § 56-265.2 A.

[31] Va. Code § 56-46.1 A.

[32] *Id.*

[33] *Id.*

[34] *Id.*

[35] Va. Code § 56-46.1 B.

[36] *Id.*

[37] Va. Code § 56-46.1 C.

[38] Va. Code § 56-259 C.

CASE NO. PUE-2011-00129
DECEMBER 17, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Waxpool 230 kV Double Circuit Transmission Line, Brambleton – BECO 230 kV Transmission Line and 230-34.5 kV Waxpool Substation

ORDER

By Order issued December 28, 2012, the State Corporation Commission ("Commission") granted authority to Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") to construct and operate the Company's proposed two new overhead 230 kilovolt ("kV") double circuit transmission lines and an associated substation in Loudoun County (collectively, the "Project").[1] Ordering Paragraph (5) of the Final Order required that the approved transmission line and associated substation work be constructed and in service by December 31, 2013, but provided that the Company is granted leave to apply for an extension for good cause shown.

On November 13, 2013, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, Dominion Virginia Power states that, "[w]hile the Company has made significant progress in constructing the Project and is proceeding to complete installation of the overhead transmission lines, Waxpool Substation and BECO Substation expansion towards fully energizing the Project, the Project schedule has been significantly impacted . . . such that the Company anticipates that the Project will not be completed in its entirety before August 1, 2014."[2] Specifically, the Company asserts that:

> [C]ompletion of the entire installation has been delayed by scheduling complications beyond the Company's control. The expansion of the Company's existing BECO Substation has not commenced because of issues related to obtaining real estate rights and local permits necessary for the expansion, while ongoing legal proceedings in the Circuit Court of Loudoun County have delayed the Company's acquisition of right-of-way on Loudoun Land's property necessary for completion of the Waxpool Loop.[3]

In addition, Dominion Virginia Power states that the customer, Intergate.Ashburn I, LLC has postponed the date by which new transmission facilities are needed for service to its new data center development beyond the previously projected in-service date of November 2013 because construction of its new data center development will not begin until April 2014.[4] As such, the Company requests that the December 31, 2013 deadline provided in the Final Order be extended to November 1, 2014, primarily to permit the necessary site work and construction associated with the proposed BECO Substation.[5] In its Motion, Dominion Virginia Power explains that it is requesting additional time beyond the customer's request for service by August 2014 in case further unavoidable delays occur, including delays related to the procurement of all easements needed for the Project.[6] The Company submits that the requested extension will not prejudice any person or party.[7]

No response to the Motion was filed with the Commission.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Motion should be granted.

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[1] Specifically, the Project is comprised of a new overhead 230 kV double circuit transmission line extending approximately 1.5 miles to a proposed new 230-34.5 kV Waxpool Substation to be constructed on land in Loudoun County owned by Intergate.Ashburn I, LLC; and a proposed new overhead 230 kV transmission line approximately 11.2 miles in length extending from the Company's existing Brambleton Substation to a proposed expansion of the Company's existing BECO Substation. Ex. 2 (Application) at 3.

[2] Motion at 3.

[3] *Id.* at 2.

[4] *Id.* at 2-3.

[5] *Id.* at 3, 4.

[6] *Id.* n. 1.

[7] *Id.* at 4.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (5) of the Commission's December 28, 2012 Final Order shall be revised as follows:

> The transmission line and associated substation work approved herein must be constructed and in service by November 1, 2014; provided, however, the Company is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Commission's December 28, 2012 Final Order in this case shall remain unchanged.

Notification:

Commissioner Mark C. Christie hereby provides this notification that he has received medical services in the past, and may in the future, from Pamela J. Royal, M.D. Dr. Royal joined the Board of Directors of Dominion Resources, Inc., in March 2013.

CASE NO. PUE-2012-00011
MAY 22, 2013

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For an expedited increase in rates and Approval of a Firm Transportation Service Tariff

FINAL ORDER

On April 2, 2012, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed a proposed Firm Transportation Service Rate Schedule, Schedule FTS-1 ("FTS Filing") with the State Corporation Commission ("Commission") requesting authorization to implement a generally available transportation tariff in its service territory.[1] On June 8, 2012, ANGD filed a completed application with the Commission for an expedited increase in rates ("Rates Application") wherein it requested an annual increase in revenues of $181,539, or 5.27%, and proposed that the increase in rates take effect, subject to refund, for service rendered on and after July 1, 2012. On June 15, 2012, comments related to the FTS Filing were submitted by the Rector and Visitors of the University of Virginia and Paramont Energy, LC ("Paramont"). In addition, Paramont filed a request for hearing concerning ANGD's FTS Filing.

On December 19, 2012, a public hearing in this matter was convened as scheduled by the Commission and noticed by the Company. No public witnesses appeared. On March 21, 2013, ANGD and Commission Staff ("Staff") (collectively, "Stipulating Participants") filed a stipulation ("Stipulation") that resolved all issues raised between the Stipulating Participants concerning the FTS-1 Filing and the Rates Application. On March 25, 2013, the evidentiary hearing was convened as scheduled. The Application and supporting attachments and schedules, the testimony and exhibits of the Stipulating Participants' witnesses, and the Stipulation were admitted into the evidentiary record. The Stipulation, among other things, provides for no change in annual revenues for the Bluefield service territory and an annual decrease in revenue of $38,124 for the Appalachian service territory. In the Stipulation, the Staff did not oppose the implementation of the proposed Rate Schedule FTS-1 to be effective on a permanent basis as of the date of the Final Order in this proceeding. Additionally, the Stipulating Participants agreed that Rate Schedule FTS-1 satisfies the requirement that the Company have an "effective transportation tariff" pursuant to § 56-265:4.5 B of the Code of Virginia.

On April 30, 2013, the Hearing Examiner issued his report ("Report"). After summarizing the evidence and the Stipulation, the Hearing Examiner found that the Stipulation offers a reasonable and just resolution of all issues raised in both of the ANGD applications addressed in this proceeding.

The Hearing Examiner recommended that the Commission enter an order that adopts the Stipulation and the findings contained in the Report; reduces the Company's annual revenues by $38,124; and dismisses this case from the Commission's docket of active cases and passes the papers herein to the file for ended causes.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Report and the Stipulation should be adopted and that the total annual revenue reduction represented in the Stipulation and the Rate Schedule FTS-1 should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the April 30, 2013 Report hereby are adopted.

(2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted and its terms are incorporated herein.

[1] The Company's FTS Filing was docketed as Case No. PUE-2012-00042 and subsequently consolidated into the instant proceeding by Commission Order entered September 6, 2012.

(3) The rates and charges are fixed in accordance with the Stipulation and shall become effective for service rendered thirty (30) days from entry of this Final Order. The Company shall forthwith file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Energy Regulation in accordance with this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This matter is dismissed.

CASE NO. PUE-2012-00021
JANUARY 11, 2013

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

Ex Parte: In re: In the matter of adopting rules and regulations for consideration of the Performance Incentive authorized by § 56-585.1 A 2 c of the Code of Virginia

ORDER ADOPTING RULES AND REGULATIONS

On March 5, 2012, the State Corporation Commission ("Commission") issued an Order Initiating Rulemaking Proceeding ("Initial Order") to develop rules and regulations to implement the Performance Incentive authorized by § 56-585.1 A 2 c of the Code of Virginia ("Code"). This statute, enacted in 2007 as part of the Virginia Electric Utility Regulation Act,[1] establishes a Performance Incentive for investor-owned incumbent electric utilities which authorizes the Commission to *increase* or *decrease* a utility's combined rate of return on common equity by up to 100 basis points based on a utility's generating plant performance, customer service, and operating efficiency, as compared to nationally recognized standards determined by the Commission to be appropriate for such purposes. The Initial Order directed the Commission's Staff ("Staff") to develop proposed rules and regulations to implement the Performance Incentive statute; to solicit input from stakeholders and other interested persons when developing the proposed rules and regulations; and to file the proposed rules and regulations with the Commission no later than September 5, 2012. Further, when developing the proposed rules and regulations, the Commission directed its Staff not to propose rules and regulations that included a "mechanical" or "formulaic" approach that would limit the Commission's discretion when considering whether to implement a positive or negative Performance Incentive in future cases.

On September 5, 2012, the Staff filed its report ("Staff Report") with the Commission. The Staff Report, among other things, described the collaborative process undertaken by the Staff to develop the proposed rules and regulations; summarized the comments of the various stakeholders and interested persons made during the course of the collaborative process; and contained the Staff's proposed rules and regulations to implement the Performance Incentive authorized by § 56-585.1 A 2 c of the Code.

On September 14, 2012, the Commission issued an Order for Notice and Hearing, which, among other things, revised the proposed rules and regulations to require investor-owned incumbent electric utilities to file additional data with their biennial review applications detailing: (i) the proposed basis point increase in the combined rate of return on common equity and the revenue requirement impact of the utility's proposed Performance Incentive, if applicable; (ii) the specific actions undertaken by the utility to improve generating plant performance, customer service, and operating efficiency; (iii) the incremental costs of any such actions undertaken by the utility to improve performance; and (iv) the specific benefits, financial or otherwise, that customers receive as a result of such actions to improve the utility's generating plant performance, customer service, and operating efficiency. The Commission's Order for Notice and Hearing further directed that public notice of the proposed rules and regulations, as revised by the Commission, be published in newspapers of general circulation in Virginia and in the Virginia Register of Regulations; allowed interested persons to file written comments on the proposed rules and regulations on or before November 9, 2012; and scheduled a hearing on November 19, 2012, to receive and consider oral comments on the proposed rules and regulations.

On or before November 9, 2012, written comments were filed by Virginia Electric and Power Company ("DVP"), Appalachian Power Company ("APCo"), the Virginia Committee for Fair Utility Rates and the Old Dominion Committee for Fair Utility Rates (collectively, the "Committees"), the Southern Environmental Law Center ("SELC"), the Fairfax County Board of Supervisors, and AARP Virginia ("AARP").

The public hearing was convened on November 19, 2012, at which time oral comments were received from the following participants, by counsel: DVP, APCo, the Committees, SELC, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), and the Staff. Barbara Alexander appeared on behalf of AARP and Whitney Byrd appeared on behalf of the Wise Energy for Virginia Coalition and testified as public witnesses.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the rules and regulations appended hereto as Attachment A should be adopted effective February 1, 2013.

While the Commission will not respond to each comment relating to the proposed rules and regulations in this Order, it has considered all comments submitted, both in writing and at the public hearing, and will address certain of those comments as follows.

Initially, the Commission notes that § 56-585.2 C of the Code prevents it from implementing a Performance Incentive lower than 50 basis points when a utility has achieved its renewable portfolio standard ("RPS") goals. That is, if a utility has received a 50 basis point RPS performance incentive as required by statute, then the Commission cannot reduce it by approving a Performance Incentive below 50 basis points. In such instance, the only action the Commission can take is to increase the Performance Incentive to something greater than 50 basis points. Thus, if a utility has received an applicable RPS performance incentive, it only shall be required to file Schedule 49 if it seeks a Performance Incentive higher than 50 basis points. This provision should not, however, be viewed as a determination that information related to generating plant performance, customer service, and operating efficiency is necessarily irrelevant for discovery and evidentiary purposes in a biennial review proceeding.

[1] Section 56-576 *et seq.* of the Code.

If a utility does not have an applicable RPS performance incentive, it shall be required to file Schedule 49 regardless of whether it seeks a positive Performance Incentive under § 56-585.1 A 2 c of the Code. Under the statute, this Performance Incentive can be positive or negative. Even if a utility does not seek a positive Performance Incentive, the information in Schedule 49 may be relevant in analyzing whether a negative Performance Incentive is warranted. Indeed, only requiring Schedule 49 when a utility seeks a positive Performance Incentive results in an asymmetrical requirement that is inconsistent with the statutory provisions providing for both positive and negative Performance Incentives. Thus, absent an applicable RPS performance incentive as discussed above, interested parties and the Staff will have access to information in Schedule 49, as it must be filed as part of the utility's biennial review.

The Commission further finds that Schedule 49 should be modified to eliminate the filing requirement for J.D. Power and Associates' surveys. Such surveys, by their very nature, are too subjective to rely upon when determining whether an incumbent electric utility should be awarded a positive or negative Performance Incentive. In many cases, the results of such surveys are based more on customer perceptions rather than objective, quantifiable data indicating superior or inferior customer service by a utility. The best example of the subjective nature of such surveys relates to a utility's level of rates and/or frequency of rate increase applications. Customers may be more likely to give negative responses in such surveys if they believe that a utility's rates are too high or that a utility's requests for rate relief are too frequent, even though a utility's customer service may be good or even excellent based upon objective, quantifiable data measuring the level of customer service. The Commission agrees with AARP and finds that J.D. Power and Associates' surveys are too subjective to use when measuring a utility's customer service and determining whether a positive or negative Performance Incentive should be applied.[2] Accordingly, we will remove the filing requirements imposed under Schedule 49 (a), Customer service, subsections (4-5).[3]

DVP opposed certain additions the Commission made to the Staff's proposed rules and regulations requiring incumbent electric utilities to file information on the actions undertaken by a utility to improve generating plant performance, customer service, and operating efficiency; specifically, DVP objected to the information required under Schedule 49 (a), Additional data, subsections (2-4). DVP asserted that the Commission should focus on the Company's overall performance — not on the specific individual actions undertaken and the incremental costs of such actions — and further questioned how a utility could determine which specific costs were for incremental improvement and which were for maintaining existing service levels. DVP also asserted that the Performance Incentive statute does not require the Commission to perform any cost/benefit analyses when evaluating whether a Performance Incentive should be applied and believes such an approach should not be utilized. Unlike DVP, APCo did not object to Schedule 49 (a), Additional data, subsections (2-4) *in toto*. Rather, APCo asserted that it may be difficult to quantify specific customer benefits, as proposed in Schedule 49 (a), Additional data, subsection (3), resulting from its incremental expenditures to improve performance. In this regard, we clarify that the purpose of the Additional data is not to "establish a second rate case" as part of the Performance Incentive evaluation (contrary to DVP's concern).[4] The reasonableness and prudence of any costs, as well as whether any expenditures were exorbitant, unnecessary, wasteful, or extravagant,[5] will be addressed for rate purposes as part of the biennial review and/or rate case. Rather, for the specific purpose of the Performance Incentive, the Additional data may be relevant to the Commission's determination of whether to exercise our discretion under the statute to institute any Performance Incentive (positive or negative) at all.[6]

As the Staff noted during the hearing, a 100 basis point Performance Incentive could increase DVP's base rates by approximately $76 million and APCo's base rates by approximately $15.5 million. Thus, for example, the Additional data addresses, among other things, whether the costs incurred by a utility to improve its generating plant performance, customer service, and operating efficiency primarily benefit the utility's customers. The Commission also recognizes, however, the open-ended nature of the potential data that may be responsive to and required by Schedule 49 (a), Additional data, subsections (2-3). Accordingly, the Commission has modified these two filing requirements explicitly to allow the utility to choose the extent of such data that it includes in its filing for the exercise of our discretion under the Performance Incentive statute.

APCo also requested that its generating plant performance, customer service, and operating efficiency only be compared with its own historic performance levels when determining whether a Performance Incentive should be applied and not be compared with peer group data. DVP requested a similar approach when measuring customer service using, for example, the System Average Interruption Duration Index ("SAIDI") and the System Average Interruption Frequency Index ("SAIFI"). The primary reasons cited in support of these recommendations are the differences between utility service territories, generation mix, and reporting for SAIDI and SAIFI, which may render direct comparisons with DVP and APCo to peer group data unreliable or meaningless.

The Commission finds, however, that the benchmarking analyses included in the proposed rules and regulations should be retained. Such information may, on a case-by-case basis, be relevant in exercising the Commission's discretion under this statute. A utility's generating plant performance, for example, may be trending upward over time but may fall well below the performance levels of its peers. Conversely, a utility's generating plant performance may be trending downward over time, but such performance may be far superior to the generating plant performance of a utility's peers. The Commission finds that the filing requirements for peer group data, which can be used for benchmarking purposes, should be retained in Schedule 49.

The Commission further recognizes that differences in service territories, generation mix, and methods of reporting exist among utilities. However, the solution to this problem is not to entirely eliminate the filing requirement for peer group data, which can be used for benchmarking purposes. Rather, differences between a utility's data and peer group data can be addressed and litigated in the context of a utility's biennial review proceeding. If comparisons are not appropriate based upon these differences, the peer group data can be given little, if any, weight when exercising the Commission's discretion under the Performance Incentive statute.

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[2] DVP and APCo also recommended against the inclusion of J.D. Power and Associates' surveys in the proposed rules. *See* APCo Comments at 6; Tr. at 27.

[3] The cites to the proposed rules and regulations in this Order reflect the format of the proposed rules published in the Virginia Register of Regulations on October 8, 2012.

[4] DVP Comments at 16.

[5] *See, e.g.,* § 56-585.1 D of the Code; *Norfolk v. Chesapeake and Potomac Tel. Co. of Virginia,* 192 Va. 292, 311-12, 64 S.E. 2d 772, 783-84 (1951); and *Lake of the Woods Utility Co., etc. v. State Corporation Commission, etc.*, 223 Va. 100, 110, 286 S.E. 2d 201, 206 (1982).

[6] Moreover, the particular relevancy (if any) of specific information, whether required or not by these rules, in a particular biennial review proceeding may be addressed as part of that proceeding.

The SELC recommended that the proposed rules and regulations be modified to include an energy efficiency performance metric for operating efficiency that benchmarks: (1) energy efficiency savings, as measured as a percentage of electricity saved per megawatthour of retail sales; and (2) energy efficiency expenditures, measured as an incumbent electric utility's spending on qualified energy efficiency programs per megawatthour of retail sales. While it may be in the public interest to encourage cost-effective energy efficiency programs that save consumers money and that can delay or eliminate the construction or purchase of new generating plants, we do not find it appropriate to adopt SELC's proposal since other provisions of law cover energy efficiency programs. Specifically, under § 56-585.1 A 5 c of the Code, an incumbent electric utility can recover through a rider certain projected and actual costs of approved energy efficiency programs, a margin on its operating expenses equal to the utility's rate of return on common equity, and potentially its lost revenues related to the implementation of energy efficiency programs. We find that it would be inappropriate to consider energy efficiency programs when implementing the Performance Incentive statute because it could have the effect of giving utilities even greater revenues from ratepayers for energy efficiency programs than those envisioned by the General Assembly when it enacted § 56-585.1 A 5 c of the Code. Further, the cost effectiveness of energy efficiency programs is a relevant issue in proceedings under that Code section, where costs and benefits to consumers are thoroughly evaluated and quantified contrary to a Performance Incentive evaluation.

In addition, APCo discussed potential issues in obtaining certain data and the need for waivers resulting therefrom. In this regard, we note that the Instructions to Schedule 49 provide as follows: "In the event the required filing information is not available, the IOU shall note the omission and state the reason." Thus, if the required information is not available to the utility, Schedule 49 requires an explanation, not a request for waiver.

Finally, Consumer Counsel, the Fairfax County Board of Supervisors, and the Committees supported the filing requirements proposed by Schedule 49. The Committees recommended, however, that incumbent utilities be required to file all the peer group data required by Schedule 49 in a utility's first biennial review after the rules and regulations are adopted. Under the Committees' proposal, once the Commission determines the appropriate peer groups for benchmarking purposes, those groups would be used for all future filings until the Commission orders otherwise. We find the Committees' recommendation should not be accepted. If a respondent in a biennial review disagrees with the peer groups recommended by an incumbent electric utility, the respondent may propose different peer groups, which are more closely aligned to the operational characteristics of the utility.

Accordingly, IT IS ORDERED THAT:

(1) The Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, as set forth in 20 VAC 5-201-10 *et seq*., are hereby revised and adopted as set forth in the attachment to this Order Adopting Rules and Regulations, effective February 1, 2013.

(2) The Commission's Division of Information Resources shall forward this Order Adopting Rules and Regulations and the rules and regulations adopted herein to the Registrar of Virginia for publication in the Virginia Register of Regulations.

(3) 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.

NOTE: A copy of Attachment A entitled "Rules Governing Rate Applications and Annual Informational Filings" 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-2012-00029
NOVEMBER 26, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Whealton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station

ORDER

On June 11, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of an electric transmission project, or for approval and certification of an alternative transmission project ("Application"). Dominion's proposed project and its proposed alternative project are described in turn below.

In its Application, Dominion proposed to construct: (a) approximately 7.4 miles of new overhead 500 kilovolt ("kV") electric transmission line from the Company's existing 500 kV-230 kV Surry Switching Station in Surry County to a new 500 kV-230 kV-115 kV Skiffes Creek Switching Station in James City County ("Surry-Skiffes Creek Line");[1] (b) the Skiffes Creek Switching Station; (c) approximately 20.2 miles of new 230 kV line, in the Counties of James City and York and the City of Newport News, from the proposed Skiffes Creek Switching Station to the Company's existing Whealton Substation located in the City of Hampton ("Skiffes Creek-Whealton Line"); and (d) additional facilities at the existing Surry Switching Station and Whealton Substation. The Surry-Skiffes Creek Line, the Skiffes Creek Switching Station, the Skiffes Creek-Whealton Line, and the additional proposed facilities are herein referred to collectively as the "Proposed Project."[2]

[1] In September 2012, Dominion filed supplemental testimony estimating the length of its proposed route at 8.0 miles. *See, e.g.,* Ex. 38 (Harper supplemental direct).

[2] Ex. 23 (Application) at 2.

As an alternative to the Proposed Project, Dominion would not construct the 500 kV Surry-Skiffes Creek Line but would instead construct a 500 kV line approximately 37.9 miles in length from the Company's existing Chickahominy Substation in Charles City County to the proposed Skiffes Creek Switching Station in James City County ("Chickahominy-Skiffes Creek Line" or "Alternate Route").[3] The Chickahominy-Skiffes Creek Line, the Skiffes Creek Switching Station, and the Skiffes Creek-Whealton Line (the latter two of which are also included in the Proposed Project), and additional facilities at the existing Chickahominy and Whealton Substations are herein referred to collectively as the "Chickahominy Alternative Project."[4]

On July 11, 2012, the Commission issued an Order for Notice and Hearing, which, among other things: established a procedural schedule, including public witness and evidentiary hearings, for the Application; allowed opportunities for interested persons to intervene or comment in this proceeding; directed the Commission's Staff ("Staff") to conduct an investigation of the Company's Application and to file testimony and exhibits on the Application; and assigned a Hearing Examiner to conduct all further proceedings on this matter.

Notices of Participation were filed in this proceeding by the following: James City County; BASF Corporation ("BASF"); U.S. Home Corporation d/b/a Lennar ("Lennar"); James River Association ("JRA"); The Save the James Alliance Trust ("Save the James"); David and Judith Ledbetter (the "Ledbetters"); Brian Gordineer; Kingsmill Community Services Association; River Bluffs Condominium Association; James City County Citizens' Coalition; Old Dominion Electric Cooperative ("ODEC"); Charles City County; and the Environmental Respondents.[5]

On August 31, 2012, the Department of Environmental Quality ("DEQ") filed its report on Dominion's Application ("DEQ Report").[6] The DEQ Report summarizes potential impacts of the Proposed Project and the Chickahominy Alternative Project, makes recommendations for minimizing those impacts, and outlines the Company's responsibilities for compliance with legal requirements governing environmental protection. The DEQ Report includes the following in its Summary of Recommendations:

(i) Alternative Recommendations

- The DEQ Office of Wetlands and Stream Protection recommends that one of the James River crossing alternatives be selected over the Chickahominy-Skiffes Creek-Whealton Alternative (Environmental Impacts and Mitigation, item 1(c), page 12).

- Department of Conservation and Recreation Division of Parks and Recreational Resources recommends an underwater crossing for the transmission lines, which will have less impact on commercial shippers, boaters and other recreationalist [sic], should the Surry-Skiffes Creek 500 kV Proposed Route be chosen (Environmental Impacts and Mitigation, item 10(c), page 33).

- The Department of Historic Resources supports submerging the transmission lines within or beneath the Chickahominy or James rivers unless additional routes are considered that would not include adverse visual impacts on Carter's Grove and the Captain John Smith National Historic Water Trail (Environmental Impacts and Mitigation, item 12(e), page 39). In addition, the Virginia Outdoors Foundation and Virginia Board of Historic Resources recommend full consideration of the importance of Carter's Grove and its extensive conservation values in the selection of the appropriate route (Environmental Impacts and Mitigation, item 13(d), page 40).

- The Hampton Roads Planning District Commission staff recommends that Dominion reconsider an underground crossing of the James River (Environmental Impacts and Mitigation, item 20(c), page 45).

(ii) Summary of General Recommendations

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U .S. Army Corps of Engineers (Corps), using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(c), page 12).

- Follow DEQ's recommendations regarding air quality protection, as applicable (Environmental Impacts and Mitigation, item 4(c), page 16).

- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable, (Environmental Impacts and Mitigation, item 5(d), pages 18-19).

- Coordinate with the Department of Conservation and Recreation regarding recommended inventories of natural heritage species and for updates to the Biotics Data System database (if a significant amount of

[3] *Id.* at 5-6.

[4] *Id.* at 6.

[5] In this proceeding, Appalachian Voices, the Chesapeake Climate Action Network, and the Virginia Chapter of the Sierra Club have referred to themselves collectively as the "Environmental Respondents."

[6] Ex. 12.

time passes before the project is implemented) (Environmental Impacts and Mitigation, item 6(c), pages 27-28).

- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for instream work, the general protection of wildlife resources and potential impact to the Game Farm Marsh Wildlife Management Area (Environmental Impacts and Mitigation, item 7(c)(i),(ii) and (iii), pages 29-30).

- Coordinate with the Department of Forestry regarding its recommendations for mitigation of the loss of forest lands (Environmental Impacts and Mitigation, item 9(c), pages 31-32).

- Coordinate with the Department of Conservation and Recreation regarding its recommendation to protect recreational resources (Environmental Impacts and Mitigation, item 10(c), page 33).

- Coordinate with the Department of Historic Resources regarding recommendations addressing visual impacts, consultations with the agency's Easement Program, National Park Service and affected localities, archaeological and architectural surveys, and evaluations and assessments to Virginia Landmarks Register- and National Register of Historic Places-eligible resources. (Environmental Impacts and Mitigation, item 12(d), page 38).[7]

- Coordinate with the Newport News-Williamsburg Airport as recommended by the Virginia Department of Aviation to prevent potential hazards to aviation and impacts to airport development (Environmental Impacts and Mitigation, item 15(c), page 41).

- Follow the principles and practices of pollution prevention to the extent practicable (Environmental Impacts and Mitigation, item 18, pages 43-44).

- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 19, page 44).[8]

On October 24, 2012, and January 10, 2013, public witness hearings were convened in Williamsburg and Richmond, respectively. From April 9 through April 18, 2013, a hearing was conducted for the purpose of receiving evidence offered by the Company, respondents, and Staff.[9] The Commission also received more than 1,400 written and electronic public comments on the Application.

On May 24, 2013, the following case participants filed post-hearing briefs: Dominion; James City County, JRA, and Save the James; BASF; Lennar; the Ledbetters; ODEC; Charles City County; the Environmental Respondents; and Staff.

On August 2, 2013, Senior Hearing Examiner Alexander F. Skirpan, Jr., entered a 178-page report that explained the extensive procedural history in this case, summarized the record, analyzed 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:

1. [Dominion's] transmission planning criteria should be used in applying mandatory [North American Electric Reliability Corporation ("NERC")] transmission reliability planning standards;

2. [Dominion's] load flow studies are based on reasonable assumptions for transmission planning purposes, and were confirmed by an independent Staff consultant;

3. [Dominion's] load flow studies indicate that with the retirement of Yorktown Units 1 and 2, numerous NERC reliability violations begin to occur in the summer of 2015;

4. [Dominion's] load flow studies support the need for additional transmission and/or generation to resolve NERC reliability violations;

5. The Proposed Project will resolve all of the 2015 NERC reliability violations and with a minor upgrade continues to resolve identified NERC reliability violations through 2021;

6. The Proposed Project's overhead crossing of the James River will have a limited visual impact on one section of the Colonial Parkway and a very limited impact on a small portion of Jamestown Island. Overall, the Proposed Project will reasonably minimize the adverse impacts on the scenic assets, historic districts, and environments;

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[7] On September 7, 2012, DEQ filed additional comments related to the Department of Historic Resources' Phase I Cultural Resources Survey performed for the Proposed Project. Ex. 13.

[8] Ex. 12 (DEQ Report) at 7-8.

[9] Additionally, a representative of the Virginia Department of Historic Resources testified on April 9, 2013.

7. The Proposed Project is the least cost viable alternative for addressing the identified NERC reliability violations presented in this case, can be constructed in a timely manner, and is the best alternative in this case;

8. The [Chickahominy] Alternative Project is a viable alternative, is electrically equivalent to the Proposed Project and can be constructed in a timely manner. However, the [Chickahominy] Alternative Project has a higher cost than the Proposed Project and will have a greater impact on scenic assets, historic districts and the environment;

9. None of the 230 kV transmission alternatives or [James City County witness Wayne] Whittier's Variations, by themselves, resolved all of the NERC reliability violations for 2015 or 2021;

10. Additional generation, and combinations of new 230 kV transmission alternatives with additional generation resolve the identified NERC reliability violations, but at a significantly higher price and at a greater risk of failing to be completed by the date needed;

11. The Commission may or may not decide to address whether the Skiffes Creek Switching Station is a "transmission line" for purposes of § 56-46.1 F;

12. The route crossing the James River should follow James River Crossing Variation 4 on the condition that the [James City County Economic Development] Authority and [Dominion] conclude a right-of-way agreement within three weeks of the Commission's final order. If such an agreement is not concluded three weeks from the Commission's final order, then the route crossing the James River should be James River Crossing Variation 1;

13. Any certificate issued by the Commission in this case should be conditioned to direct [Dominion] to maintain the tree buffer along BASF Drive by only expanding its existing right-of-way to the west.

14. Any certificate issued by the Commission in this case should be conditioned to direct [Dominion] to use galvanized steel monopoles for crossing the BASF property;

15. Any certificate issued by the Commission in this case should be conditioned to direct [Dominion] to follow the construction practices listed below:

    a) [Dominion] will use existing roadways for access to construction locations, unless use of such roadways is not practical.

    b) Construction traffic and equipment should be minimized so that only the vehicles and machinery necessary are used.

    c) [Dominion] will work with BASF in developing construction practices within appropriate bounds provided that BASF's requirements do not impede [Dominion's] construction schedule, do not cause the Company to absorb excessive cost to the project, and do not conflict with established safety and construction methods used by [Dominion] and its contractors.

    d) [Dominion] will use experienced and qualified construction firms in constructing the transmission line, and assign a [Dominion] representative experienced in transmission line construction to oversee all construction activities. Construction of the line will be done within the confines of the right-of-way except where ingress and egress is needed for tower locations or for set up locations for wire pulling activities.

    e) Construction activity in proximity to rivers and creeks should be avoided if possible, and otherwise undertaken with utmost care.

    f) Construction activity in proximity to remediation areas or areas identified as environmentally sensitive should be carefully coordinated with BASF, DEQ, and [the United States Environmental Protection Agency ("EPA")].

    g) Where possible, [Dominion] will make every effort to retain existing vegetation that will not interfere with the usage and reliable operation of the transmission line; and

[16.] Any certificate issued by the Commission in this case should be conditioned to direct [Dominion] to follow the right-of-way maintenance policies listed below:

    a) Mowing the right-of-way should be avoided where possible. It is especially important to avoid mowing on property adjoining the river. Instead, where possible a diverse meadow-like plant community on the right-of-way should be promoted.

b) [Dominion] should conduct a vegetation inventory to identify compatible species that can be retained in the right-of-way. The inventory may be limited to types of species, rather than number of plants present.

c) Where sufficient distance is allowed between the outside conductor and the cleared right-of-way, selective lateral trimming should be used to produce a more feathered appearance to the edge of the right-of-way.

d) [Dominion] will work with BASF to avoid the use of herbicides in the right-of-way that would interfere with environmental remediation efforts on the property.

e) An erosion plan should be developed and implemented in areas near rivers or creeks, and near areas with steep slopes.

[f) The right-of-way should be designed and maintained to prevent access by unauthorized persons and, especially, vehicles.[10]][11]

On August 30, 2013, the following parties filed comments on the Hearing Examiner's Report: Dominion; James City County and Save the James;[12] BASF; Lennar; JRA;[13] the Ledbetters; ODEC; Charles City County; and the Environmental Respondents. Additionally, the Colonial Williamsburg Foundation (the "Foundation"), which participated as a public witness in this proceeding, filed comments on the Hearing Examiner's Report.

On September 10, 2013, Dominion filed an objection to the Foundation's comments, asserting that the Commission's Rules of Practice and Procedure ("Rules") and Order for Notice and Hearing in this proceeding do not permit public witnesses to file comments on the Hearing Examiner's Report. The Foundation did not file a reply.

On October 16, 2013, James City County filed a motion with the Commission for leave to supplement the record in this proceeding to include comments prepared by the National Park Service ("NPS") to the United States Army Corps of Engineers. On October 23, 2013, Dominion filed a response opposing James City County's motion. On October 25, 2013, James City County filed a reply.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Proposed Project, using the James River crossing identified as Variation 4, is required by the public convenience and necessity, subject to the findings and conditions contained in this Order.

The Commission understands the importance of this case to the many people who cherish Virginia's historical and natural assets and to those who depend on the reliable electric service so critical to Virginia's economic strength, safety, and quality of life. The Commission takes seriously its responsibility, under the Code of Virginia, to determine whether the public convenience and necessity require the construction of transmission lines in the Commonwealth. This is one of the most important responsibilities that the General Assembly has entrusted to the Commission because of the many impacts from constructing – or from not constructing – transmission lines. Ultimately, the Commission must base its decision on the law as applied to the factual record of the case. That is what we have done herein, as will be explained in detail below. The evidence is clear that the Proposed Project is necessary to continue reliable electric service to the hundreds of thousands of people who live and work across this broad region of Virginia.

It is because of the many impacts associated with transmission lines that the Commission first evaluates whether a proposed transmission line is, in fact, needed. Before approving transmission line construction, landowners, communities, and rate-paying residents and businesses in the Commonwealth expect and deserve assurance that a new line is actually needed.

Determining whether a proposed transmission line or other electric infrastructure, such as a generation facility, is needed often requires analysis of complex engineering evidence. Substantial engineering analysis was evaluated in this case. This evidence allowed us to determine not only whether a need for additional infrastructure exists, but also the magnitude and timing of any such need. A need that is severe and fast approaching, as detailed engineering evidence supports in this case, may require a solution different than if a need is more modest and further in the future.

The reliability risks presented in this case are far reaching and significant. Engineering studies in this case show that when Dominion's transmission system is stress-evaluated under federal and Virginia requirements, a number of transmission system overloads result. These overloads, which

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[10] Finding number 16(f), as identified and incorporated above, is included and recommended in the Hearing Examiner's analyses, and therefore appears to have been inadvertently omitted from his "Findings and Recommendations." Hearing Examiner's Report at 174, 177.

[11] *Id.* at 174-77.

[12] The joint comments of James City County and Save the James were filed after the close of business on August 30, 2013. On September 3, 2013, James City County and Save the James filed a motion for leave to amend and refile their comments for the stated purpose of correcting a typographical error. Dominion, which was the only participant to respond to this motion, responded that: (1) the initial comments filed by James City County and Save the James were untimely by one day; (2) the motion should be treated as a request for leave to file comments one day out-of-time; (3) Dominion was not prejudiced in these particular circumstances; (4) Dominion will not object to granting the motion to the extent it permits the amended comments to be filed one day out-of-time; and (5) Dominion objects to portions of those comments, unrelated to the identified typographical error, that seek to include evidence beyond the record in this proceeding and which Dominion indicates would be inappropriate and prejudicial for the Commission to consider. James City County and Save the James filed no reply. We grant James City County's and Save the James's motion, in part, and accept the filing of their amended joint comments. As discussed below, we grant Dominion's requested clarification that our decision in this proceeding has been reached without consideration of evidence not contained in the record. *See*, *e.g.*, 5 VAC 5-20-240.

[13] Dominion also filed an objection to JRA's inclusion of evidence in its comments that was not made part of the evidentiary record. JRA filed no reply to Dominion's objection. As noted above, our decision has been reached without consideration of evidence not contained in the record.

appear under the reasonable contingency conditions modeled in this case, identify a broad swath of the Commonwealth where the loss of electric service can be expected as early as 2015 unless Dominion's electric system is reinforced.

The identified overloads affect the following 14 counties and 7 cities, which are referred to collectively herein as the "North Hampton Roads Area": the counties of Charles City, James City, York, Essex, King William, King and Queen, Middlesex, Mathews, Gloucester, King George, Westmoreland, Northumberland, Richmond, and Lancaster; and the cities of Williamsburg, Yorktown, Newport News, Poquoson, Hampton, West Point, and Colonial Beach. Studies evaluating further stresses to Dominion's transmission system reveal cascading outages spreading from the North Hampton Roads Area into northern Virginia, the City of Richmond, and North Carolina absent alleviation. Dozens of engineering studies in this case, which have been independently verified by our Staff, demonstrate that significant reliability risks exist as early as 2015.

The complexity of transmission line proceedings does not end with an evaluation of need. If a need is established, the Commission may consider different ways of addressing that need. In doing so, the Commission weighs many types of impacts associated with infrastructure construction, including the effects on electric system reliability, economic development, the environment, scenic assets, historic districts, and ratepayers. Often these various factors are at odds with each other. Different projects or transmission routes can also involve tradeoffs among factors, including competing environmental considerations. Placing a project in a particular location involves impacts but also avoids impacts associated with a different location.

Given all the competing considerations and tradeoffs that must be considered, the Commission weighs carefully the relevant expected impacts of alternatives before ruling on a public utility's request for a certificate of public convenience and necessity to construct a transmission facility. Among the competing considerations that participants to this case addressed extensively were impacts on: environmental resources, including historic and scenic assets; landowners; system reliability; and the customers who ultimately pay the costs of electric infrastructure. Although a more detailed analysis of our decision will be included in subsequent sections of this Order, the Commission addresses, at the outset, some of the evidence that was central to this case.

The Commission has considered the environmental impact of transmission lines, including the impact of overhead transmission on viewsheds from the James River and various locations in the vicinity of the Proposed Project. The Commission has also considered all record evidence that highlights the Historic Triangle of Jamestown, Williamsburg, and Yorktown – the importance of which extends well beyond the borders of this Commonwealth.[14] The Commission cannot ignore, however, the change that has transpired from colonial times to date in the area where the Proposed Project would cross the James River.[15] In the vicinity of the Proposed Project's route today are neighborhoods, multiple military installations, theme parks, a marina, a jail and detention center, and a supermarket distribution center, among other businesses and developments. All these developments depend on the same reliable electric grid to maintain the quality of life, health, safety, and prosperity to which our Commonwealth and our nation are accustomed.[16]

Numerous electrical alternatives have been offered, explored, and developed for our consideration – many at the suggestion of Staff, the Hearing Examiner, and James City County, among other participants. The alternatives to the Proposed Project that the Commission has evaluated include:

· generation (*i.e.*, power plant) options;
· demand-side management (*i.e.*, lowering electric demand by consumers);
· lower voltage transmission;
· underground transmission;
· transmission in different locations; and
· combinations of generation and transmission.

The engineering evidence in this case is overwhelming that, as a result of (1) generation retirements prompted by stricter federal environmental regulations and (2) normal continued load growth in the North Hampton Roads Area, an overhead 500 kV transmission line needs to be constructed soon to ensure that a large part of the Commonwealth continues to have reliable electric service. The Commission can no more ignore the severity of fast-approaching reliability problems than it can the environmental, scenic, and historic impacts associated with the many different possible alternatives explored in this case for addressing those problems. In this case, the risks associated with the construction of a lower voltage project, either underground or overhead, or other alternatives that do not include a 500 kV overhead transmission line, are simply too great. Were lesser transmission options, for example, approved herein, the record demonstrates that reliable electric service would be compromised to a degree that is unacceptable anywhere in the Commonwealth, much less in an area with a military presence as significant as in the Historic Triangle area and other portions of the North Hampton Roads Area.

After evaluating all the alternatives offered in this proceeding, the evidence in this case leads back to the two alternative 500 kV projects proposed for Commission approval in the Application: the Proposed Project and the Chickahominy Alternative Project. From just east of the Chickahominy Substation in Charles City County where an existing 500 kV transmission line crosses over the James River on its way to the Surry Nuclear Power Station, Dominion's existing 500 kV transmission system is located south of the James River.[17] Thus, a new 500 kV line extending either down the Peninsula from the Chickahominy Substation or across the James River from Surry is needed if – as is the case here – a further extension of Dominion's 500 kV system onto the Peninsula is required.

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[14] As discussed below, we have also fully considered record evidence highlighting the environmental, scenic, and historic impacts of the Chickahominy Alternative Project.

[15] The Proposed Project would not be visible from most of Jamestown Island, including James Fort. *See*, *e.g.*, Ex. 124 (Lake rebuttal) at 9; Ex. 83 (McCoy), Attached Exhibit WDM-1 at 17-19; Ex. 118 (Harper rebuttal) at Rebuttal Schedule 1, 2.

[16] *See*, *e.g.*, Ex. 50 (Reidenbach), Attached 2009 James City County Comprehensive Plan at Introduction 1 ("We will not settle for less than first-class education, medical care, public safety, recreation, and entertainment that strengthen the fabric of our community.").

[17] Ex. 23 (Application), Attached Appendix at 6, 117.

Comparing these two 500 kV options, the record supports the Hearing Examiner's findings that the Proposed Project "is the least cost viable alternative for addressing the identified NERC reliability violations presented in this case, can be constructed in a timely manner, and is the best alternative in this case"[18] and that the Chickahominy Alternative Project "has a higher cost than the Proposed Project and will have a greater impact on scenic assets, historic districts and the environment."[19]

The Surry-Skiffes Creek Line of the Proposed Project offers a reasonable path into the highly constrained Peninsula where an overhead 500 kV transmission line is needed to reasonably ensure reliability. The Surry-Skiffes Creek Line would begin at the existing transmission switching station near the Surry Nuclear Power Station on the south shore of the James River; cross the James River in a manner designed to avoid, among other things, ship traffic and the airspace of military aircraft from a large nearby military installation (Fort Eustis and Felker Airfield);[20] and then come ashore on the BASF property in an industrial area that includes active environmental remediation sites.[21] A crossing of the James River in this particular area is reasonable and far preferable to the route that the Chickahominy Alternative Project would use to introduce 500 kV transmission to the Peninsula. In an area of the Commonwealth that is so full of scenic assets, and historic and environmental resources, the Proposed Project will have impacts, but they will be fewer and less significant than with the Chickahominy Alternative Project. Additionally, the Commission finds, based on the extensive factual record in this case, that construction of the Proposed Project, as approved herein, will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned.

The Proposed Project, using a tower alignment identified as Variation 4, is required by the public convenience and necessity, reasonably minimizes environmental impacts, and otherwise satisfies the requirements of Virginia law. With the retirement of local generation to comply with federal environmental regulations and normal load growth, a 500 kV transmission line is needed to deliver more electrons generated from outside of the North Hampton Roads Area, and the Proposed Project with Variation 4 is the best alternative for doing so.

A more detailed analysis of the applicable law and evidence in this case is included below.

CODE OF VIRGINIA

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code of Virginia ("Code"). Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application.[22] Subsection A of the statute provides, in part, that:

> 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. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Subsection B of the statute further provides, in part, that:

> As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned. . . . In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation. . . . Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

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[18] Hearing Examiner's Report at 175.

[19] *Id.*

[20] *See*, *e.g.*, Ex. 118 (Harper rebuttal) at Rebuttal Schedules 1, 2.

[21] *See*, *e.g.*, Ex. 48 (Burrows) at Figure VCB-1; Ex. 60 (Henderson) at TCH-2.

[22] Subsection D of the statute provides that "[a]s used in this section, unless the context requires a different meaning: 'Environment' or 'environmental' shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

Parties to this proceeding have also requested our consideration of Code § 10.1-419, which provides as follows:

> A. In keeping with the public policy of the Commonwealth of Virginia to conserve the portions of certain rivers possessing superior natural beauty, thereby assuring their use and enjoyment for their historic, scenic, recreational, geologic, fish and wildlife, cultural and other values, that portion of the Lower James River in Charles City, James City and Surry Counties, from an unnamed tributary to the James River approximately 1.2 miles east of Trees Point in Charles City County (northside) and Upper Chippokes Creek (southside) to Grices Run (northside) and Lawnes Creek (southside), is hereby declared to be an historic river with noteworthy scenic and ecological qualities.
>
> B. In all planning for the use and development of water and related land resources which changes the character of a stream or waterway or destroys its historic, scenic or ecological values, full consideration and evaluation of the river as an historic, scenic and ecological resource should be given before such work is undertaken. Alternative solutions should also be considered before such work is undertaken.
>
> C. The General Assembly hereby designates the Department of Conservation and Recreation as the agency of the Commonwealth responsible for assuring that the purposes of this chapter are achieved. Nothing in this designation shall impair the powers and duties of the local jurisdictions listed above or the Virginia Department of Transportation.

For inclusion of a project in the underground pilot program established by House Bill 1319 enacted by the 2008 Session of the General Assembly, a proposed electric transmission line of 230 kV or less must satisfy the following three criteria:

> (1) An engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;
>
> (2) The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability. If the public utility, the affected localities, and the State Corporation Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program; and
>
> (3) The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the line to be placed underground.[23]

House Bill 1319 further provides that "[p]ublic utility companies granted a certificate of public convenience and necessity for a proposed transmission line not included in this program or not otherwise being placed underground shall seek to implement low-cost and effective means to improve the aesthetics of new overhead transmission lines and towers."[24]

Finally, Dominion requests a Commission determination that, based on the facts and circumstances of this case, the Skiffes Creek Switching Station constitutes a "transmission line" for purposes of Code § 56-46.1 F, which provides that "[a]pproval of a transmission line pursuant to this section shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line."

SYSTEM NEED

A series of load flow studies was introduced as evidence in this proceeding and evaluated by load flow study experts who testified as witnesses in this case. These studies demonstrate that the North Hampton Roads Area needs a significant electric system upgrade soon to maintain adequate reliability.

The electric transmission system of Dominion and other public utilities is studied continually to assess its reliability in the near-term and long-term future. As a member of PJM Interconnection, LLC ("PJM"), a regional transmission organization,[25] Dominion does not assess the reliability of its transmission system only on its own. Through PJM's planning process, Dominion's transmission system is evaluated and planned as part of a 13-state region.[26]

Central to transmission system planning are load flow modeling studies that simulate system conditions to identify, among other things, projected overloads on the system.[27] These engineering studies assess whether the transmission system complies with NERC reliability standards, which are

[23] 2008 Va. Acts ch. 799, Enactment 1, § 4, as extended by 2011 Va. Acts. ch. 244, Enactment 1.

[24] *Id.* at § 10.

[25] The term "regional transmission organization" is synonymous with the term "regional transmission entity" used in Section 56-579 of the Code of Virginia, which required Dominion to transfer the management and control of its transmission assets to such an entity, subject to Commission approval.

[26] Hearing Examiner's Report at 129-31.

[27] As explained by Staff, overloads exist when "under certain conditions, electrical flow on various transmission lines will exceed the power levels those lines are designed to accommodate, which can result in a failure of the lines." Staff's Post-Hearing Brief at 8.

established for the important purpose of ensuring that the transmission system remains reliable so that customers' needs for electric service can be met.[28] Federal law enacted in 2005 made compliance with federal electric reliability standards mandatory, with violations by utilities carrying fines of up to $1 million per day.[29]

Dominion filed in this proceeding a number of load flow studies, allowing interested parties and our Staff to analyze the inputs and results of those studies.[30] As Staff points out, because reliability violations in the North Hampton Roads Area "are identified by a number of different models examining a number of different future years, the evidence supporting a system need does not rely on any single set of assumptions."[31] Notwithstanding the different assumptions used in the many load flow modeling studies analyzed in this case, the various load flow studies consistently reveal a significant system need in the area.

Dominion testified that it initially conducted load flow modeling studies indicating that normal load growth in the North Hampton Roads Area would result in reliability violations by 2019.[32] Those initial studies were analyzed and verified by our Staff.[33]

Importantly, the studies showing a need in 2019 were conducted *before* Dominion determined that six local generation units – two at the Yorktown Power Station and four at the Chesapeake Power Station – would be retired as a result of stricter federal environmental regulations, including the Mercury Air Toxics Standard ("MATS Rule").[34] Subsequent studies that included the impact of the generation retirements at these power stations showed that the retirement of only one unit at Yorktown was enough to cause reliability violations to begin in the summer of 2015.[35] Updated and supplemental studies directed by the Hearing Examiner and verified by Staff, confirm reliability violations occurring in the summer of 2015. For example, updated studies identify reliability violations or overloads projected to occur in 2015 on more than a dozen transmission lines and several transformers on Dominion's transmission system.[36] These projected overloads are widespread in the North Hampton Roads Area.[37]

Consistent with NERC standards, the load flow studies discussed in the preceding paragraph involved stressing Dominion's transmission system under scenarios where one or two transmission circuits and one generation unit are unavailable.[38] NERC reliability standards also require testing for more extreme system conditions, including a scenario where all transmission lines located in a single right-of-way corridor and one generation unit are unavailable. The result of this analysis shows outages cascading into northern Virginia, the City of Richmond, and North Carolina.[39]

James City County, Save the James, and JRA have suggested that transmission planning in the Commonwealth should be undertaken in a less rigorous manner than has been the past practice of the Commission.[40] The record does not support taking transmission planning in such a direction. The North Hampton Roads Area is already a "load pocket" relying significantly on transmission to deliver generation from other areas of the Commonwealth.[41] This reliance will grow substantially with the upcoming retirements of two generation units at the Yorktown Power Station. At that time, the only remaining

[28] Tr. 631 (Reidenbach) (agreeing that reliable electric service is important to James City County's "sustainable future going forward").

[29] Hearing Examiner's Report at 129-30.

[30] To assist in its investigation of the Application, Staff retained the services of a consultant with expertise conducting load flow studies. *See*, *e.g.*, Ex. 79 (Chiles) at 1-2.

[31] Staff's Post-Hearing Brief at 9-10. As recognized by Staff, these load flow models included different projected peak loads and different assumptions about both generation and transmission topology. *Id.* at 9.

[32] Ex. 31 (Nedwick direct) at 11.

[33] *See*, *e.g.*, Ex. 79 (Chiles) at 11-16. Although Staff raised a concern about one scenario from the studies showing a 2019 need, Staff was able to replicate and verify those modeling results, and the Company addressed this scenario in rebuttal testimony. *See*, *e.g.*, Ex. 87 (Nedwick rebuttal) at 24-25; Ex. 79 (Chiles), Attached Exhibit JWC-2 at 2.

[34] *See*, *e.g.*, Ex. 87 (Nedwick rebuttal) at 4; Ex. 110 (Kelly rebuttal); Ex. 103 (Faggert rebuttal). As discussed below, retaining generation at these facilities is not a reasonable alternative to addressing the identified needs of the North Hampton Roads Area.

[35] *See, e.g.,* Ex. 23 (Application), Attached Appendix at 72, 78-81; Ex. 87 (Nedwick rebuttal) at 4, n.1.

[36] *See*, *e.g.*, Ex. 90 at 5.

[37] *Id.*

[38] As described in the record, overloads resulting from such conditions are referred to as "Category A", "Category B", and "Category C" violations. *See*, *e.g.*, Ex. 31 (Nedwick direct) at 7-9.

[39] *See*, e.g., Ex. 23 (Application), Attached Appendix at 32-33, 43-45. For this reason, adding an additional line to this same corridor presents an unreasonable reliability risk. *See*, *e.g.*, Ex. 31 (Nedwick direct) at 10-11.

[40] *See*, *e.g.*, James City County's, Save the James's, and JRA's Joint Post-Hearing Brief at 25-26.

[41] *See*, *e.g.*, Ex. 89; Tr. 1074 (Chiles); Tr. 947 (Whittier).

generation on the Peninsula will be a third unit at the Yorktown Power Station, which is subject to environmental restrictions that will severely limit its operation until its retirement.[42]

The Commission is greatly concerned about the widespread nature of the projected NERC reliability violations that are supported by the record of this case and that so many violations are projected to occur as early as 2015. The load flow modeling evidence, which has been verified by our Staff,[43] establishes a clear need for significant new electric infrastructure to address fast-approaching reliability violations projected for Dominion's transmission system. With a system need clearly established, we next turn to potential alternatives for satisfying the identified need.

ALTERNATIVES

The parties and Staff presented numerous potential alternatives for addressing the significant and uncontested system needs identified by the record. Those alternatives include generation, demand-side management, lower voltage transmission, underground transmission, transmission in different locations, and combinations of generation and transmission. While some alternatives warranted – and received – considerable evaluation, others are more conceptual or possess glaring shortcomings. However, our decision in this proceeding has been reached only after consideration of all potential alternatives, many of which are addressed below. Additionally, the Commission has considered all relevant factors supported by record evidence for each alternative.

In summary, the Commission finds, based on the record, that none of the alternatives other than new transmission at 500 kV that were explored in this proceeding reasonably meet the reliability need identified in this case.

Generation Alternatives

As supported by the record and discussed below, generation alternatives are not a reasonable alternative to a transmission solution for addressing Dominion's upcoming system need. Some of the generation alternatives identified in this proceeding are largely conceptual or hypothetical. Certain generation alternatives introduced or studied by case participants do not correspond to any actual generation project currently under development or which could be developed in time and at the scale necessary to ensure the electric system remains reliable for a large portion of the Commonwealth.[44] We find that while some of this evidence further informs the magnitude of the challenge facing Dominion and its customers in the affected area,[45] the more conceptual generation presented in the record of this proceeding does not identify a reasonable alternative to a transmission solution.

For example, Environmental Respondents asserted that distributed solar resources (or distributed solar combined with demand-side management resources[46]) could satisfy the projected reliability criteria violations in the North Hampton Roads Area and could do so in the most cost-effective manner.[47] This assertion fails to appropriately recognize the magnitude of the projected reliability criteria violations made more imminent by significant generation retirements and operational restrictions resulting from environmental regulations. Although the Environmental Respondents cite to our recent approval of a distributed solar program through which Dominion will construct or facilitate up to 30 megawatts of distributed solar,[48] that 30 megawatts of nameplate capacity – even if all located in the North Hampton Roads Area – does not approach the size needed to address the reliability need identified in this case.[49] Nor do the Environmental Respondents substantiate their claim that solar resources are currently cost-effective.

Similarly, the record does not support suggestions by James City County that offshore wind or liquefied natural gas generation could satisfy the fast-approaching reliability criteria violations in the North Hampton Roads Area. Because these types of projects are exceptionally complex and, in some respects, may represent uncharted territory for developers,[50] the risk that such generation will be unavailable to address a need arising as soon as 2015 is too great to warrant further consideration in the instant case.

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[42] *See*, *e.g.*, Ex. 31 (Nedwick direct) at 12-13; Ex. 110 (Kelly rebuttal) at 8, 15; Ex. 103 (Faggert rebuttal) at 14-15.

[43] *See*, *e.g.*, Ex. 79 (Chiles); Tr. 1068-74.

[44] PJM testified that its interconnection queue – which developers of generation must clear before connecting to Dominion's transmission system – does not currently contain any generation interconnection requests that would potentially offset the need for the Proposed Project. Ex. 92 (Herling rebuttal) at 22.

[45] *See*, *e.g.*, Ex. 79 (Chiles), Attached Exhibit JWC-2 at 13-15 (studying additional generation in the location of the proposed Skiffes Creek Switching Station while recognizing that location is not currently under active development for electric generation or the natural gas infrastructure necessary for such generation); Environmental Respondents' Post-Hearing Brief at 14-17 (distributed solar and demand-side management resources); James City County's, Save the James's, and JRA's Joint Post-Hearing Brief at 26 (liquified natural gas generation).

[46] Demand-side resources, and planning concerns about such resources, are discussed below. The planning concerns identified by record evidence are relevant to a consideration of these resources either as a stand-alone alternative or as part of alternative concepts that combine demand-side resources with other resources.

[47] *See*, *e.g.*, Environmental Respondents' Post-Hearing Brief at 14-17.

[48] *Application of Virginia Electric and Power Company, For approval of a Community Solar Power Program and for certification of proposed distributed solar generation facilities pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly and §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2011-00117, 2012 S.C.C. Ann. Rept. 328, Order (Nov. 28, 2012).

[49] Studies were conducted in this case for the specific purpose of calculating how much generation would be needed to address projected reliability violations. *See*, *e.g.*, Ex. 90 at Rebuttal Schedule 4.

[50] *See, e.g.,* Tr. 1622-27 (identifying challenges and cost associated with obtaining a permit, constructing, and operating a liquefied natural gas import facility in a populated area like Yorktown); Tr. 1853 (describing the current construction cost of offshore wind).

Based on the record, including the impending generation retirements and operating restrictions at the Yorktown and Chesapeake Power Stations, a more concrete approach to addressing the needs of electric customers in the North Hampton Roads Area is required. To be clear, we appreciate that participants in this case have sought alternative solutions to addressing the identified system needs. However, for us to discharge in this case the responsibility delegated to us by the General Assembly, the Commission must identify those alternatives that may address identified system reliability needs and reasonably minimize adverse impact on scenic assets, historic districts, and the environment.

Although located outside of the North Hampton Roads Area, another potential generation alternative evaluated in this proceeding was generation in Brunswick County, Virginia. The addition of generation in Brunswick County is not a hypothetical, as the Commission recently approved the construction of a generation station in this location.[51] However, the load flow results show that the generation project in Brunswick County will not address the identified system needs of the North Hampton Roads Area.[52] Therefore the Brunswick County generation station is not a reasonable alternative in this case.

Other generation alternatives presented in this proceeding involve the potential retrofitting with additional emissions control equipment or the potential refueling, with natural gas, of generation units at the Yorktown and Chesapeake Power Stations.[53] Although some comparative environmental benefits can accrue from retaining infrastructure at a location with existing operations (and impacts), there can also be negative environmental impacts. The Environmental Respondents have, in prior proceedings, advocated that units at these stations should be retired.[54] The Environmental Respondents continued those efforts in the instant proceeding.

The evidence in this case – which includes, but is not limited to, environmental considerations – supports our finding that retrofitting or refueling options cannot address the identified NERC reliability violations in a cost-effective manner.[55]

With respect to the option of retrofitting coal-fired units at the Yorktown and Chesapeake Power Stations with additional environmental equipment, the Commission finds that the risks and costs associated with such an option are too great based on the record. Retrofitting these units would require several very large capital expenditures because the units would need a significant amount of additional equipment to continue coal and oil operations and comply with existing and anticipated environmental regulations.[56] The evidence in this case indicates that such capital expenditures total many hundreds of millions of dollars and could well exceed one billion dollars.[57] Additionally, the compliance costs evaluated in this case do not reflect other risks attendant to coal and oil generation, such as the current uncertainty regarding future regulation of carbon dioxide at the federal level.[58] Moreover, load flow studies analyzed in this case indicate that assuming the additional cost and risk identified herein would only temporarily delay the need for system reinforcements in the North Hampton Roads Area.[59] For these reasons, the Commission finds, based on the record, that retrofitting Yorktown or Chesapeake generation units is not a reasonable alternative for ensuring transmission system reliability for Dominion's customers.

Another option explored in substantial depth by Dominion and other case participants involved the repowering or refueling of generation at the Yorktown or Chesapeake Power Stations with natural gas. The record contains gas transportation cost data obtained by Dominion from natural gas industry participants in response to requests by the Company in 2010, 2011, and 2012 for such information.[60] This data reveals that, similar to the retrofit option, the cost of extending a natural gas pipeline into the Hampton Roads area significantly exceeds the cost of transmission line alternatives.[61] This option becomes even more uneconomic with the capital cost that would be required at the Yorktown and Chesapeake Power Stations in order to generate electricity using natural gas from any such pipeline extension.[62] Staff also concluded, based on a review of this information and research, that "it does not appear that natural

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[51] *Application of Virginia Electric and Power Company, For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2012-00128, Doc. Con. Cent. No. 130810071, Final Order (Aug. 2, 2013).

[52] Ex. 81; Tr. 1077-80 (Chiles).

[53] As discussed herein, these options have been considered both on a stand-alone basis and in combination with other infrastructure upgrades.

[54] Environmental Respondents' March 1, 2013 Motion Seeking Leave To File a Notice of Participation Out of Time at 2.

[55] *See*, *e.g.,* Ex. 110 (Kelly rebuttal); Tr. 1600-10 (Kelly); Ex. 79 (Chiles), Attached Exhibit JWC-3 at 6-7, and Attached Exhibit JWC-5.

[56] Tr. 1600-06 (Kelly). As the Hearing Examiner recognized, "Mr. Kelly confirmed that to retrofit Yorktown Units 1 and 2 to comply with environmental regulations would require the installation of a Dry Scrubber, Baghouse, Selective Catalytic Reduction, Water Intake Screens, Variable Speed Drives, and Closed Cycle Cooling." Hearing Examiner's Report at 118.

[57] Ex. 79 (Chiles), Attached Exhibit JWC-3 at 6-7, and Attached Exhibit JWC-5; Ex. 110 (Kelly rebuttal) at 20-23.

[58] We recognized these risks in a recent proceeding. *Application of Appalachian Power Company, For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company*, Case No. PUE-2012-00141, Doc. Con. Cent. No. 130730256, Order at 8-9 (July 31, 2013) (citing Presidential Memorandum of June 25, 2013, Power Sector Carbon Pollution Standards, 78 Fed. Reg. 39,535 (2013)).

[59] As discussed above, even without retirements at the Yorktown and Chesapeake Power Stations, reliability violations are projected to occur beginning in 2019 in the North Hampton Roads Area.

[60] *See*, *e.g.*, Ex. 79 (Chiles) at 31, and Attached Exhibit JWC-3 at 2-4.

[61] *Id.*, Attached Exhibit JWC-3 at 2-4, 8; and Attached Exhibit JWC-5.

[62] *Id.*, Attached Exhibit JWC-3 at 4.

gas pipeline capacity could be constructed in time to meet the fuel requirements for repowered units at Chesapeake or Yorktown."[63] Accordingly, the Commission finds that repowering units at Yorktown and Chesapeake is not a reasonable alternative for ensuring transmission system reliability.

A combination of retrofitting or repowering at the Yorktown or Chesapeake Power Stations and installing an electric transmission line alternative in this case does not yield a conclusion different from our consideration of these generation alternatives without transmission. A transmission line obviously does not address the natural gas pipeline constraints into the North Hampton Roads Area or environmental regulations that will not allow Dominion to continue operating the Yorktown and Chesapeake Power Stations in the same manner as in the past. These significant generation limitations, as well as the cost and time associated with alternative transmission components, make the cost and risk of the combination generation and transmission alternatives excessive, regardless of which transmission line alternative is chosen.[64]

In summary, while the Commission does not prejudge whether additional generation in the North Hampton Roads Area (or other concepts or projects discussed herein) may be reasonable at some point in the future, the record in this case does not support such generation as a reasonable alternative to a transmission solution for the area's significant transmission system needs appearing in 2015.

Demand-Side Resources

The Commission finds that demand-side resources, such as demand-side response and energy efficiency measures, were appropriately considered in this proceeding. The record supports the Hearing Examiner's conclusion that "additional amounts of [demand-side resources] should not be assumed to be available to address projected NERC reliability violations."[65]

The PJM load forecasts incorporated in Dominion's load flow modeling studies include demand-side resources that have cleared a three-year forward capacity auction conducted by PJM.[66] In this case, James City County and the Environmental Respondents have asserted that the Commission should allow for more projected, and unspecified, demand-side resources to be considered.[67] In contrast, Staff has suggested that "[i]f anything, the evidence appears to support relying less on such resources for planning purposes."[68]

The Commission declines to alter, in this case, the extent to which projected levels of demand-side resources are incorporated in the planning studies that are conducted to ensure the Commonwealth's transmission system remains reliable. As recognized by PJM, the fact that a resource clears an auction for three years into the future does not mean that such a resource will, in fact, be available in that future year.[69] PJM's Vice President of Transmission Planning testified in this proceeding that a significant percentage of demand-side resources that clear PJM's auctions have recently been observed "buying out" of their obligations and he expressed concern that PJM may be "over-relying on demand response."[70] Given this testimony, the Commission does not find it reasonable in this case to impute additional demand-side resource amounts above and beyond those of the PJM forecasts.

The Commission further notes that, as Staff recognizes, the record in this case "indicates that a very significant – if not extraordinary – amount of demand-side response would be required in the North Hampton Roads area to avoid construction" of either a 500 kV transmission project or a 230 kV transmission project combined with additional generation.[71] For example, Staff indicates that, to address projected 2015 NERC reliability violations, "the demand-side equivalent of 620 [megawatts] needed for a 'stand-alone' generation option would be required in the North Hampton Roads load area, which has only approximately 2,000 [megawatts] of peak demand."[72]

However, the Commission finds PJM's testimony that planning studies may be over-relying on demand response raises concerns that warrant further evaluation in future transmission and generation certificate proceedings. Accordingly, Dominion is hereby directed to provide, in future transmission and generation certificate applications, more detailed analysis of demand-side resources incorporated in the Company's planning studies used in support of such applications.[73]

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[63] *Id.*, Attached Exhibit JWC-3 at 3-4.

[64] *See*, *e.g.*, Ex. 87 (Nedwick rebuttal) at 13-14; Ex. 91 at Rebuttal Schedule 5.

[65] Hearing Examiner's Report at 150.

[66] *See*, *e.g.*, Ex. 92 (Herling rebuttal) at 11-12.

[67] *See*, *e.g.*, Ex. 68 (Whittier) at 6, 13-15; Environmental Respondents' Post-Hearing Brief at 15-17.

[68] Staff's Post-Hearing Brief at 23 (emphasis omitted).

[69] *See*, *e.g.*, Ex. 92 (Herling rebuttal) at 14-15.

[70] *Id.*

[71] Staff's Post-Hearing Brief at 22-23.

[72] *Id.* at 22. *See*, *e.g.*, Ex. 87 (Nedwick rebuttal) at 11-12, Rebuttal Schedule 3.

[73] To the extent known by the Company, such information should include, for example, the locations and providers of demand-side resources included in the relevant planning studies.

230 kV Transmission Alternatives

In addition to alternatives that included generation or demand-side resources, as discussed above, several transmission alternatives were presented in this proceeding. Dominion's existing 500 kV system stops at the doorstep of the North Hampton Roads Area, with the closest lines at that voltage running from the Chickahominy Substation and Septa Substations to the Surry Nuclear Power Station.[74] Presently, a number of 230 kV and 115 kV lines transmit power into and within the North Hampton Roads Area.[75] As such, it is logical that many of the transmission alternatives evaluated in this proceeding are potential additions to Dominion's existing 230 kV transmission system.

James City County and Save the James have characterized a 500 kV transmission line as a "larger, more luxurious option [that] may need to be foregone in favor of a smaller, more economical product."[76] But this does not describe the choice before us. Based on the record, we find that 230 kV options would not ensure system reliability in the North Hampton Roads Area and that most, if not all, 230 kV options would actually cost more than the Proposed Project.

Case participants had the ability not only to evaluate the results of Dominion's load flow modeling, but also to add different types of projects to Dominion's models to assess the effectiveness of such projects in addressing projected NERC reliability violations. Our Staff first tested 230 kV options with the initial load flow models that Dominion used in support of its Application, and Staff filed its results in the pre-filed testimony of its engineering consultant.[77] Subsequently, the Hearing Examiner directed Dominion to conduct and file many additional and updated load flow models to test, among other things, 230 kV options.[78] The Hearing Examiner directed these further studies after receiving input from Dominion, Staff, James City County, and other case participants that then had the opportunity to evaluate the studies.[79] Finally, James City County conducted additional 230 kV analyses using the updated, supplemental load flow models directed by the Hearing Examiner.[80] Below we discuss, in turn, underground and overhead 230 kV options for the North Hampton Roads Area.

230 kV Transmission Underground Alternatives

The feasibility of undergrounding, in whole or in part, a transmission line crossing the James River was the focus of much evidence in this case. Compared to overhead alternatives, underground transmission lines require much different construction and materials, which result in different construction durations and costs. Additionally, the design and capability of a line depend on whether it is overhead or underground. For example, engineering evidence in this case indicates that undergrounding a 500 kV transmission line is not technically viable,[81] meaning that undergrounding options must be at a lower voltage, such as 230 kV.

It is also important to understand that, when comparing transmission lines with different voltages (such as 500 kV and 230 kV), the difference in their voltages is not directly proportional to the difference in their capacities, measured in megavolt amperes ("MVA"), for delivering power. For example, the record in this case shows that the single-circuit 500 kV Surry-Skiffes Creek Line would provide approximately 4,300 MVA of capacity into the North Hampton Roads Area while an underground single-circuit 230 kV line that Dominion recently placed into service provides only 600 MVA of capacity.[82]

Compared to an overhead transmission line, an underground line can lessen or eliminate certain environmental impacts, including many visual impacts[83] and impacts associated with securing a transmission tower into the ground or a river bed.[84] Replacing the overhead 500 kV Surry-Skiffes Creek Line with an underground transmission line would, for example, lower the scenic impact on Carter's Grove; Kingsmill; the Captain John Smith National Historic Water Trail; Black's Point; parts of the Colonial Parkway; and other viewpoints on or around this portion of the James River. However, as discussed further in our evaluation of 500 kV alternatives herein, the Commission agrees with the findings and conclusions of the Hearing Examiner that the Proposed Project, with an overhead 500 kV crossing of the James River: (1) will have little visual impact on the Colonial Parkway or Jamestown Island; (2) will have greater visual impacts on sites such as Carter's Grove and Kingsmill; and (3) will not alter the current nature of the James River in the relevant

[74] Ex. 23 (Application), Attached Appendix at 6, 117.

[75] *Id.*

[76] James City County's and Save the James's Joint Comments on Hearing Examiner's Report at 21.

[77] *See*, *e.g.*. Ex. 79 (Chiles) at 23-26, Attached Exhibit JWC-2 at 3-6, 10-14.

[78] *See*, *e.g.*, Hearing Examiner's Report at 7-8, 103-109.

[79] Shortly after Staff's testimony was filed, Dominion and Staff filed a motion to extend the procedural schedule for the purpose of conducting further studies and, in doing so, proposed a number of studies. After holding a prehearing conference, the Hearing Examiner directed that specific studies be conducted, including a study of an alternative identified by James City County witness Whittier. Hearing Examiner's Report at 7-8.

[80] Tr. 901-1014 (Whittier).

[81] The record identifies only one location in the United States where 500 kV lines have been constructed underground. Those lines, which are short interconnections between generation at the Grand Coulee Dam and an adjacent switchyard, are in the process of being replaced with overhead lines due to reliability concerns. *See*, *e.g.*, Ex. 93 (Allen rebuttal) at 16, Rebuttal Schedule 3; Ex. 23 (Application), Attached Appendix at 58.

[82] *See*, *e.g.*, Ex. 79 (Chiles) at 24; Ex. 33 (Allen direct) at 3-4; Ex. 102 (Thomassen rebuttal) at 13-15, Rebuttal Schedule 8.

[83] *See*, *e.g.*, Ex. 83 (McCoy), Attached Exhibit WDM-1 at 19-21.

[84] *See*, *e.g.*, Ex. 93 (Allen rebuttal) at 15.

area.[85] Accordingly, while the Commission does not find that the environmental impact of extending an overhead 500 kV transmission line from the Surry Switching Station to the industrial BASF property is as great as some of the participants contend in this case, all identified impacts have been considered and weighed.

The Commission also recognizes, however, that underground transmission lines and their construction are not without environmental impacts. Underground construction creates other types of environmental impacts, including those associated with boring underground or boring under a river bed and dredging a river bed to install splice pits.[86] Among other environmental impacts, Dominion estimated that an underground river crossing of the James River would result in a riverbed excavation of 36,000 cubic yards.[87] Comparing overhead construction to underground construction therefore requires a weighing of, among other things, the environmental impacts of each.

The Commission has carefully considered the relative impacts to historic resources, scenic assets, and other environmental considerations presented in this case. However, the factors that must be considered in this proceeding, as discussed above, are broad and are not limited only to environmental considerations. Based on the record, the Commission finds that the impediments associated with attempting to address the identified reliability violations in the North Hampton Roads Area by placing a transmission line underground outweigh competing environmental considerations. The Commission finds that underground alternatives do not reasonably meet the reliability need identified in this case.

Underground transmission projects are complex endeavors. The construction of an underground project can involve, among other things, significant horizontal drilling to install the pipes needed to contain underground electric cables, dredging large pits in the ground and the river bed to allow for underground electric cables to be spliced together, and constructing transition stations where the underground cable transitions to an overhead line.[88] Given the complexity of these projects, Staff noted that most of the recent underground transmission projects constructed by Dominion have experienced delays.[89]

Dominion testified that an underground crossing of the James River would require an estimated 48 months (single circuit) or 60 months (double circuit) to complete.[90] But the load flow studies in this case demonstrate significant reliability violations occurring the summer after Yorktown generation retires in response to environmental regulations that include an April 2015 deadline for compliance with the MATS Rule. Accordingly, even if Dominion successfully defers reliability violations by obtaining a limited extension of the MATS Rule,[91] compliance with federal environmental regulation simply cannot be reconciled with the realities of underground construction. Additionally, even if an underground transmission line *could* be completed in time to address the need demonstrated in this case, the Commission finds, based on the record evidence, that such options would not be effective (much less cost-effective) or otherwise satisfy the requirements of Virginia law.

For example, substituting a single-circuit 230 kV underground transmission line for the proposed Surry-Skiffes Creek Line is estimated to cost approximately $273 million, or approximately $118 million more than the $155 million Proposed Project.[92] However, the load flow modeling studies in this case show that the underground line component of this more expensive project would, upon installation, be overloaded.[93] The Commission cannot find that the public convenience and necessity require what the evidence shows could be a useless, expensive project.[94]

The performance of a double-circuit 230 kV underground Surry-Skiffes Creek Line would be better than a single circuit because the line itself would no longer be overloaded upon installation. However, load flow studies show that a double-circuit 230 kV underground line would not address projected overloads on one transmission line and one transformer.[95] This double-circuit option, which, at $440 million, is estimated to cost $285 million more than the Proposed Project, would still require additional infrastructure projects (with additional costs and impacts) to address projected reliability violations that the Proposed Project addresses.[96] Even if a project including a double-circuit 230 kV underground line could be completed in time to address upcoming NERC reliability violations, the Commission finds that the significant reliability and cost disadvantages of such a project, among other detrimental considerations, outweigh the beneficial considerations from constructing a double-circuit transmission line under, rather than over, the James River. The evidence demonstrates that this type of project would not reasonably meet the identified reliability need.

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[85] Hearing Examiner's Report at 134-40.

[86] *See also* Ex. 102 (Thomassen rebuttal); Tr. 1678-80 (Harper); Ex. 83 (McCoy), Attached Exhibit WDM-1 at 6-7; Tr. 1137 (McCoy).

[87] Ex. 93 (Allen rebuttal) at 15.

[88] *See*, *e.g.*, Ex. 102 (Thomassen rebuttal).

[89] Staff's Post-Hearing Brief at 42.

[90] *See*, *e.g.*, Ex. 93 (Allen rebuttal) at 10; Tr. 1464-65 (Allen); Dominion's Comments on the Hearing Examiner's Report at 36-37.

[91] Dominion can request a one-year extension of this deadline from the DEQ and can request a second one-year extension, in the form of an enforcement Administrative Order, from the Environmental Protection Agency. *See*, *e.g.*, Hearing Examiner's Report at 154.

[92] *See*, *e.g.*, Ex. 91 at Rebuttal Schedule 5; Tr. 906-07 (Whittier) (testifying that overall the Company's construction costs are reasonable).

[93] *See*, *e.g.,* Tr. 1071-74 (Chiles); Ex. 90 at Rebuttal Schedule 4.

[94] Although this section of the Order discusses the total cost of projects or portions of projects, the record indicates that selecting a 230 kV project or the Chickahominy Alternative, rather than the 500 kV Proposed Project, would, under current federal regulation, increase the share of costs that PJM would assign to Virginia ratepayers. *See*, *e.g.*, Hearing Examiner's Report at 152; Staff's Post-Hearing Brief at 34-36; ODEC's Post-Hearing Brief at 8.

[95] *See*, *e.g.,* Tr. 1071-74 (Chiles); Ex. 90 at Rebuttal Schedule 4.

[96] Ex. 90 at Rebuttal Schedule 4; Tr. 906-07 (Whittier) (testifying that overall the Company's construction costs are reasonable).

There are similar problems with the underground variation put forth by James City County that would combine a single-circuit 230 kV underground crossing of the James River with a special protection scheme of some unspecific type, among other components of this variation. This James City County underground variation is estimated by Dominion to cost approximately $146 million more than the Proposed Project[97] while James City County estimates it would cost $69 million more.[98] A James City County witness testified that a special protection scheme could be used to address one projected overload;[99] however, Dominion identified several transformers overloading with this variation.[100] Additionally, PJM's Vice President of Transmission Planning testified that PJM only allows special protection schemes as a temporary measure in its region and that one type of special protection scheme, a system reconfiguration, may not even be effective in the North Hampton Roads Area.[101] By relying on a conceptual special protection scheme and underground construction that is likely to extend beyond projected reliability violations, the Commission finds that this more costly variation presents an unreasonable reliability risk to customers that, among other factors, outweighs the beneficial considerations. Based on the evidence, the Commission finds that this alternative would not reasonably meet the reliability need identified in this case.

Another James City County 230 kV underground variation relies on a device known as a phase angle regulator ("PAR"). This alternative – which Dominion estimates would cost approximately $142 million more than the Proposed Project[102] and James City County estimates would cost $37 million more[103] – was offered without an engineering study to evaluate its performance.[104] James City County testified that PARs are commonly installed and contended that a 230 kV project with a PAR could potentially work.[105] Dominion testified that this James City County alternative was electrically comparable to a project that PJM previously studied and found deficient[106] and testified further that using a PAR on a dynamic network system "would be at best . . . very problematic and potentially a detriment to reliability."[107] The Commission finds that, among other considerations, the reliability risk associated with this more costly underground alternative, which likely could not be constructed in time to address upcoming projected reliability violations and has been offered without study, outweighs the benefits associated with this option. Based on the evidence, the Commission finds that this alternative would not reasonably meet the reliability need identified in this case.

Although Dominion has not requested that the Proposed Project or any alternative thereof be included in the underground pilot program established by HB 1319, the Commission has nonetheless reviewed the criteria for potential inclusion in this program. Because, as discussed above, the Proposed Project and alternatives thereof are not viable for underground construction, none of the projects evaluated in this proceeding qualify for inclusion in the underground pilot program.[108]

230 kV Transmission Overhead Alternatives

James City County proposed two overhead 230 kV alternatives that include, among other components, river crossings near the James River Tower Bridge. Such projects would shift the environmental impacts associated with a river crossing downriver from where the Proposed Project is proposed to cross. Substantially different areas would be impacted by such projects.

The first such alternative, identified as Alternative C, was proposed in prefiled testimony. This alternative was ultimately abandoned by James City County after modeling studies indicated that it would not work electrically.[109] The record supports this conclusion and therefore Alternative C warrants no further consideration in this proceeding.[110]

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[97] Ex. 95.

[98] Tr. 922 (Whittier).

[99] Tr. 937 (Whittier).

[100] Tr. 1298, 1303 (Nedwick).

[101] Tr. 1387-88 (Herling).

[102] Ex. 95.

[103] Ex. 69.

[104] Tr. 987 (Whittier).

[105] *See*, *e.g.*, Tr. 925 (Whittier); James City County's and Save the James's Joint Comments on Hearing Examiner's Report at 19-20.

[106] Tr. 1300, 1346 (Nedwick) ("[T]he analysis that was done for the LS Power proposal that the PAR was never able to have a setting capable of preventing itself from overloading and at the same time it was causing other devices to overload."). *See also* Ex. 92 (Herling rebuttal) at 20 ("For the Yorktown Unit 2 sensitivity, the 230 kV Surry-Skiffes Creek line and PAR is not a workable solution. There is no one setting that would allow the 230 kV line to operate without resulting in Reliability Violations on some other circuit.").

[107] Tr. 1346-47 (Nedwick). *See also* Ex. 92 (Herling rebuttal) at 20 ("Operationally, the 230 kV Surry-Skiffes Creek line and PAR, whether underground or overhead, is a challenging solution….").

[108] We therefore need not reach issues concerning the pilot program's other statutory criteria, including the cost criteria which Dominion asserts the underground alternatives also fail. *See, e.g.*, Ex. 93 (Allen rebuttal) at 19-20; Tr. 1454-55 (Allen).

[109] Tr. 939 (Whittier).

[110] *See*, *e.g.*, Ex. 90.

The second proposed alternative with a downriver, overhead crossing of the James River was offered through oral testimony as a variation to the abandoned Alternative C ("Variation to Alternative C"). The primary components of Variation to Alternative C include a new transformer, rebuilding an existing transmission line, and constructing a new 230 kV transmission line between Dominion's existing Chuckatuck[111] and Whealton substations, which would require an overhead crossing of the James River.[112] James City County testified that its Variation to Alternative C did not address an overload on one transmission line[113] while Dominion testified that this alternative also produced multiple transformer overloads and "troubling" effects on the operations of the Surry Nuclear Power Station.[114]

In proposing Variation to Alternative C as an overhead project, James City County acknowledged that a portion of a new Chuckatuck to Whealton line might need to be undergrounded if the existing right-of-way is constrained.[115] The evidence in this case confirms this is a very constrained right-of-way, particularly in Newport News (*i.e.*, between the James River and the Whealton substation).[116] As with other alternatives discussed above, this project presents unreasonable reliability risks. Even if it could be constructed in a timely and safe fashion, Variation to Alternative C would leave unaddressed certain projected reliability violations. Additionally, the underground construction required in a populated area of Newport News for this alternative makes it highly unlikely that such a complex project could be constructed in time to address projected reliability violations. The Commission also recognizes that underground construction would cost ratepayers more.[117]

The significant reliability risk associated with Variation to Alternative C is comparable to many of the 230 kV alternatives with underground crossings of the James River. Although James City County estimates the cost of Variation to Alternative C to be closer to the Proposed Project than those other alternatives, so too are the environmental impacts. This is because Variation to Alternative C involves, among other things, both an overhead crossing of the James River and a lengthy underground construction project.

The Commission finds that, among other considerations, the significant reliability risks associated with Variation to Alternative C and the costs associated therewith outweigh the benefits from constructing this alternative instead of the Proposed Project. Based on the evidence, the Commission finds that this alternative would not reasonably meet the reliability need identified in this case.

In comments on the Hearing Examiner's Report, James City County and Save the James indicated that that James City County "was able to resolve many, but not all, NERC violation [sic]" with its variations, and that those variations "would work" with "more time and effort."[118] Such an assertion fails to appropriately recognize the considerable volume, quality, and weight of the engineering analysis of alternative projects included in the record. Indeed, the Hearing Examiner even directed Dominion to conduct and file load flow modeling analysis of a James City County variation,[119] which the County ultimately abandoned.[120] Additionally, the Commission concludes, based on the record, that maintaining reliability of the grid used to support electric service in the North Hampton Roads Area and complying with federal environmental regulations do not allow more time for studying hypothetical options. Significant projected reliability violations resulting from known environmental regulations require construction to commence as soon as possible.

Dominion's Application also identifies double-circuit overhead 230 kV variations of the Proposed Project and the Chickahominy Alternative Project. More specifically, the Application identifies, as one alternative, construction of the Proposed Project with a double-circuit 230 kV (instead of single-circuit 500 kV) Surry-Skiffes Creek Line and, as a second alternative, construction of the Chickahominy Alternative Project with a double-circuit 230 kV (instead of single-circuit 500 kV) Chickahominy-Skiffes Creek Line. Although the option was approximately $23 million less than the Proposed Project, Dominion rejected the 230 kV double-circuit Surry-Skiffes Creek Line because, among other things, it: (1) would not resolve all of the identified NERC criteria violations; (2) would require taller structures than a single-circuit 500 kV line; and (3) would limit potential future extensions of Dominion's transmission system to the south of the Surry Nuclear Power Station.[121] Dominion rejected the double-circuit 230 kV Chickahominy-Skiffes Creek line because it failed to address identified reliability criteria violations and would cost approximately $36 million more than the Proposed Project.[122] Based on the record, the Commission finds that these two alternatives, which no case participant supported, were reasonably rejected.

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[111] The Chuckatuck substation is located in Isle of Wight County. Ex. 119; Tr. 1681 (Harper).

[112] Ex. 71.

[113] Tr. 941-45 (Whittier).

[114] Tr. 1303-04 (Nedwick).

[115] *See*, *e.g.*, Tr. 995 (Whittier).

[116] Tr. 1680-85 (Harper); Ex. 119.

[117] Ex. 96. These estimates do not include any costs associated with addressing remaining reliability violations or operational problems resulting from Variation to Alternative C.

[118] James City County's and Save the James's Joint Comments on Hearing Examiner's Report at 19-20. James City County indicates that Dominion notified it of the Chickahominy Alternative Project and the Proposed Project in January and March of 2012, respectively. *Id.* at 28; Ex. 50 (Reidenbach) at 13.

[119] *See*, *e.g.*, January 30, 2013 Hearing Examiner's Ruling at 2 (directing Dominion to model James City County's "Alternative C").

[120] Tr. 939 (Whittier).

[121] *See*, *e.g.*, Ex. 23 (Application), Attached Appendix at 55-56.

[122] *See*, *e.g.*, Ex. 23 (Application), Attached Appendix at 56-57.

Because the evidence demonstrates that oncoming reliability violations cannot be reasonably addressed by generation alternatives (alone or in combination with transmission alternatives), demand side management alternatives, or lower voltage transmission (underground or overhead), we turn next to the 500 kV Proposed Project and the 500 kV Chickahominy Alternative Project.

500 kV Transmission Alternatives

Comparing the two electrically equivalent 500 kV projects proposed by Dominion, the Commission agrees with the Hearing Examiner that "the [Chickahominy Alternative Project] has a higher cost than the Proposed Project and will have a greater impact on scenic assets, historic districts and the environment."[123] Many public witnesses and case participants – including Dominion, the Ledbetters, Lennar, Charles City County, and Staff – introduced a considerable amount of comparative data, pictures, and other testimony that makes clear the comparative benefits of the Proposed Project.[124] The record does not support approval of the Chickahominy Alternative Project instead of the Proposed Project.

Because these two projects share many common components, their relative advantages and disadvantages stem from their use of different 500 kV lines: the approximately 8.0 mile-long Surry-Skiffes Creek Line of the Proposed Project and the approximately 37.9 mile-long Chickahominy-Skiffes Creek Line of the Chickahominy Alternative Project. The much shorter Surry-Skiffes Creek Line is estimated to cost approximately $58 million less than the Chickahominy-Skiffes Creek Line.[125]

Based on information identifying certain environmental impacts that the Commission regularly assesses as part of our overall evaluation of transmission project impacts, the impacts associated with the Chickahominy Alternative Project were, almost across the board, numerically greater than for the Proposed Project.[126] For example, the Surry-Skiffes Creek Line of the Proposed Project passes within 500 feet of approximately 160 residences, while the Chickahominy-Skiffes Creek Line counts 1,129 residences within 500 feet of its route.[127]

The difference between the overall environmental impacts of these two projects only grows when one looks beyond the numbers for the few impacts that appear to weigh in favor of the Chickahominy Alternative Project. For example, variations of the James River crossing of the Proposed Project would involve a longer crossing of surface waters than the Chickahominy River crossing for the Chickahominy Alternative Project. Looking only at this statistic, one might conclude that a James River crossing would be more visually impacting than the Chickahominy River crossing. One might further conclude that, since both lines would cross the Captain John Smith National Historic Water Trail, the longer crossing of the James River would be a greater impact to a historic resource than the shorter crossing of the Chickahominy. But persuasive evidence supports a contrary finding. Namely, one of the experts retained by Staff' highlighted (and other evidence supported) a stark difference between impacts already existing on the relevant portions of the James River but absent from those portions of the Chickahominy River. Staff testified that "there really is no comparison" between the two crossings because the Chickahominy route would traverse a pristine area of the Captain John Smith National Historic Water Trail.[128]

In contrast, the James River route is already heavily impacted by more modern developments.[129] Such developments include the Surry Nuclear Power Plant, Kingsmill (including its marina), water towers, the Ghost Fleet,[130] and tall theme park rides – all of which are visible from this portion of the James River.[131]

The environmental impact of the Proposed Project is discussed in greater detail below in our evaluation of the Proposed Project under applicable law. In this regard, James City County and Save the James argue that even if need is established, the statute requires the Proposed Project to be denied if there is not a route that satisfies the environmental standards in the Code.[132] As discussed below, however, we have found based on the evidence in this case that the Proposed Project and the route approved herein meet the statutory environmental standards.

THE PROPOSED PROJECT

Need

The Proposed Project addresses significant near-term system needs in the North Hampton Roads Area while also addressing the area's longer-term needs.

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[123] Hearing Examiner's Report at 175.

[124] *See*, *e.g.*, Ledbetters' Post-Hearing Brief; Lennar's Post-Hearing Brief at 3-8; Staff's Post-Hearing Brief at 27-36.

[125] *See*, *e.g.*, Ex. 116 (Swanson rebuttal) at Rebuttal Schedule 1.

[126] *See*, *e.g.*, Hearing Examiner's Report at 142; Ex. 23; Ex. 29; Tr. 499 (Lake); Ex. 50 (Reidenbach) at 13-16.

[127] *Id.*; Ex. 83 (McCoy), Attached Exhibit WDM-1 at 23-24.

[128] Tr. 1160-61 (McCoy). *See also* Ex. 63 (Street) at 9-11; Ex. 21 (Ledbetter).

[129] *See*, *e.g.*, Tr. 835-41 (Street).

[130] The Ghost Fleet is "a collection of retired naval vessels that are temporarily anchored offshore from Fort Eustis." Ex. 37 (Harper direct) at 14. *See also* Tr. 817 (Street).

[131] *See*, *e.g.*, Tr. 1136-37 (McCoy); Ex. 100; Ex. 118 (Harper rebuttal) at Rebuttal Schedules 1, 2.

[132] *See*, *e.g.*, James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 10-18.

As discussed above, the extensive load flow modeling results and analysis in this case demonstrate a significant system need projected to arise as early as 2015 and that the Proposed Project, unlike other potential alternatives, will address that need.[133] Upcoming reliability violations have been projected under a variety of reasonable future scenarios that have been updated and expanded during the course of this case. The evidence in this case establishes that federal environmental regulation will soon affect the operation of generating facilities needed to maintain reliable electric service in the North Hampton Roads Area, but that the Proposed Project will complement existing infrastructure to maintain system reliability when these generation facilities are retired or significantly restricted.

Our approval herein is not a matter of "bigger is better;"[134] rather, we approve the Proposed Project because the evidence demonstrates that it is of the appropriate size, location, and design to address the significant reliability risks in the North Hampton Roads Area, and ensure the continued delivery of critically needed electric service to the hundreds of thousands of people in this region of Virginia. The evidence demonstrates that the public convenience and necessity require all components of the Proposed Project – including the 500 kV Surry-Skiffes Creek Line, the 230 kV Skiffes Creek-Whealton Line, and the Skiffes Creek Switching Station, which is a critical part of both these lines – to ensure reliability in the Commonwealth.

Because the Proposed Project is needed to address significant near-term reliability violations, our approval herein is based significantly on that urgent need. In addition to this urgent need, the Commission finds that the Proposed Project addresses longer-term system needs fundamental to ensuring reliability further into the future. Namely, the Proposed Project addresses reliability violations projected as early as 2019 due solely to continued load growth in the North Hampton Roads Area (*i.e.*, without consideration of upcoming generation retirements). Furthermore, the Commission agrees with the Hearing Examiner that an additional benefit of the Proposed Project is that it lowers the possibility "that this or nearby areas will be impacted by the need for additional transmission or generation."[135]

Scenic Assets, Historic Districts and Resources, and the Environment

The Commission recognizes the environmental impact that the Proposed Project will have on the Counties of James City, Surry, and York and the Cities of Newport News and Hampton. However, the Commission finds, based on the record, that the routes chosen for the Surry-Skiffes Creek Line and the Skiffes Creek-Whealton Line, and the use of an existing transmission corridor for the Skiffes Creek Switching Station, reasonably minimize adverse impact on the scenic assets, historic districts and resources, and environment in the area of the Proposed Project. Additionally, we adopt the DEQ recommendations identified below as conditions to our approval that we find, based on the record, are desirable or necessary to minimize adverse environmental impact.

The Proposed Project's more significant impacts to scenic assets, historic districts and resources, and the environment are associated with the 500 kV Surry-Skiffes Creek Line and specifically the portion of the line that crosses the James River. The Proposed Project will require the installation of towers and lines across the James River, but will do so in a part of the James River where the Commission finds that impacts to scenic assets, historic districts and resources, and the environment will be reasonable. The 3,000 mile-long Captain John Smith National Historic Trail, which includes the James River, possesses areas that are significantly developed.[136] As previously noted, visible already from the part of the James River where the Proposed Project would cross are, among other things, the Surry Nuclear Power Station, a resort community with a marina and riverfront golf, the Ghost Fleet, theme park rides, water towers, and a sewage treatment plant.[137] Multiple military installations and several industrial properties, including the BASF property, also are adjacent to this part of the James River.[138]

The record further suggests that development along this portion of the James River has not concluded. BASF has detailed its interest and efforts to redevelop its shoreline property.[139] A James City County witness testified that the BASF property: (1) "represents one of the largest contiguous parcels of land identified for development in the County and its sole option for a deep-water port;" (2) is located in a place that "makes this an attractive area for a number of potential development opportunities;" and (3) is located "within both the County's designated Enterprise and Tourism Zones, which makes future development potentially eligible for certain financial incentives from both the County and the Commonwealth."[140] Looking beyond the BASF property, James City County's witnesses testified that investment in a major conference and recreational center is being made in the area of the James River crossing, and the comprehensive local plan introduced by the County outlines a vision for future development.[141] Although the Commission does not speculate about the extent to which any future development in this area might further impact the James River, the record demonstrates that this portion of the James River mixes progress with history.

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[133] We agree with the Hearing Examiner that the record supports the continued use of Dominion's planning criteria, which has been accepted by this Commission for many years and in many cases, as well as by the Federal Energy Regulatory Commission and NERC. Hearing Examiner's Report at 129-31.

[134] James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 21.

[135] Hearing Examiner's Report at 157.

[136] Tr. 831-32 (Street).

[137] Tr. 1169-70 (McCoy); Ex. 83 (McCoy), Attached Exhibit WDM-1 at 18-20; Ex. 118 (Harper rebuttal) at Rebuttal Schedule 1; Tr. 587, 607 (Reidenbach); Ex. 100.

[138] Ex. 118 (Harper rebuttal) at Rebuttal Schedule 1; Tr. 591 (Reidenbach); Tr. 779 (Henderson).

[139] *See*, *e.g.*, Ex. 46 (Waltz); Ex. 60 (Henderson); Ex. 62 (Romeo).

[140] Ex. 56 (Middaugh) at 8-9.

[141] *Id.* at 8; Ex. 50 (Reidenbach), Attached 2009 Plan at 113, 115, 126.

The Historic Triangle offers some of the Commonwealth's and our nation's foremost historic resources.[142] But the documented trove of rich historic resources within the Historic Triangle underscores how the route of the Proposed Project reasonably minimizes adverse impacts to the environment. The Proposed Project is proposed for construction along a route where it will avoid impacting most of the historic resources contained in the Historic Triangle.

Additionally, the record does not support James City County's assertions about the significance of impacts to identified historic resources, scenic assets, and the environment in the area of the Proposed Project. The evidence in this case included, among other things, detailed testimony by experts in photographic simulations and many photographs containing simulated facilities, provided by both Dominion and James City County. Based on a review of the evidence, the Commission agrees with the Hearing Examiner's conclusions that: (1) "the Proposed Project will have a limited visual impact on one section of the Colonial Parkway and a very limited impact on a small portion of Jamestown Island;"[143] (2) "From most of the Colonial Parkway, and the areas of Jamestown Island that are the focus of most public interest, such as the visitor's center, fort, settlement, and archeological digs, the Proposed Project will not be seen;"[144] (3) "Where the Proposed Project is visible from the Colonial Parkway or Jamestown Island, because . . . the Proposed Project will be more than four to six miles distant, the Proposed Project should blend with the other modern intrusions on the viewshed;"[145] (4) "the Proposed Project will not alter the nature of this section of the James River;"[146] and (5) "The Proposed Project will have a significant visual impact on the view from Carter's Grove, and will impact the view from Kingsmill Resort and Golf Club."[147]

The Commission has also considered Code § 10.1-419, which, among other things, defines a portion of the James River as a "Historic River." The Surry-Skiffes Creek Line of the Proposed Project straddles the downriver boundary of the Historic River defined by this statute. As the Surry-Skiffes Creek Line leaves the Surry Nuclear Power Station property, the Proposed Project begins within the Historic River, then crosses over to a part of the James River that is not so designated by the statute before arriving onshore in James City County.[148] The record supports the Hearing Examiner's finding that "the Surry-Skiffes Creek Line would not change the character of the James River where it crosses the portion of the James River designated by § 10.1-419 as an 'Historic River.'"[149] Even ignoring the other industrial, commercial, and military sites in this part of the James River, the area where the Surry-Skiffes Creek Line would fall within the "Historic River" designation is an extension of existing electric infrastructure and operations at the Surry Nuclear Power Station, which contains significant electric transmission infrastructure and electric generation dependent on, among other things, water from the James River.

The Commission further agrees with the Hearing Examiner that "the portion of the Surry-Skiffes Creek Line crossing through the portion of the James River designated by § 10.1-419 as an 'Historic River' will be the least visually impacting portion of the James River crossing of the Surry-Skiffes Creek Line."[150] The evidence shows that Hog Island will offer partial screening of this portion of the Surry-Skiffes Creek Line when viewed from the "Historic River" and upriver historic resources.[151] We also note that numerous potential alternative solutions have been evaluated in this proceeding, as contemplated by § 10.1-419.

Based on the evidence of environmental impacts in this case – including, but not limited to, impacts to the James River, Carter's Grove and other historic resources and scenic assets, and to Kingsmill – the Commission finds that the Surry-Skiffes Creek Line route reasonably minimizes adverse environmental impacts.

The Commission similarly finds that the Skiffes Creek-Whealton Line route reasonably minimizes adverse impacts to scenic assets, historic districts and resources, and the environment. This line will be constructed entirely in an existing right-of-way already occupied by transmission lines.[152] As such, the adverse impacts associated with the Skiffes Creek-Whealton Line route are minimal.

Using the Skiffes Creek Switching Station as part of the Surry-Skiffes Creek Line and the Skiffes Creek-Whealton Line will also reasonably minimize adverse impacts to scenic assets, historic districts and resources, and the environment. This site is located near, among other things, Route 143,

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[142] *See, e.g.*, Ex. 67 (Kelso); Ex. 76 (Chappell); Tr. 1035-37 (Campbell).

[143] Hearing Examiner's Report at 140. *See*, *e.g.*, Ex. 23 (Application), Attached Appendix C at 19, 43; Ex. 83 (McCoy), Attached Exhibit WDM-1 at 19, 31; Ex. 84 (Westergard); Ex. 85.

[144] Hearing Examiner's Report at 140. *See*, *e.g.*, Ex. 124 (Lake rebuttal) at 9; Ex. 83 (McCoy), Attached Exhibit WDM-1 at 18-19, 31.

[145] Hearing Examiner's Report at 140. *See*, *e.g.*, Ex. 23 (Application), Attached Appendix C at 19, 43; Ex. 83 (McCoy), Attached Exhibit WDM-1 at 19, 31; Ex. 84 and 85 (Westergard).

[146] Hearing Examiner's Report at 140. *See*, *e.g.*, Ex. 48 (Burrows) at Figure VCB-1; Ex. 60 (Henderson) at TCH-2; Ex. 118 (Harper rebuttal) at Rebuttal Schedule 1; Tr. 591 (Reidenbach); Tr. 779 (Henderson).

[147] Hearing Examiner's Report at 140. *See*, *e.g.*, Ex. 83 (McCoy), Attached Exhibit WDM-1 at 19-20; Ex. 125; Ex. 23 (Application), Attached Appendix G.

[148] Tr. 853-56 (Street); Ex. 66.

[149] Hearing Examiner's Report at 139.

[150] *Id.* at 139-40.

[151] *See*, *e.g.*, Ex. 66.

[152] *See*, *e.g.*, Ex. 37 (Harper direct) at 3-5.

Interstate 64, a jail, a detention center, and the Yorktown Naval Weapons Station.[153] Additionally, the Skiffes Creek Switching Station will be constructed on property owned by Dominion that already serves as a significant transmission corridor for the North Hampton Roads Area.[154]

Economic Development

The Commission must consider a diverse and broad range of economic development interests presented by the Application. By statute, we must consider "economic development within the Commonwealth."[155] Therefore the Commission's consideration of economic development in this proceeding includes, but is not limited to, the two counties (James City and Charles City) that participated as parties.

As discussed above, the need demonstrated in this proceeding is for significant additional facilities to maintain reliable electric service across a substantial portion of the Commonwealth. Customers in these counties and cities include citizens, schools, local governments, and businesses that depend on reliable power for a variety of needs. This area of the Commonwealth also includes a considerable military presence that provides security for our country and jobs in the Commonwealth.

In James City County, the record includes, among other things, evidence of: (1) development of the tourism sector through, among other things, long-standing preservation efforts and more recent efforts to obtain World Heritage status designation of the Historic Triangle;[156] (2) plans by BASF for the sale and development of its property where Dominion proposes to bring the Surry-Skiffes Creek Line onshore in James City County;[157] (3) plans for a major conference center and recreational center in the immediate area of the vicinity of the Proposed Project;[158] (4) shipping traffic through the portion of the James River where the Surry-Skiffes Creek line would cross and which Dominion proposes to accommodate through tower placement and height;[159] and (5) military air traffic in the vicinity of the Surry-Skiffes Creek Line, which Dominion has accommodated through tower location.[160]

The Commission finds that the Proposed Project will support economic development in the Commonwealth by cost-effectively maintaining system reliability in a large part of the Commonwealth and adequately increasing transmission capacity. Given these benefits and the modern development existing along the route of the Proposed Project, the Commission cannot conclude that tourism in the Historic Triangle or economic development in the Commonwealth will be negatively impacted by the Proposed Project.

However, as discussed below, the Commission finds that economic development efforts regarding the BASF property, in combination with environmental considerations and consideration of James City County's comprehensive plan, support our approval of the James River crossing known as Variation 4.

Comprehensive Plan

The Commission has considered the evidence received on James City County's 2009 comprehensive plan, which was introduced into the record ("2009 Plan").[161] With respect to its 2009 Plan, James City County's witness testified that "any of the routings presented by Dominion have an adverse impact on James City County" and the "proposed locations are generally not consistent with the Comprehensive Plan Land Use Designations or adopted Goals, Strategies and Actions particularly in the Land Use, Community Character, Economic Development and Environmental sections."[162]

The 2009 Plan also identifies the area around the BASF property as one with further development potential. The 2009 Plan, among other things, identifies that: (1) "[o]pportunities for redevelopment exist throughout the County, from the BASF property and the nearby borrow pits in Grove. . . . ;"[163] (2) "The former BASF site . . . was served by barge on the Wood Creek side until the 1980s. Both Wood Creek and Skiffe's Creek offer opportunity for

[153] *See*, *e.g.*, Ex. 118 (Harper rebuttal) at Rebuttal Schedules 1, 2; Ex. 60 (Henderson), Attached Exhibit TCH-10.

[154] *See*, *e.g.,* Ex. 118 (Harper rebuttal) at Rebuttal Schedule 6; Ex. 23 (Application), Attached Appendix at 117.

[155] Va. Code § 56-46.1 A.

[156] *See*, *e.g.,* Ex. 77 (Campbell); Ex. 67 (Kelso); Ex. 76 (Chappell); Ex. 78 (Schreiber).

[157] *See, e.g.*, Ex. 46 (Waltz); Ex. 60 (Henderson); Ex. 50 (Reidenbach) at 10; Tr. 590 (Reidenbach). The BASF property is currently zoned industrial and is under environmental remediation resulting from past industrial activities. Ex. 46 (Waltz); Ex. 48 (Burrows).

[158] Ex. 56 (Middaugh) at 8.

[159] Ex. 83 (McCoy) at 5 ("Because of ship traffic, four of the towers would be almost 300 feet in height."). Ex. 37 (Harper direct) at 13-14; Ex. 118 (Harper rebuttal) at Rebuttal Schedules 1, 2.

[160] Ex. 38 (Harper supplemental direct).

[161] We have also considered the testimony of Charles City County regarding its comprehensive plan and potential impacts of the Chickahominy Alternative Project on, among other things, the Chickahominy Indian Tribe's annual Pow-Wow event. Ex. 20 (Rowe) at 2-4.

[162] Ex. 50 (Reidenbach) at 16.

[163] *Id.*, Attached 2009 Plan at 126.

barge access. The James River provides direct access to the Port of Virginia, the busiest ice-free harbor (by tonnage) in the world. . . . ;"[164] and (3) a four-lane roadway project is "necessary to promote future industrial development in the Skiffe's Creek industrial area and to meet local traffic needs."[165]

Finally, the Commission does not find that James City County has provided, pursuant to Code § 56-46.1 B, adequate evidence that existing planned corridors or routes designated in its 2009 Plan can adequately serve the needs identified by the record. To the contrary, James City County has advocated for potential underground alternatives and potential alternatives outside of James City County that would, if pursued instead of the Proposed Project, compromise reliable electric service for Dominion's customers in the North Hampton Roads Area.

Variation 4

Dominion and BASF identified several potential approaches to crossing the James River from the Surry Nuclear Power Station property, most with only slight variations in tower alignment. After some of these variations proved unworkable,[166] parties focused on three potential approaches to crossing the James River: Variations 1, 3, and 4.[167]

Dominion supports Variation 1, which would come onshore in the middle of the BASF property. Dominion contends, and the Hearing Examiner agrees, that Variation 1 would have a lesser visual impact on Carter's Grove, the Colonial Parkway, and Black's Point than would Variations 3 or 4.[168] Additionally, Dominion contends that it is "uncertain whether it will be able to obtain the entire right-of-way necessary for the Variation 3 or 4 routes as the Company cannot exercise the power of eminent domain over a portion of the property owned by the [James City County Economic Development Authority ("EDA")]."[169]

In contrast, BASF asserts that its "main purpose for participating in this case is to make sure the Commission understands how important it is that, if a transmission line is going to be constructed on BASF's property, it needs to go on the Variation 3-4 route on the north side of the property…."[170] BASF's preference for Variation 3 or 4 is based in part on economic development efforts regarding its property, as discussed above. BASF's preference is also based on its active onsite environmental remediation through the execution of an environmental plan that was approved and is overseen by the DEQ.[171] BASF raised concerns about the ability to implement onsite remediation in the manner currently approved by DEQ if Variation 1 is constructed.[172]

The Commission agrees with the Hearing Examiner's analysis of the various James River crossing variations, including their relative impacts to the environment, scenic assets, and historic resources.[173] Among the record evidence that has been evaluated, the environmental and economic development considerations in particular favor Variation 4, rather than Variation 1 or 3.[174] Accordingly, the Proposed Project with Variation 4 is approved herein.

The Hearing Examiner recommended approval of Variation 4 on the "condition that the [EDA] and [Dominion] conclude a right-of-way agreement within three weeks of the Commission's final order. If such an agreement is not concluded three weeks from the Commission's final order, then the route crossing the James River should be James River Crossing Variation 1."[175] Dominion took exception to this recommendation and asserted that Variation 1 should be approved unconditionally, while James City County, Save the James, and BASF also took exception to conditional approval.[176]

The Commission agrees with James City County and BASF that conditional approval of Variation 4 is not appropriate at this time. James City County's economic development director testified that the EDA was committed to negotiating an easement with Dominion to the extent such an agreement is necessary for the more northern crossing in James City County for Variation 3, which is identical to that of Variation 4.[177] Although Dominion and the EDA

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[164] *Id.*, Attached 2009 Plan at 113.

[165] *Id.*, Attached 2009 Plan at 115. *See also* Ex. 60 (Henderson) at 7, Attached Exhibit TCH-10; Tr. 778-80, 796 (Henderson) (identifying an approved highway interchange in the vicinity of Skiffes Creek and the BASF property).

[166] *See*, *e.g.*, Ex. 38 (Harper supplemental direct) (amending Dominion's recommended tower alignment across the James River as a result of consultation with officials from the United States Department of Defense).

[167] *See*, *e.g.*, Ex. 66; Ex. 97.

[168] *See*, *e.g.*, Dominion's Comments on the Hearing Examiner's Report at 52-54; Hearing Examiner's Report at 170.

[169] *See, e.g.,* Dominion's Comments on the Hearing Examiner's Report at 54.

[170] BASF's Comments on the Hearing Examiner's Report at 2.

[171] *See*, *e.g.*, Ex. 48 (Burrows).

[172] *Id.*; Tr. 549-84 (Burrows); Ex. 127 (Taylor rebuttal).

[173] Hearing Examiner's Report at 164-72.

[174] *See*, *e.g.*, Tr. 661-85 (Seymour); Tr. 590 (Reidenbach); Ex. 48 (Burrows); Tr. 549-84 (Burrows).

[175] Hearing Examiner's Report at 175-76.

[176] *See, e.g.,* Dominion's Comments on Hearing Examiner's Report at 42-55; James City County's and Save the James's Joint Comments on Hearing Examiner's Report at 23-26; BASF's Comments on Hearing Examiner's Report at 1-26.

[177] Tr. 661-85 (Seymour); Ex. 97.

had not yet executed such an agreement when the record closed in this proceeding,[178] the Commission fully expects that the EDA, Dominion, and any other necessary parties to such an agreement will continue negotiating in good faith to complete any right-of-way agreement necessary for Variation 4.

Department of Environmental Quality and BASF Property Conditions

The Commission finds it necessary and desirable to condition the approval herein on the conditions contained in the Summary of General Recommendations of the DEQ Report, with two exceptions. First, with respect to coordination with the Department of Forestry, it is appropriate that our Order should not foreclose the Company's ability to negotiate and potentially avoid mitigation for loss of forest land.[179] Second, it is appropriate for Dominion to continue to coordinate with the Federal Aviation Administration and the Virginia Department of Aviation to prevent potential hazards to aviation.[180] Should expansion at the Newport News-Williamsburg Airport develop in the future such that Dominion's continuing use of its existing right-of-way proposed for the Skiffes Creek-Whealton Line becomes an impediment, such a scenario would involve issues broader than this proceeding, as Dominion's existing right-of-way already includes several other transmission lines.

The Commission also finds it necessary and desirable to condition the approval herein on additional conditions recommended by the Hearing Examiner, which are identified above as conditions 13, 14, 15, and 16.[181] These conditions, which are approved for application to the BASF property, are reasonable.

Existing Rights-of-Way

Most of the Proposed Project would be constructed on existing rights-of-way.[182] The 20.2 mile-long Skiffes Creek-Whealton Line will be constructed entirely in an existing right-of-way.[183] Additionally, the much shorter Surry-Skiffes Creek Line begins within Dominion's Surry Nuclear Power Station property and the James City County portion of the line was designed to be collocated, to the extent practicable, with existing 115 kV facilities.[184] The Skiffes Creek Switching Station would use property through which several transmission lines currently cross, resulting in an expansion of an existing transmission corridor onto property already owned by Dominion.[185]

Dominion appropriately considered and rejected – or, in the case of the Chickahominy Alternative Project, proposed as an alternative to the Proposed Project – projects that would have made additional use of other existing rights-of-way. The evidence in this case was overwhelming that such projects produced far greater environmental impacts or could not adequately serve the needs of Dominion's customers. The evidence does not indicate that the public interest would be served by approving alternative routes making greater use of existing rights-of-way.

Health and Safety

The Commission finds that the Proposed Project does not represent a hazard to human **health or safety.** The Proposed Project will be installed using well-established methods for transmission line construction. Concerns regarding airspace and water navigation have been addressed by, among other things, tower alignment and coordination with appropriate governmental agencies. Additionally, the evidence in this case regarding electromagnetic fields does not support a finding that the Proposed Project represents a public **health or safety** hazard.[186]

Skiffes Creek Switching Station

Dominion requests a Commission determination, based on the facts and circumstances of this case, that the Skiffes Creek Switching Station constitutes a "transmission line" for purposes of Code § 56-46.1 F, which provides that "[a]pproval of a transmission line pursuant to this section shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line." Although the Hearing Examiner found that the Commission has discretion to either address this issue or leave it for a circuit court to decide, the Hearing Examiner's Report includes substantial analysis of this issue,[187] which parties had addressed through evidence and in their pleadings.

Dominion asserts that the term "transmission line," which is undefined by the Code, is subject to statutory interpretation and that the Commission is the proper forum for such interpretation.[188] In support of its request, Dominion asserts, among other things, that: (1) the Skiffes Creek Switching Station

[178] Ex. 134.

[179] Ex. 118 (Harper rebuttal) at 4.

[180] *Id.* at 4-5.

[181] As shown and noted above, this Order renumbers the conditions contained in the "Findings and Recommendations" section of the Hearing Examiner's Report and includes one condition that appears to have been inadvertently omitted therefrom.

[182] See, e.g., Ex. 23 (Application), Attached Appendix at 125-32.

[183] *See*, *e.g.*, Ex. 37 (Harper direct) at 3-5.

[184] *Id.* at 5, 20, 22-23; Ex. 124 (Lake rebuttal) at 15-20.

[185] *See*, *e.g.*, Ex. 118 (Harper rebuttal) at Rebuttal Schedule 6.

[186] *See*, *e.g.*, Ex. 14 (Erdreich rebuttal); Ex. 17 (Ledbetter) at 6-8.

[187] Hearing Examiner's Report at 157-64, 175.

[188] *See, e.g.,* Dominion's Comments on the Hearing Examiner's Report at 28-31.

is "[p]hysically and operationally . . . an inseparable part of the proposed 500 kV and 230 kV lines;"[189] (2) NERC's definition of "transmission line" includes the Skiffes Creek Switching Station;[190] and (3) engineering witness testimony supports a finding that the term "transmission line" can include the Skiffes Creek Switching Station.[191] Dominion also asserts that requesting approval of a special use permit from James City County for the Skiffes Creek Switching Station would be "futile" as evidenced by testimony of the County's witnesses and statements of counsel in this proceeding.[192]

James City County and Save the James argue that Dominion's requested ruling presents an issue of pure statutory interpretation regarding zoning authority, which they contend is a matter of judicial prerogative.[193] To that end, James City County and Save the James advise that James City County filed, shortly before briefs were submitted in our proceeding, a petition for declaratory judgment and injunctive relief in circuit court and that the circuit court petition seeks an interpretation of Code § 56-46.1.[194]

James City County and Save the James nonetheless argue, in this Commission proceeding, against Dominion's request. They assert, among other things, that: (1) Dominion seeks a statutory interpretation that violates the plain meaning of Code § 56-46.1 because the terms "electrical utility facilities" and "electric transmission line" in Sections (A) and (B) of the statute, respectively, must be separate and distinct;[195] (2) "Dominion is unable to prove that James City County's zoning authority is expressly and clearly preempted for approval of a switching station;"[196] (3) James City County's and Save the James's interpretation of "transmission line" is consistent with a Webster's Dictionary definition[197] and Dominion's use of different terminology in its Application;[198] and (4) engineering witness testimony supports a finding that the term "transmission line" cannot include the Skiffes Creek Switching Station.[199]

James City County and Save the James further assert that Dominion "pre-judg[es] the results of a legislative [county zoning] process which has not yet begun, and presum[es] it to be unreasonable against the presumption to be afforded legislative discretion."[200] However, James City County and Save the James also advise us that: (1) during the pendency of this case, James City County's zoning administrator issued a zoning determination; and (2) "neither the court nor this Commission has jurisdiction to allow a collateral attack on the Zoning Administrator's determination."[201]

Lennar asserts, among other things, that: (1) "when a transmission line has a switching station as an 'inseparable' … part, the switching station must also enjoy preemption;"[202] and (2) "[i]t is imperative that the Commission understand that its failure to find and order that the [Skiffes] Creek Switching Station is part of the Surry-[Skiffes] Creek transmission line could cause the Proposed Project not to be built or its construction delayed until after legislative relief might be secured."[203] ODEC recommends that the Commission "find that the Skiffes Creek Switching Station is necessary to or inseparable from the Proposed Project."[204]

Before us is a transmission line project that will not work – and therefore cannot satisfy an urgent reliability need – without the Skiffes Creek Switching Station. James City County recognizes that:

> As shown in Dominion's Application, the switching station is required to step down or transform the 500 kV power to 230 kV to feed power into two existing 230 kV transmission lines at the site, and to feed power into

[189] *Id.* at 15-18, 23.

[190] *Id.* at 24-25. Dominion also asserts that our Staff's filing guidelines for transmission line applications include the Skiffes Creek Switching Station. *Id.* at 23-24.

[191] *Id.* at 26-28.

[192] *Id.* at 9-12. Dominion also asserts that its position is consistent with a 1975 decision of the Circuit Court of Fauquier County, entered shortly after the enactment of Code § 56-46.1 F and a 2009 decision of the Maine Public Utilities Commission. *Id.* at 7-9, 18-23, 29-30.

[193] *See, e.g.*, James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 26-27.

[194] *Id.* at 27-31. *See also* Dominion's Comments on the Hearing Examiner's Report at 31, n.114.

[195] *See, e.g.*, James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 31-38.

[196] *Id.* at 34.

[197] *Id.* at 36-37.

[198] *Id.* at 37-38.

[199] *Id.* at 36-37.

[200] *Id.* at 31.

[201] *Id.* at 31, 39. Our Staff had previously asserted that circuit courts could determine this issue. Staff's Post-Hearing Brief at 48.

[202] Lennar's Comments on the Hearing Examiner's Report at 5 (citations omitted).

[203] *Id.* at 3-4.

[204] ODEC's Comments on the Hearing Examiner's Report at 10.

> the new 230 kV transmission line to the Whealton [sic], and to feed power into two 115 kV transmission lines already on the site. . . . Without this switching station, there is no way for 500 kV power to be used in the project, no way to step it down or transform the voltage of the power in a usable way, as the 500 kV line ends at the Skiffes Creek site.[205]

Dominion asserts that "neither the new 500 kV line nor the new 230 kV line could, or would, be constructed or operated without Skiffes Station, which is integral to those lines."[206] One of the experts retained by Staff described the importance of the Skiffes Creek Switching Station and its location as follows:

> It's really twofold. The strong source, number one, serves basically as a surrogate, if you will, for the Yorktown generation. So it's reasonable to assume that that makes sense.
>
> The other thing is by splitting up the 230 [kV] lines coming from Chickahominy going down further, going down to Whealton, by splitting those circuits and injecting power at . . . [Skiffes Creek], what we're really doing is we're sending power throughout the peninsula both north and south in that case, which is going to create a counterflow to resolve the generator deficiencies in the north, which is going to solve NERC violations to the north. It's also going to deal with the issues of the generation load deficiency in the south at that injection point, as well….[W]hat we're really doing is lessening the generation load balance, so we're reducing flows across the northern and southern circuit sends [sic] into the system.[207]

The need for the Skiffes Creek Switching Station, and indeed the entire Proposed Project, is underscored by the record developed on potential transmission alternatives thereto. As discussed above, only the Chickahominy Alternative Project – which also requires construction of the Skiffes Creek Switching Station – can reasonably address fast-approaching NERC reliability violations for the North Hampton Roads Area.

The evidence demonstrates that the ability to address significant NERC reliability violations projected to occur in the North Hampton Roads Area as early as 2015 depends, in large part, on the Skiffes Creek Switching Station. Consequently, if the Proposed Project, including the Skiffes Creek Switching Station, is not constructed soon, the loss of electric service can be expected across a broad swath of the Commonwealth.

As amply demonstrated in the record, transmission studies under federal and Virginia requirements reveal a significant reliability risk for customers that must be promptly addressed. The Commission is greatly concerned about this identified need. However, our identification of the electric equipment to be included in certificates of public convenience and necessity for transmission lines necessarily turns on evidence regarding the engineering characteristics of that equipment. In this regard, the Commission has considered and weighed the extensive engineering evidence in this proceeding.

From an engineering standpoint, the Commission finds that the Skiffes Creek Switching Station will be an electrically, physically, and operationally inseparable part of several high voltage transmission lines. As the Hearing Examiner recognizes (using James City County's and Save the James's proposed dictionary definition), a transmission line includes a "circuit," which requires a completed path.[208] The Skiffes Creek Switching Station enables a number of transmission circuits to be completed and connected through transformers and other associated equipment.[209] Electrons will flow through these interconnected lines based on the laws of physics.[210]

These engineering characteristics of a high voltage transmission switching station are simply unaffected by the Application's delineation of project components as "lines" and a "station." Additionally, the Skiffes Creek Switching Station is not simply a part of the Surry-Skiffes Creek Line *or* the Skiffes Creek-Whealton Line; rather, the station is a critical part of *both* of these proposed lines *and* the other transmission lines interconnected within the station.

The engineering evidence in this case also demonstrates that no "transmission line," even as James City County and Save the James define one, will simply end at the property line of the Skiffes Creek Switching Station. James City County and Save the James offer a dictionary definition that limits a "transmission line" to conductors, a metallic line, or wires.[211] The evidence in this case shows that numerous high voltage transmission conductors, metallic lines, and wires will enter, exit, and be located throughout – and as part of – the Skiffes Creek Switching Station.[212] James City County and Save the James also state that "[a] 'transmission line' is certainly an 'assemblage of electronic [sic] elements' such as the lines, the conductors, and the towers."[213] The very

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[205] James City County's, Save the James's, and JRA's Joint Post-Hearing Brief at 50 (citations omitted).

[206] Dominion's Comments on the Hearing Examiner's Report at 18; Ex. 87 (Nedwick rebuttal) at 36-38.

[207] Tr. 1110-11 (Chiles).

[208] Hearing Examiner's Report at 163-64.

[209] Ex. 87 (Nedwick rebuttal) at 36-37, Ex. 23 (Application), Attached Appendix at 262, 264-65; Ex. 26.

[210] *See*, *e.g.*, Tr. 1005 (Whittier).

[211] James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 36-37.

[212] Ex. 23 (Application), Attached Appendix at 262, 264-65; Ex. 26; Ex. 35 (Garrett direct) at 4. The Hearing Examiner correctly distinguished between a transmission switching station, as proposed in this proceeding, and a distribution substation. Hearing Examiner's Report at 161-62.

[213] James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 36-37.

purpose and function of the Skiffes Creek Switching Station is to assemble numerous electrical transmission elements, including conductors, circuit breakers, switches, coupling capacitor voltage transformers, wave traps, transformers, and arresters.[214]

Given the engineering evidence in this case, the Commission cannot pretend as if the Skiffes Creek Switching Station – which will be a critical part of several high voltage transmission lines – is not a part of any transmission line for purposes of Code § 56-46.1 F. The Skiffes Creek Switching Station is no less a part of the Surry-Skiffes Creek and Skiffes Creek-Whealton Lines than the towers which James City County and Save the James recognize to be part of these lines.[215] No part of this vital project will be built or can function without the Skiffes Creek Switching Station. Accordingly, the transmission line certificates of public convenience and necessity authorized herein shall include the Skiffes Creek Switching Station.

Public Witness Comments on the Hearing Examiner's Report

As the Commission has previously explained, participation as a public witness does not provide a basis for us to consider comments on a Hearing Examiner's Report.[216] While we encourage all interested persons and entities to participate in Commission proceedings, we must ensure that our procedures remain fair to the applicant and to those who participate in accordance with the Commission's orders and regulations. Pursuant to our Order for Notice and Hearing in this case, adequate notice was provided and interested persons were afforded an opportunity to participate as public witnesses or to become parties to this case. These procedures for participation require issues and evidence to be raised in manner that permits an applicant and other parties an opportunity to address the same. Pursuant to these procedures, the Foundation and NPS each chose to participate in this proceeding as a public witness, not a party. Rule 5 VAC 5-20-80 C, *Public Witnesses*, states that public witnesses are limited to:

> filing written comments in advance of the hearing if provided for by [C]ommission order or by attending the hearing, noting an appearance in the manner prescribed by the [C]ommission, 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.

Accordingly, the Foundation's comments on the Hearing Examiner's Report were not considered in reaching our determination in this proceeding. However, the Foundation's oral testimony and the written comments that were submitted in compliance with our Rules and Order for Notice and Hearing have been fully considered.

For similar reasons, James City County's motion to supplement its comments on the Hearing Examiner's Report with comments from the NPS, which was a public witness in this proceeding, is denied. Federal agencies often participate as parties to our proceedings, but the NPS declined to do so in this proceeding. Additionally, James City County offers as evidence a communication submitted by the NPS to a federal agency as part of a different review process. The Commission trusts that the NPS communication will receive due consideration in the federal review process for which it was intended.

NPS's written comments that were submitted in compliance with our Rules and Order for Notice and Hearing have been fully considered. Additionally, we note that the DEQ recommendations that are adopted herein direct Dominion to consult with, among others, NPS.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for approval and for certificates of public convenience and necessity is granted, as provided herein and subject to the requirements set forth in this Order.

(2) Dominion is authorized to construct and operate the Proposed Project with Variation 4.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. ET-138e, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Surry County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00029, cancels Certificate No. ET-138d, issued to Virginia Electric and Power Company on June 9, 1989, in Case No. PUE-1988-00083.
>
> Certificate No. ET-77l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in the Counties of James City and York and the Cities of Hampton and Newport News, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00029, cancels Certificate No. ET-77k, issued to Virginia Electric and Power Company on June 18, 2010, in Case No. PUE-2009-00049.

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[214] Ex. 23 (Application), Attached Appendix at 262, 264-65; Ex. 26; Ex. 35 (Garrett direct) at 4; Ex. 87 (Nedwick rebuttal) at 36-38.

[215] James City County's and Save the James's Joint Comments on the Hearing Examiner's Report at 36-37. Indeed, the record shows that the Skiffes Creek Switching Station property will include several steel backbone structures, among other supporting equipment. *See, e.g.*, Ex. 23 (Application), Attached Appendix at 264; Ex. 35 (Garrett direct) at 4.

[216] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, Application of Virginia Electric and Power Company, For approval and certification of electric facilities: Waxpool 230 kV Double Circuit Transmission Line, Brambleton-BECO 230 kV Transmission Line and 230-34.5 kV Waxpool Substation*, Case No. PUE-2011-00129, 2012 S.C.C. Ann. Rept. 353, 356, Final Order at 12 (Dec. 28, 2012); *Application of Appalachian Power Company, For a certificate of public convenience and necessity authorizing operation of the Falling Branch-Merrimac 138 kV Transmission Line*, Case No. PUE-2012-00007, 2012 S.C.C. Ann. Rept. 380, 384-85, Order at 14-15 (Dec. 21, 2012).

(4) The Commission's Division of Energy Regulation forthwith shall provide Dominion copies of the certificates issued in Ordering Paragraph (3) with the detailed maps attached.

(5) The construction approved herein must be completed and in service by June 1, 2015, provided, however, that Dominion is granted leave to apply for an extension for good cause shown.

(6) James City County's and Save the James' September 3, 2013 motion to amend their joint comments on the Hearing Examiner's Report is granted in part and denied in part, as set forth herein.

(7) James City County's October 16, 2013 motion is denied.

(8) This case shall remain open until the Proposed Project is in service.

CASE NO. PUE-2012-00029
DECEMBER 17, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Whealton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station

ORDER GRANTING RECONSIDERATION

On November 26, 2013, the State Corporation Commission ("Commission") issued its Order in this proceeding. On December 16, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") filed a petition for reconsideration or rehearing of the Order ("Petition").

NOW THE COMMISSION, upon consideration of this matter, for the purpose of continuing the Commission's jurisdiction over these matters, will grant reconsideration to consider Dominion's Petition.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing the Commission's jurisdiction over these matters to consider the Petition.

(2) This matter is continued.

CASE NO. PUE-2012-00041
MARCH 22, 2013

APPLICATION OF
COMMUNITY ELECTRIC COOPERATIVE

For a general increase in electric rates

FINAL ORDER

On June 19, 2012, Community Electric Cooperative ("Community Electric" or "CEC") filed an application with the State Corporation Commission ("Commission") for a general increase in electric rates ("Application") pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia.

In its Application, Community Electric sought Commission approval of an increase in its test year jurisdictional revenues of $1,184,450 and of certain changes to its rate schedules/tariffs and its terms and conditions.[1] CEC requested that its proposed rates and charges take effect for bills rendered on and after August 24, 2012 on an interim basis and subject to refund.[2]

On July 18, 2012, the Commission issued an Order for Notice and Hearing ("Procedural Order") which, among other things, granted Community Electric's request to implement its proposed rates and charges for bills rendered on and after August 24, 2012, on an interim basis and subject to refund. The Procedural Order also scheduled a public hearing on the Application for January 8, 2013; directed CEC to publish notice of its Application; directed the Commission's Staff ("Staff") to conduct an investigation of the Application; and assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission and file a final report.

On November 30, 2012, Staff filed its testimony in this proceeding. On December 14, 2012, Community Electric filed its rebuttal testimony. No one filed written comments in this proceeding.

[1] Application at 5-15.

[2] *Id.* at 5, 17.

On December 27, 2012, A&N Electric Cooperative, BARC Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (the "Cooperatives") filed a Motion for Leave to File a Notice of Participation as a Respondent and Testimony Out-of-Time, Including Notice of Participation as a Respondent, and for Continuance of the Scheduled January 8, 2013, Hearing, and for Expedited Action on Motion ("Motion"). On January 3, 2013, Staff filed a response to the Motion, stating that while Staff was not opposed to permitting the Cooperatives to participate in the proceeding, Staff did not believe a delay in the scheduled hearing was necessary.

By ruling entered January 4, 2013, the Hearing Examiner accepted the Cooperatives' notice of participation and authorized them to participate in this proceeding in connection with one specific issue – consideration of the Old Dominion Electric Cooperative ("ODEC") margin stabilization adjustment. The Hearing Examiner denied the Cooperatives' requests for leave to submit testimony out-of-time and for a continuance of the hearing.

A public hearing on the Application was convened on January 8, 2013, and reconvened on January 11, 2013. The following participants were represented by counsel at the hearing: Community Electric, the Cooperatives, and Staff. No public witnesses testified at the hearing. Community Electric, the Cooperatives, and the Staff submitted a jointly executed stipulation for the Commission's consideration recommending a resolution of the issues in this proceeding ("Stipulation"). Pursuant to the Stipulation, all testimony and exhibits were entered into the record without cross-examination of the witnesses.

In the Stipulation,[3] Community Electric and Staff agreed that the rates initially proposed by CEC and approved by the Procedural Order as interim rates for bills rendered on and after August 24, 2012, should remain in effect and be made permanent for bills rendered before January 20, 2013. For bills rendered on and after January 20, 2013, CEC and Staff agreed that CEC should apply the rates set forth in Exhibit A to the Stipulation,[4] and that such rates should remain in effect until revised or approved by the Commission. Staff and Community Electric agreed to work together to develop a PCA mechanism allowing CEC to recover its annual wholesale power costs on a dollar-for-dollar basis and taking into account the ODEC margin stabilization adjustment.[5]

On February 12, 2013, Community Electric, the Cooperatives, and Staff submitted a Joint Report to the Hearing Examiner that included CEC's new Schedule PCA-1 – Power Cost Adjustment Rider as Attachment A.[6]

On February 22, 2013, the Hearing Examiner issued her Report ("Hearing Examiner's Report") finding that the Stipulation was fair and reasonable and that the comment period to the Hearing Examiner's Report should be waived. The Hearing Examiner recommended that the Commission approve the Stipulation.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that it should accept the jointly executed Stipulation and grant the agreed-upon revenue requirement.

Accordingly, IT IS ORDERED THAT:

(1) Community Electric's Application for a general increase in electric rates is granted in part and denied in part, as set forth herein.

(2) The Stipulation presented by Community Electric, the Cooperatives, and Staff hereby is accepted.

(3) Community Electric's Schedule PCA-1 – Power Cost Adjustment Rider shall be effective as of January 1, 2013. Community Electric's Schedule G, relating to power costs, no longer shall be in effect and shall be withdrawn.

(4) Community Electric shall file revised tariff sheets, incorporating the modifications described herein, with the Clerk of the Commission and the Commission's Division of Energy Regulation within thirty (30) days of the date of this Order.

(5) This matter is dismissed from the Commission's active docket, and the papers filed herein placed in the Commission's file for ended causes.

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[3] *See* Ex. 11.

[4] Such rates are based upon a stipulated annual revenue requirement of $21,244,542, which CEC and Staff agree produces a times interest earned ratio of 2.25x.

[5] Staff and CEC agreed that the initial PCA would be effective as of January 1, 2013, and would reflect the recovery of $0.05149/kWh sold through base rates. CEC agreed to file the PCA on or before 30 days from the date of the Stipulation. Staff and Community Electric agreed that, upon approval of the Stipulation and the new PCA, CEC's current Schedule G relating to power costs no longer would be in effect and would be withdrawn.

[6] On February 22, 2013, Community Electric, the Cooperatives, and Staff filed an Amended Joint Report to the Hearing Examiner correcting a slight error in a formula set forth in the Joint Report to the Hearing Examiner.

CASE NO. PUE-2012-00045
FEBRUARY 22, 2013

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For a general increase in electric rates

FINAL ORDER

On June 7, 2012, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") filed an application with the State Corporation Commission ("Commission") for a general increase in its electric rates ("Application").[1] CVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-235, 56-238, and 56-585.3 of the Code of Virginia.

In its Application, CVEC sought approval to increase test year jurisdictional revenues by $15.2 million, an increase of approximately 24 .9%.[2] According to the Cooperative, the proposed increase would produce jurisdictional margins of approximately $5,164,3 17, would result in an estimated jurisdictional rate of return on rate base of 7.25%, and is expected to produce a Times Interest Earned Ratio ("TIER") of 2.12.[3] CVEC requested that the revised rates set forth in the Application be placed into effect for usage on and after December 1, 2012, subject to any refund required by the Commission's Final Order in this proceeding.[4]

CVEC also proposed revisions to its Terms and Conditions for Providing Electric Service to clarify and standardize the format of the document and to address changes in operating practices that reflect the evolving nature of the Cooperative's business.[5]

On August 6, 2012, the Commission issued its Order for Notice and Hearing in this case that, among other things, docketed this proceeding, permitted interested persons to comment on, or participate in, this proceeding, scheduled a hearing on the Application on December 11, 2012, directed the Staff of the Commission ("Staff") to investigate the Application, assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission, and permitted the Cooperative to place its proposed rates and charges in effect for usage on and after December 1, 2012, on an interim basis and subject to refund.

Concurrent with its Application, CVEC filed a Motion for Authority to Implement Pilot Program ("Motion") requesting authority for the Cooperative to begin offering, on an interim basis effective September 1, 2012, a payment option to its members whereby electric bills may be paid by credit card without incurrence of a direct per-transaction fee.[6] In its Motion, CVEC stated that the Cooperative included its anticipated cost of accepting payments by credit card without a direct per-transaction fee in its revenue requirement in the Application.[7] While its Application was under review, however, CVEC proposed to absorb all costs associated with accepting credit card payments, including transaction fees and any administrative costs that the Cooperative incurs prior to the implementation of interim rates.[8] In its August 6, 2012 Order for Notice and Hearing in this case, the Commission granted CVEC's request to provide the new payment option, on an interim basis and at its own risk, beginning September 1, 2012, and noted that CVEC's request to recover transaction fees as part of its proposed revenue requirement in the Application would be subject to full Commission review in the context of this rate proceeding.[9] On August 20, 2012, CVEC filed a letter stating that the Cooperative did not anticipate providing this new payment option until November 1, 2012, due to a delay in preparing to implement the new payment system.[10] On October 31, 2012, the Cooperative filed another letter stating that further complications would delay implementation of this payment option until early 2013 and that a further update on the implementation status of the payment option would be provided in December 2012.[11] At the hearing, counsel for CVEC represented that the Cooperative anticipated providing the new payment option to its members beginning February 2013.[12]

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[1] On June 14, 2012, the Cooperative filed a revised Application reflecting jurisdictional numbers rather than the system numbers included in the original Application and making other minor corrections. On June 27, 2012, the Cooperative also filed revisions to its Power Cost Adjustment Rider, submitted as part of Schedule 5A of the Application.

[2] Ex. 3 (Application) at 3. CVEC states that the majority of this increase results from the termination of CVEC's ten-year power supply contract with Constellation Energy Commodities Group, Inc.

[3] *Id.* at 4, Schedule 3, Column 9.

[4] *Id.* at 4, 6.

[5] Id. at 4.

[6] Motion at 1. On June 8, 2012, CVEC filed a revision to its Motion to clarify the proposed effective date.

[7] *Id*. at 2.

[8] *Id*. at 3.

[9] Order for Notice and Hearing at 5.

[10] Letter from Timothy E. Biller, Esquire, Hunton & Williams LLP, to Joel H. Peck, Clerk, State Corporation Commission, filed August 20, 2012.

[11] Letter from Timothy E. Biller, Esquire, Hunton & Williams LLP, to Joel H. Peck, Clerk, State Corporation Commission, filed October 31, 2012.

[12] Tr. at 11.

On September 18, 2012, CVEC filed a Motion to Amend Application requesting Commission authority to implement additional rate schedules, on an interim basis, necessary to serve a large new customer and existing snowmaking customers. The Hearing Examiner granted CVEC's request to implement the rate schedules on an interim basis by Hearing Examiner Ruling dated September 24, 2012. Through this Ruling, the Hearing Examiner also directed the Cooperative to provide additional notice to customers billed or likely to be billed under the proposed new rate schedules, and to local officials in counties where customers taking service under these rate schedules are located, specifically Fluvanna and Nelson Counties. The Hearing Examiner required the Cooperative to file proof of additional notice and provided additional time for interested persons to file a notice of participation. All proofs of notice and service were filed; however, no notices of participation were filed in this proceeding.

The Hearing Examiner convened a hearing on the Application, as scheduled, on December 11, 2012. At the hearing, CVEC and Staff had reached agreement on all of the issues in this proceeding and presented a Stipulation for the Hearing Examiner's review. Specifically, the Stipulation accepted the positions set forth in Staff's testimony with the following modifications and clarifications: (1) increase jurisdictional payroll, benefits, and payroll tax expenses by $75,413 to reflect the rate year expense of hiring an IT manager; (2) increase rate year jurisdictional depreciation expense by $194,695 to recognize three additional projects to be included in plant in service during the rate year;[13] (3) use a TIER of 2.15 to establish rates in this proceeding, which is within the range of 2.00-2.50 that Staff found reasonable in its pre-filed testimony; (4) reflect Staff s adjusted kilowatt-hour ("kWh") sales at the Cooperative's proposed base energy rate in purchased power cost and revenue; (5) establish $0.07161/kWh sold as the base energy rate in the Power Cost Adjustment Rider Schedule C; (6) accept the Cooperative's proposed revenue apportionment as reasonable; and (7) accept CVEC's terms and conditions as modified by the Rebuttal Testimony of C. Bruce Maurhoff, Jr., and include an additional change to the definition of Minimum Charges in Rate Schedule LP Large Power Service.[14] On January 11, 2013, CVEC and Staff filed an addendum to the Stipulation ("Stipulation Addendum") to further detail the calculation of CVEC's revenue requirement.

On January 16, 2013, Senior Hearing Examiner Alexander F. Skirpan, Jr., issued his report ("Report") in this proceeding. In his Report, the Hearing Examiner found that: (1) use of a test year ending December 31, 2011, was proper in this proceeding; (2) at current rates, CVEC's operating revenues, after all adjustments, were $62,037,456; (3) at current rates, CVEC's operating expenses, after all adjustments, were $67,526,133; (4) at current rates, CVEC's operating margin, after all adjustments, was ($5,491,004); (5) at current rates, CVEC's total margin, after all adjustments, was ($9,839,582); (6) CVEC's current rates produced a TIER on adjusted rate base of (1.15); (7) CVEC's TIER should be 2.15; (8) CVEC's long-term interest expense, after all adjustments, was $4,580,982; (9) based on the Stipulation, CVEC's requested rates, with Staff s adjusted billing determinants will generate a TIER of 2.15, and therefore are just and reasonable; (10) the revenue allocation methodology set forth in the Stipulation is just and reasonable; (11) CVEC's requested rates should be made permanent; and (12) CVEC should implement the changes to its terms and conditions as provided for in the Stipulation.[15] The Hearing Examiner recommended that the Commission adopt his findings and increase CVEC's jurisdictional annual revenues by $15,142,676.[16]

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted. We find specifically that CVEC's interim rates now in effect should be made permanent.[17] We also find that the Cooperative should be permitted to commence a payment option whereby members may pay by credit card without incurring a direct per-transaction fee beginning February 1, 2013.[18]

Accordingly, IT IS ORDERED THAT:

(1) The Cooperative's Application is granted in part and denied in part as set forth herein.

(2) The Stipulation presented by CVEC and Staff is hereby accepted.

(3) The rates, terms and conditions, and changes so established shall be effective for service rendered on and after December 1, 2012.

(4) CVEC may begin offering, effective February 1, 2013, a payment option to its members whereby electric bills may be paid by credit card without incurrence of a direct per-transaction fee.

(5) CVEC shall file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation in accordance with this Final Order, within thirty (30) days from the date of this Final Order.

(6) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein placed in the Commission's file for ended causes.

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[13] These projects are comprised of: (1) the microwave backbone project; (2) the IP to substation project; and (3) the land mobile radio system installation project. Ex. 12 (Stipulation) at 2.

[14] *Id*. at 1-2.

[15] Report at 20-21.

[16] *Id*. at 21.

[17] As can be seen on the Stipulation Addendum, currently effective interim rates, when priced out at Staff's billing determinants and compared to the adjusted level of revenues, produce additional annual revenues of $15,142,676, and result in a TIER of 2.15, which is found reasonable herein. Therefore, no refunds or credits are necessary.

[18] Payment by "credit card" in the context of the Cooperative's proposal encompasses payment by credit or debit card or electronic check. *See, e.g.*, Ex. 16 (Grant) at 1.

CASE NO. PUE-2012-00064
MARCH 22, 2013

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a special tariff to facilitate customer-owned distributed solar generation pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly

ORDER

Pursuant to House Bill 1686, enacted as Chapter 771 of the 2011 Virginia Acts of Assembly ("Chapter 771"), Virginia Electric and Power Company ("DVP" or the "Company") has proposed a solar distributed generation program consisting of two separate components: (1) a demonstration program to study the impact and assess the benefits of distributed solar photovoltaic generation through construction and operation of no more than 30 megawatts ("MW") of Company-owned distributed solar generation installations ("Solar DG Demonstration Program"); and (2) a demonstration program consisting of a new special tariff under which the Company will purchase no more than 3 MW of energy output from customer-owned distributed solar generation installations ("Solar Purchase Program"). The Company filed an application for the first component, the Solar DG Demonstration Program, with the State Corporation Commission ("Commission") on October 31, 2011, which the Commission approved subject to certain requirements on November 28, 2012.[1]

On May 17, 2012, the Company filed the instant Petition for approval of the second component, a demonstration Solar Purchase Program. On June 13, 2012, the Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice of its Petition; gave interested persons an opportunity to comment, participate, and request a hearing; and directed the Staff of the Commission ("Staff") to investigate the Petition and file a report thereon ("Staff Report").

Appalachian Voices, the Chesapeake Climate Action Network, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Piedmont Environmental Council, and Michel A. King filed notices of participation in this case. In addition, the Commission received approximately 30 written comments on the Company's Petition and a request for hearing from Environmental Respondents. On October 12, 2012, the Staff filed its Staff Report, and on October 26, 2012, DVP filed reply comments.

On November 9, 2012, the Commission issued an Order Scheduling Hearing that, among other things, scheduled a hearing and permitted additional notices of participation from interested persons and the filing of testimony.

An evidentiary public hearing was convened on February 12 and 13, 2013. The following participated at the hearing: DVP; Environmental Respondents; Michel A. King, *pro se*; Consumer Counsel; and Staff. The Commission received testimony from the participants' witnesses as well as from public witnesses and, at the conclusion of the hearing, accepted closing statements from the participants.[2]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

The Company filed its Petition herein pursuant to Chapter 771, which provides as follows:

> § 1. That in order to promote solar energy through distributed generation, the State Corporation Commission shall exercise its existing authority to consider for approval, after notice to all affected parties and opportunity for hearing, petitions filed by a utility to construct and operate distributed solar generation facilities and to offer special tariffs to facilitate customer-owned distributed solar generation as alternatives to net energy metering, with an aggregate amount of rated generating capacity of up to 0.20 percent of each electric utility's adjusted Virginia peak load for the calendar year 2010. Such petitions may be made during the period of July 1, 2011, through July 1, 2015, and the Commission, on its own motion, may extend this period an additional year for good cause. Each distributed solar generation installation approved pursuant to this section shall be considered to be part of a demonstration program to assess benefits to the utility's distribution system, including constrained or high load growth circuits, for a period of five years from the date each installation becomes operational. Thereafter each installation shall cease to be part of a demonstration program and, in the case of a utility-owned installation, shall continue to operate as a utility-owned generating facility, and in the case of a customer-owned installation, shall continue to provide power to the utility pursuant to the terms of the agreed upon tariff arrangement. Subject to review by the Commission, such utility-owned distributed solar generation facilities and tariffs for power generated from customer-owned distributed solar installations shall be prioritized in areas identified by the utility as areas where localized solar generation would provide benefits to the utility's distribution system, including constrained or high-growth areas. The Commission shall approve such programs or distributed generation facilities if it determines that the programs or facilities, including those targeting constrained or high load growth areas, are reasonably designed to be in furtherance of the public interest.

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[1] See Application of Virginia Electric and Power Company, For approval of a Community Solar Power Program and for certification of proposed distributed solar generation facilities pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly and §§ 56-46.1 and 56-580 D of the Code of Virginia, Case No. PUE-2011-00117, Order, Doc. Con. Cen. No. 121130223 (Nov. 28, 2012).

[2] During the February 12, 2013 hearing, public witness Whitney Byrd delivered to the Commission approximately 1200 written comments responding to the Petition. Tr. 51 (Byrd).

§ 2. A utility participating in demonstration programs pursuant to § 1 of this act shall use reasonable efforts to ensure that at least four of the distributed solar installation sites included in the demonstration projects shall be in a community setting, which shall include, but not be limited to, to the extent permitted by law, participation by local governments, schools, community associations, neighborhood associations, or nonprofit organizations. The capacity of each such community installation shall not exceed 500 kilowatts.

§ 3. When a utility proposes solar distributed generation resources as permitted in § 1 of this act comprised of multiple installations combined collectively, the Commission shall consider such projects as one small non-combustible renewable power generation facility for purposes of project approval pursuant to §§ 10.1-1197.5, 10.1-1197.8, 56-265.2, 56-580 and 56-585.1 of the Code of Virginia. A "small non-combustible renewable power generation facility" is a small renewable energy project that generates electricity from sunlight and may consist of one or more installations distributed on separate structures or facilities, whether such installations are treated each as a stand-alone small renewable energy project or are combined and treated collectively as one small renewable energy project.

§ 4. The Commission shall provide annual reports on any demonstration programs approved pursuant to this act to the Governor and the chairmen of the House and Senate Committees on Commerce and Labor.

We must analyze DVP's proposed demonstration Solar Purchase Program in accordance with the unique provisions of Chapter 771. We find that DVP's proposed Solar Purchase Program satisfies those provisions, subject to the requirements ordered herein. We likewise find that, absent such requirements, the proposed Solar Purchase Program is not "reasonably designed to be in furtherance of the public interest" – as required by Chapter 771 – and is not approved.

The purchase price for the power generated from the qualifying customer-generator shall be 15¢ per kilowatt-hour ("kWh") as proposed by the Company.[3] This is comprised of: (1) an avoided cost component (including line losses) as determined under DVP's existing avoided cost tariff as approved by the Commission (Schedule 19); and (2) a voluntary environmental contribution component from revenues provided by customers voluntarily participating in DVP's Green Power Program.[4] Based on the Company's estimates, the 15¢ per kWh purchase price will be comprised as follows: (1) the avoided cost portion will be approximately 4¢ per kWh; and (2) the voluntary contribution portion will be approximately 11¢ per kWh.[5] The avoided cost component will be eligible for recovery from ratepayers through the Company's fuel factor.[6] We find that any portion above the avoided cost component, however, must come from the voluntary Green Power Program funds as proposed by DVP. That is, the difference between the 15¢ per kWh purchase price and the actual avoided cost component – in order to be recovered by the Company – must come from the Green Power Program funds.

Next, the Company shall comply with the Staff's recommendations as set forth in this case:

- The Company should monitor participation levels to assess the need for prioritization, including in high-growth areas, and provide the Commission with a plan for prioritization if it appears that enrollment from outside the high-growth areas needs to be limited;
- The Company should request Commission approval to close Rate Schedule SP once its 3 MW limit is reached;
- The Company should request Commission approval prior to any changes in funding for the Solar Purchase Price;
- The Company should include the following sections of the [Solar Purchase Program] Service Agreement in the proposed Rate Schedule SP: Standard Requirements,[7] Provider's Cost, Reservation of Rights, Term and Termination, Interconnection, Failure to Interconnect in a Timely Manner, and Capacity Factor; and,
- The proposed 3 MW cap on the [Solar Purchase] Program, as well as the proposed 50 kW cap on non-residential facilities, should be harmonized with the cap, terms, conditions or limitations found necessary in Case No. PUE-2011-00117.[8]

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[3] See, e.g., Ex. 2 at 4, 5, 7 (Petition).

[4] See, e.g., id. at 7.

[5] See, e.g., Ex. 3 at 11, Schedule 1 (Corsello direct), Tr. 168-169 (Swanson direct).

[6] See, e.g., Ex. 7 at 5 (Swanson direct).

[7] In the alternative, Staff believes that it would be reasonable for the Standard Requirements subsection of the [Solar Purchase Program] Service Agreement to be included in the Company's Terms and Conditions.

[8] Ex. 10 at 20-21 (Samuel direct); see also Ex. 11 at 3-6 (Corsello rebuttal), Tr. 79 (Dahl), 299 (Samuel direct). The Company also agreed to clarify language in the Solar Purchase Program Service Agreement regarding a customer generator's right to terminate the Solar Purchase Program Service Agreement at any time with 30 days advanced written notice to the Company so that the agreement conforms with the language in Rate Schedule SP. See Tr. 217-219 (Swanson direct).

In addition, as proposed by DVP, "the Company will track key metrics and provide annual updates to the Commission, consistent with (and to help facilitate) the Commission's annual reporting requirement to the General Assembly under § 4 of Chapter 771, with a final comprehensive report submitted to the Commission within 90 days of the conclusion of the demonstration period for the [Solar Purchase] Program."[9]

We find that the modifications proposed by Mr. King are not appropriate or necessary at this time.[10] This is a demonstration solar program, and we find that the Company's proposals on matters such as how payments will be made to customer-generators, how the benefits provided to the utility by customer-generators are to be calculated, and the performance limits proposed by the Company satisfy the requirements of Chapter 771.[11]

We have also considered Environmental Respondents' request that the Commission reject DVP's proposed Solar Purchase Program.[12] Environmental Respondents assert, among other things, that the Company: (1) "should undertake a more comprehensive analysis of the value of distributed solar generation in order to set a base value for a revised model that fairly credits solar generators"; (2) "should fully document its cost and market data and assumptions in establishing any pilot program"; and (3) "should use this pilot program as a method for promoting new solar installations in its distribution grid, not merely converting existing net metered customers into [Solar Purchase] Program customers."[13] Environmental Respondents also state that we should require DVP to "develop a value of solar rate as an alternative to its net metering tariff," that the "valuation effort serves as an empirically derived value-based framework for a distributed solar tariff," and that the "value of solar calculation measures the specific value of solar generation to the Company."[14]

As explained above, we must apply the standards in Chapter 771, and we have found that the program approved herein meets those requirements. Environmental Respondents question the basis for the 15¢ per kWh purchase price for customer-powered solar generation. Chapter 771, however, does not require a specific cost- or value-based payment rate, and we have made no such finding thereof. Rather, the Commission finds that the proposed 15¢ per kWh purchase price, taken as a whole, is reasonably designed at this time to induce participation in the demonstration program, to provide an alternative to net energy metering, and to require funding for the voluntary contribution portion to come from the Green Power Program and, thus, "is reasonably designed to be in furtherance of the public interest" in accordance with Chapter 771.[15] Environmental Respondents also recommend that "the Company follow an approach similar to what was used at Austin Energy" in determining the value of solar generation.[16] In this regard, we note that the estimated amount above avoided cost approved herein for payments to customer-generators (*i.e.*, 11¢ per kWh) is actually *greater* than the 8¢ to 9¢ per kWh amount that the witness for Environmental Respondents estimates is paid by Austin Energy.[17]

Environmental Respondents' testimony also implicates an ongoing issue that the Commission has previously discussed regarding potential generation-related benefits associated with customer-owned distributed solar generation, and we find that such issue warrants attention herein. Specifically, as required by statute, the Commission previously approved a monthly standby charge – associated with net energy metering – assessed to "any residential eligible customer-generator … with a capacity that exceeds 10 kilowatts."[18] In determining the standby charge, the Commission found that any distribution and transmission benefits provided by such customer-generators "are insufficient to pay for their proportionate share of the grid."[19] The Commission did not determine – due to a lack of evidence at that time – whether such customer-generators provide any *generation* benefits.[20] The Commission, however, subsequently provided as follows: "[W]e note that DVP committed to incorporating a generation component into its standby charge but stated that it would need to collect at least a year's worth of data before it could calculate such a component in a future application. We expect the Company to comply with its commitment."[21] To date, the Company has yet to submit an application addressing generation-related benefits from these customer-generators. Accordingly, on or before August 1, 2013, the Company shall conduct a study and submit a detailed report in this docket addressing generation impacts provided by solar-powered customer-generators.[22]

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[9] Ex. 2 at 7-8 (Petition).

[10] See, e.g., Tr. 357-376 (King).

[11] See, e.g., id. 357-358 (King).

[12] See, e.g., id. 388 (Navarro).

[13] Ex. 8 at 3 (Rabago direct).

[14] Id. at 27-28.

[15] See, e.g., Ex. 2 at 4 (Petition), Ex. 3 at 11-12 (Corsello direct), Ex. 3 at 5 (Corsello supplemental direct), Tr. 120-122 (Corsello direct).

[16] See, e.g., Ex. 8 at 28 (Rabago direct).

[17] See, e.g., Tr. 266 (Rabago direct).

[18] Va. Code § 56-594 F.

[19] Application of Virginia Electric and Power Company, For approval of a standby charge and methodology and revisions to its tariff and terms and conditions of service pursuant to § 56-594 F of the Code of Virginia, Case No. PUE-2011-00088, 2011 S.C.C. Ann. Rept. 530, 531 (footnote omitted), Final Order (Nov. 23, 2011).

[20] Id.

[21] Application of Virginia Electric and Power Company, For approval of a standby charge and methodology and revisions to its tariff and terms and conditions of service pursuant to § 56-594 F of the Code of Virginia, Case No. PUE-2011-00088, Order on Reconsideration at 2 (footnote omitted), Doc. Con. Cen. No. 120110339 (Jan. 17, 2012).

[22] Such analysis should provide a comparison of costs of distributed solar generation to other alternatives and should address, among other things, impacts on existing and projected company-owned generation, avoided resource costs, avoided PJM market purchases, and the impact of such distributed generation on the Company's integrated resource plans.

In conclusion, we have considered all of the positions presented in writing and at the hearing and find that the demonstration Solar Purchase Program, as approved herein, satisfies Chapter 771. Likewise, we find that proposals not required herein are not appropriate at this time. This five-year demonstration program, however, is a first-of-its-kind Solar Purchase Program in Virginia. The actual results of this demonstration program should inform future analyses of distributed solar generation programs, which will not necessarily be limited to the requirements of the program approved herein. Thus, we note that this Order does not bar future consideration of different proposals – including positions set forth by participants and public witnesses in this proceeding – that have not been adopted at this time as part of DVP's distributed generation Solar Purchase Program.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Solar Purchase Program is approved subject to the requirements set forth in this Order, and the Company shall comply with the directives set forth herein.

(2) The Company shall forthwith file a revised Rate Schedule SP with the Clerk of the Commission and with the Commission's Division of Energy Regulation as necessary to comply with this Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is continued.

CASE NO. PUE-2012-00065
APRIL 17, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric transmission facilities in Prince William County and the City of Manassas: Cloverhill – Liberty 230 kV Transmission Line, Liberty Loop 230 kV Double Circuit Transmission Line, and 230-115 kV Liberty Substation

FINAL ORDER

On June 29, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of electric transmission facilities ("Application") pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia ("Code") for the Cloverhill-Liberty 230 kilovolt ("kV") Transmission Line, the Liberty Loop 230 kV Double Circuit Transmission Line, and the 230-115 kV Liberty Substation (collectively, the "Project").

First, the Company proposes to construct the Liberty Substation in Prince William County on land it currently owns. Second, the Company proposes to construct a 230 kV transmission line in Prince William County and the City of Manassas. This line would run approximately 5.6 miles from the Company's existing Cloverhill Substation in Prince William County through the City of Manassas to the proposed Liberty Substation ("Cloverhill-Liberty Line"). Third, the Company proposes to construct a 230 kV double circuit transmission line in Prince William County and the City of Manassas ("Liberty Loop"). This line would run approximately 2.0 miles from a tap point ("Gainesville Junction") on the Company's existing 230 kV Bristers-Gainesville Line #2101 ("Line #2101") to the proposed Liberty Substation. Gainesville Junction is located approximately 0.2 mile south of the Company's existing Gainesville Substation.

The Company proposes to construct the Project to provide service to customers in Prince William County and the City of Manassas and to accommodate a requested capacity increase from Northern Virginia Electric Cooperative ("NOVEC") at its Gainesville Delivery Point. Dominion Virginia Power proposes to construct the Cloverhill-Liberty Line, to be designated Line #2148, within an existing right-of-way. By cutting into the Company's existing Line #2101, the Liberty Loop would create two new 230 kV lines to be designated Bristers-Liberty Line #2101 and Liberty-Gainesville Line #2151. The Company also would construct the Liberty Loop within an existing right-of-way.[1]

In its Application, Dominion Virginia Power states that the Project must be in service by May of 2015 to: (i) resolve projected criteria violations of the mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards; (ii) accommodate NOVEC's requested capacity increase; and (iii) maintain reliable service in meeting load growth in Prince William County and the City of Manassas. The estimated cost to construct the Project is approximately $44.9 million, of which approximately $25.2 million is for transmission work and approximately $19.7 million is for substation work.[2]

On August 21, 2012, the Commission entered an Order for Notice and Comment ("Procedural Order") that, among other things, docketed the Application; directed the Company to publish notice of the Application; established a schedule for the filing of notices of participation and the submission of prefiled testimony; scheduled a public hearing on the matter for January 11, 2013; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

On August 23, 2012, Dominion Virginia Power filed a Motion for Extension of Procedural Dates ("Extension Motion") requesting postponement of the public hearing on the Application and modification of the deadlines set forth in the Procedural Order in accordance with the new hearing date.[3] By

[1] Application at 16.

[2] *Id.* at 9.

[3] Dominion Virginia Power indicated that Company personnel would be unable to give adequate attention to this hearing due to a pending application for another transmission line project.

ruling dated August 27, 2012, the Hearing Examiner granted the Extension Motion, rescheduled the public hearing for February 19, 2013, and revised certain procedural deadlines to be consistent with the new hearing date.

As noted in the Procedural Order, Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed Project by state and local agencies and file a report on the review. On September 14, 2012, DEQ filed its report ("DEQ Report") with the Clerk of the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following recommendations to Dominion Virginia Power regarding the Project. The Company should:

- Conduct an on-site delineation of all wetlands and streams within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Division of Natural Heritage of the Department of Conservation and Recreation ("DCR") regarding DCR's recommendations, including its recommendations pertaining to rare and protected plants, as well as check for updates to the Biotics Data System database if a significant amount of time passes before the Project is implemented;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for wildlife protection;
- Coordinate with DCR's Division of Planning and Recreational Resources regarding its recommendation pertaining to trails;
- Coordinate with the Department of Forestry regarding its recommendations to mitigate the loss of forest lands;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources, as applicable;
- Coordinate with VDOT regarding any necessary permits;
- Coordinate with the Department of Aviation regarding its recommendation;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Prince William County regarding its request for reviewing cultural resource studies and artifacts.[4]

On January 8, 2013, Staff filed its report ("Staff Report") summarizing the results of its investigation of the Company's Application. Staff concluded that the Company reasonably demonstrated the need for the Project.[5] Staff also concluded that the Company's proposed routes for the Cloverhill—Liberty and Liberty Loop transmission lines reasonably minimize adverse environmental impacts to the surrounding area and constitute optimal routes for the Project.[6]

On January 4, 2013, Mr. Michael H. Armm filed comments on the Company's Application on behalf of T-Rex Manassas Land LLC in which he supported a routing alternative. In his comments, Mr. Armm stated that T-Rex Manassas believed a minor change in routing on its land would allow greater economic development of the parcel. Mr. Armm indicated T-Rex Manassas's willingness to modify the Company's current easement to facilitate this change in routing.

On January 29, 2013, Dominion Virginia Power filed comments with the Clerk of the Commission stating that it agrees with and supports the recommendations set forth in the Staff Report, including the Staff's findings and conclusions concerning the need for the Project. The Company also responded to Mr. Armm's comments stating that the change in routing was not appropriate due to: (1) the increased cost of approximately $740,000; (2) the preference for use of existing right-of-way under both Virginia law and Federal Energy Regulatory Commission guidelines; and (3) NOVEC's plans for the development of a new substation to interconnect with the Cloverhill-Liberty Line on the proposed existing right-of-way.

On February 19, 2013, an evidentiary hearing was held before Hearing Examiner A. Ann Berkebile. Mr. Michael H. Armm testified as a public witness and acknowledged that the Company's easement was in place when T-Rex Manassas acquired the property. The Staff and the Company offered prefiled testimony for admission, and the Hearing Examiner admitted this testimony and other documents into the record.

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[4] DEQ Report at 6-7.

[5] Staff Report at 17.

[6] *Id.*

On March 21, 2013, the Hearing Examiner issued her report ("Hearing Examiner's Report") setting forth the procedural history of the case, summarizing the record, and analyzing the evidence and the issues in this proceeding. The Hearing Examiner found that the proposed Project was justified by the public convenience and necessity and recommended that the Commission grant the requested certificate of public convenience and necessity to construct and operate the proposed Project.

On April 3, 2013, the Staff filed comments on the Hearing Examiner's Report agreeing that the record supported the Company's Application and noting a clarification concerning rights-of-way. On April 4, 2013, the Company filed comments on the Hearing Examiner's Report noting a clarification that the routes for the proposed Project are entirely within the Company's existing rights-of-way.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the transmission lines and associated substation as proposed in the Company's Application. Further, the Commission finds that a certificate of public convenience and necessity should be issued authorizing the Project.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> 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 . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need and Service Reliability

We find that the Company's load growth forecasts support the need for the Project. The need for the Project to resolve projected violations of NERC Reliability Standards and to accommodate NOVEC's requested capacity increase has not been questioned. Thus, the uncontroverted evidence in this case indicates that the proposed Project is necessary to ensure that reliable service is maintained. We therefore find that the proposed Project will effectively meet the Company's long-term transmission reliability needs.

Economic Development

We find that the proposed Project will promote economic development in the Commonwealth of Virginia by maintaining the operational reliability of the transmission lines and, in turn, continuing to provide for the delivery of sufficient supplies of electrical power. As an added benefit, the Project will help maintain continued reliable bulk electric power delivery, thereby further supporting economic development in the Project area.

Routing and Right-of-Way

We find that Dominion has "consider[ed] the feasibility of locating such facilities on, over, or under existing easements of rights-of-way,"[7] and that existing rights-of-way adequately serve the needs of the Project.[8] In addition, and in conjunction with this Project, NOVEC plans to develop a new substation to interconnect with the Cloverhill-Liberty Line on the proposed existing right-of-way approved herein for construction. We also find, subject to the requirements set forth below, that the proposed route over existing rights-of-way satisfies the environmental impact requirements of §§ 56-46.1 A and B of the Code. Accordingly, we reject Mr. Armm's alternative routing request.

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[7] Va. Code § 56-259 C.

[8] *See* Va. Code § 56-46.1 C.

Scenic Assets and Historic Districts

We find that the proposed Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. As discussed previously, the proposed Project will be located in existing rights-of-way. Due to the fact that the proposed Project will be constructed along existing rights-of-way, adverse impacts on scenic assets and historic districts in the region will be minimized as required by § 56-46.1 B of the Code.

Environmental Impact

We have considered environmental impact as required by §§ 56-46.1 A and B of the Code. In addition, § 56-46.1 A provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection. We find that the recommendations in the DEQ Report are "necessary to minimize adverse environmental impact" pursuant to § 56-46.1 A of the Code. The record also supports a finding that "the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned" under § 56-46.1 B of the Code, provided that the Company complies with the DEQ Report. We therefore find, as a requirement of our approval herein, that the Company shall comply with all of DEQ's recommendations as provided in the DEQ Report.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed Cloverhill-Liberty 230 kV transmission line, Liberty Loop 230 kV double circuit transmission line, and 230-115 kV Liberty Substation, as proposed in the Company's Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the proposed Cloverhill-Liberty 230 kV transmission line, Liberty Loop 230 kV double circuit transmission line, and the 230-115 kV Liberty Substation is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act,[9] the Company is issued the following certificate of public convenience and necessity:

> Certificate No. ET-105ab, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Prince William County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00065, cancels Certificate No. ET-105aa, issued to Virginia Electric and Power Company on December 21, 2011, in Case No. PUE-2011-00011.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate issued in Ordering Paragraph (3) with the detailed map attached.

(5) The new transmission lines and substation approved herein must be constructed and in service by May 1, 2015. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

[9] Va. Code Ann. § 56-265.1 *et seq*. (Supp. 2011).

CASE NO. PUE-2012-00069
FEBRUARY 21, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of a cycle-based vegetation management pilot program

ORDER ON APPLICATION

On May 31, 2012, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Application seeking approval of a pilot program ("Pilot") and for deferral of Pilot costs for future recovery by the Company. Through the Pilot, APCo would clear vegetation from the rights-of-way of thirty of its distribution circuits located in Virginia to potentially begin four-year cycle-based vegetation management (*i.e.*, tree-trimming every four years). APCo indicates that the filing of its Application complies with the Commission's Final Order in the Company's 2011 biennial review, Case No. PUE-2011-00037, in which the Commission directed the Company "to develop – in consultation with and as recommended by Staff – a four-year cycle-based vegetation management pilot program to determine the cost effectiveness of implementing such a program on a system-wide basis."[1]

[1] *Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rep. 477, 488, Final Order at 30 (Nov. 30, 2011).

In addition to seeking approval of the Pilot, the Application requests approval to defer costs related to the Pilot for recovery in its next biennial review.[2] According to the Company, APCo anticipates the Pilot would cost approximately $30 million over three years. Of this estimated $30 million, APCo expects approximately $9 million would be expenditures typically classified as capital and $21 million would be expenditures typically classified as operation and maintenance ("O&M") expense.[3]

On June 14, 2012, the Commission issued an Order for Notice and Hearing that, among other things, docketed this proceeding; directed APCo to provide public notice of its Application; directed APCo to file testimony in support of its Application; ordered the Commission's Staff ("Staff") to investigate and file a report addressing the Application; provided opportunities for interested persons to comment, intervene, and participate in this proceeding; scheduled an evidentiary hearing on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission and to file a report.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Buchanan County Board of Supervisors ("Buchanan County"). Additionally, written comments were received from the Tazewell County Board of Supervisors, Buchanan County, and J.H. Maxey.

On August 21, 2012, Staff filed the testimony and exhibits of its witnesses. On September 4, 2012, APCo filed its rebuttal testimony.

On September 18, 2012, the evidentiary hearing on the Application was convened and evidence was received into the record. One public witness, Ronnie Coake, testified at the hearing. Mr. Coake testified about a long-standing dispute with APCo and raised several issues regarding tree trimming and right-of-way maintenance. Additionally, Mr. Coake testified that he has requested from APCo, but has not received, a copy of the Company's easement agreement(s) covering his property.[4]

On November 8, 2012, the Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report" or "Report") was filed. In his Report, the Hearing Examiner summarized the history and record in this case and recommended that the Commission enter an order that approves the Company's Pilot and adopts the findings identified in the Report. Specifically, the Hearing Examiner made the following findings:

> 1. The issues raised by Mr. Coake would be better addressed in the Company's next general rate case as part of its biennial review;
>
> 2. The Commission should direct the Company to provide Mr. Coake with copies of the duly executed easements covering his two properties. If no such easements exist, the Company should be directed to provide a full and complete legal description of the prescriptive easements that it believes it has over Mr. Coake's properties;
>
> 3. The Pilot should be approved to be effective January 1, 2013, and continue until all performance data reporting is completed or until further order of the Commission;
>
> 4. Buchanan County's request to include the entire county in the Pilot is moot;
>
> 5. The Company would not recover its just and reasonable expenses from ratepayers if the Pilot was funded by its existing rates;
>
> 6. An annual amount of $1,085,075 should be credited to the cost of the Pilot; and
>
> 7. The Hearing Examiner's accounting methodology for the Pilot as set forth in this Report is reasonable and should be adopted by the Commission.[5]

On November 29, 2012, APCo, Consumer Counsel, and Staff filed comments on the Hearing Examiner's Report.

APCo recommends that the Commission adopt the Report, subject to certain clarifications and modifications recommended by the Company. APCo generally supports the Report's recommended accounting and cost recovery findings except that the Company disagrees that an annual amount of $1,085,075 should be credited to the annual cost of the Pilot. APCo instead recommends that this amount should be used going forward for vegetation management on other, non-Pilot circuits in its Virginia service territory.[6] Additionally, APCo clarifies that the Pilot is designed to be flexible such that work on some or all of the Pilot circuits may occur at the same time during the course of the Pilot.[7] Finally, APCo asserts that the right-of-way issues raised by Mr. Coake are irrelevant to this proceeding, but the Company agrees to provide to Mr. Coake copies of the easements recommended by the Report.[8]

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[2] Application at 2-3.

[3] *Id.* at 2.

[4] Tr. at 23-45.

[5] Report at 17-18.

[6] APCo's Comments at 2.

[7] *Id.* at 2-3. This clarification by APCo is in response to the Report's description of a Pilot timeline in which approximately ten of the thirty Pilot circuits would be cleared each year. Report at 14.

[8] APCo's Comments at 3.

Consumer Counsel supports the Report's recommendation to credit the $1,085,075 amount[9] of average expenditures for the Pilot circuits against the cost of the Pilot but asserts that such an amount should be applied as an upfront discount to bring the annual cost of the Pilot from $10 million to $8,914,925 per year, rather than applied as a credit in a future "true-up."[10] Although Consumer Counsel does not oppose regulatory asset treatment for O&M expenses associated with the Pilot, Consumer Counsel asserts that any deferral of costs as a regulatory asset should be limited to Pilot expenditures incurred prior to February 1, 2014, the start of the rate year for the Company's 2013 biennial review, and that there should be no dollar-for-dollar costs recovery for the Pilot.[11]

In its comments on the Report, Staff opposes deferral of any Pilot costs as a regulatory asset.[12] However, Staff further indicates that, should the Commission approve regulatory asset treatment for any Pilot expenses, only the Pilot expenses incurred before February 1, 2014, should be eligible for any such treatment.[13] Staff also opposes dollar-for-dollar ratemaking treatment for the Pilot costs and raises concerns about the recommended implementation of such recovery.[14]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

The Pilot program is approved on the date of this Order and shall continue until further order of the Commission.

We authorize a total Pilot budget not to exceed $30 million, including the appropriate level of expenditures that will be capitalized during the Pilot program.[15] The Company also is granted flexibility in its yearly program expenditures within the constraint of the above budget cap.

We authorize the deferral of the Pilot O&M expenses until further Commission order. The recovery of deferred Pilot O&M expenses will be dependent upon the results of an earnings test. The Company agreed to this threshold test in testimony, stating: "The recovery of the deferred costs of the Pilot, of course, would be subject to an earnings test in the Biennial review. Further, the Company would need to present evidence in the Biennial review of the justness and reasonableness of the deferred expenditures for the Pilot program. The Company accepts these conditions associated with any deferred expenditures."[16]

An earnings test performed during a biennial review, applicable to deferred costs, presents at least two significant issues.[17] The first issue is where within the return on equity range (collar) identified in § 56-585.1 A 2 g of the Code of Virginia is it appropriate for testing deferred costs recovery. The second issue is whether the earnings test is based on the operating results of the year the deferral was recorded or the results of the combined two years of the biennial review. We direct the Staff and the Company to address these and other relevant issues in the Company's next biennial review. Other participants also are hereby invited to address these issues in the biennial review.

We do not adopt Consumer Counsel's proposal to net $1,085,075 of average annual vegetation management expenditures applicable to the 30 Pilot circuits with the cost of the proposed Pilot. The Pilot expenditures shall be incremental to pre-Pilot spending levels and shall not in any way negatively impact non-Pilot vegetation management spending on the Company's Virginia distribution system during the Pilot program. Also, the pre-Pilot spending applicable to the Pilot circuits is to be used to expand vegetation management on other, non-Pilot circuits and the Company shall include information verifying compliance with the directives herein in an annual report of the Pilot to be filed with the Commission on or before March 31 of each year.[18]

Accordingly, IT IS ORDERED THAT:

(1) The Pilot is approved on the date of this Order and shall continue until further order of the Commission.

(2) A total Pilot budget not to exceed $30 million, including the expenditures capitalized during the Pilot program period, is authorized, with flexibility in yearly expenditure levels also authorized.

(3) Deferral of the O&M Pilot expenses is authorized until further order of the Commission.

(4) The recovery of deferred Pilot O&M expenses will be dependent upon earnings test results.

(5) In the Company's next biennial review, the Staff and Company shall address the earnings test issues as stated in this Order.

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[9] This represents a five-year average of vegetation management expenditures for the 30 Pilot circuits from 2007-2011.

[10] Consumer Counsel's Comments at 4-6.

[11] *Id.* at 3, 6.

[12] Staff's Comments at 3-5.

[13] *Id.* at 6.

[14] *Id.* at 7-10.

[15] The Company agreed with Staff that a certain level of Pilot program costs would be capitalized during the Pilot, Exhibit 8 at 2.

[16] Exhibit 8 at 3-4.

[17] Issues regarding the measurement of deferred costs recovery also would need to be addressed in any applicable general rate proceeding.

[18] If we find that the Company did not follow this directive, we may consider netting these funds with any future recovery of Pilot costs.

(6) The Pilot expenditures shall be incremental to pre-Pilot spending levels and shall not in any way negatively impact non-Pilot vegetation management spending on the Company's Virginia distribution system during the Pilot program. Also, the pre-Pilot spending applicable to the Pilot circuits is to be used to expand vegetation management on other, non-Pilot circuits.

(7) On or before March 31, 2014, and each year thereafter until further order of the Commission, APCo shall file a report on Pilot activities, expenditures, and results for the previous calendar year as well as a cumulative summary of such information. The annual reports shall include information on the following:

(a) a description of vegetation work performed on the Pilot circuits;

(b) total Pilot expenditures, listed by general ledger account;

(c) a forecast of Pilot activities and expenditures not yet completed, listed by year and general ledger account;

(d) measures of the reliability of the Pilot circuits for the purpose of ascertaining the benefits of the Pilot vegetation management work;

(e) a description of vegetation management work performed on non-Pilot circuits using funds that were previously allocated for non-Pilot vegetation management on the Pilot circuits, and the amount of expenditures associated with such work, listed by general ledger account;

(f) verification that Pilot expenditures are incremental to pre-Pilot spending levels and have not in any way negatively impacted non-Pilot vegetation management spending on the Company's Virginia distribution system during the Pilot program; and

(g) any other information mutually determined by APCo and the Staff to be useful in evaluating the results of the Pilot for the purpose of determining the costs and benefits of system-wide cycle-based vegetation management.

(8) The Company is directed to provide Mr. Coake, within sixty days of this Order, copies of the duly executed easements covering his two properties. If no such easements exist, the Company shall provide a full and complete legal description of the prescriptive easements that it believes it has over Mr. Coake's properties.

(9) The issues raised by Mr. Coake would be better addressed in the Company's next biennial review or general rate proceeding.[19]

(10) Buchanan County's request to include the entire county in the Pilot is moot.

(11) This case is continued.

[19] Mr. Coake's issues are (1) APCo should have the necessary easements to conduct right-of-way maintenance; (2) the easements should specify the width of the right-of-way; (3) the Cycle-Based Vegetation Management ("CBVM") Program should address the duties and responsibilities of APCo's forester; (4) the CBVM Program should address the use of herbicides for vegetation management; (5) the CBVM Program should address the Company's responsibility to clean up after it has cleared its right-of-way; (6) the CBVM Program should provide for a grievance procedure; and (7) APCo should be prohibited from using its standard form easement.

CASE NO. PUE-2012-00071
MARCH 12, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

FINAL ORDER

On June 29, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings,[1] filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider S ("Application"). The Company seeks to recover costs associated with the Virginia City Hybrid Energy Center, a 585 MW nominal coal-fueled generating plant and associated interconnection facilities under construction in Wise County, Virginia.

On July 24, 2012, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. Notices of participation were received by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Virginia Committee for Fair Utility Rates ("Committee"), and The Kroger Co. ("Kroger"). The hearing was convened, as scheduled, on January 23, 2013. At the hearing, the Company and the

[1] 20 VAC 5-201-10 *et seq.*

Commission Staff ("Staff") (collectively, "Stipulating Parties") presented a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding.[2]

In the Stipulation, the Stipulating Parties agreed: (i) the instant Rider S proceeding only would involve approval of a revenue requirement, and resulting rates, for the rate year April 1, 2013, through March 31, 2014 ("2013 Rate Year"), and Dominion Virginia Power would file a new Rider S application on or before June 30, 2013, for the purpose of requesting a new revenue requirement for the rate year April 1, 2014, through March 31, 2015;[3] (ii) Dominion Virginia Power would file evidence in support of an indirect overhead cost allocation, or allocations, in its forthcoming biennial review proceeding, and the overhead cost allocation issue would be deferred for resolution in that biennial review proceeding;[4] (iii) the Company would remove $274,000 from its requested revenue requirement, an amount that reflects a reasonable estimate of the incremental impact on the Rider S revenue requirement of the Company's revised indirect overhead cost allocation methodology for the 2013 Rate Year;[5] (iv) the Company would maintain accurate and detailed records tracking the allocation of overhead costs to all generation construction projects, including the calculation of such costs, to allow for any necessary booking or ratemaking adjustments;[6] (v) $675,000 is a reasonable estimate of the Domestic Production Activities Deduction ("DPA Deduction") associated with Rider S for the 2013 Rate Year;[7] and (vi) the rate design for Rate Schedules GS-2 and GS-2T would be consistent with the rate design the Commission adopts for these classes in Case No. PUE-2012-00067.[8]

While the Stipulation presented by Dominion Virginia Power and Staff would resolve the only outstanding rate design issue in this proceeding, which concerns the Company's proposed modification of Rate Schedules GS-2 and GS-2T, Kroger has contested the Company's proposed rate design modification. For Rate Schedules GS-2 and GS-2T, Dominion Virginia Power proposes to replace the existing rate design for these schedules, which includes only energy charges, with a rate design that includes both energy and demand charges. More specifically, for customers served under these two schedules, the Company proposes to apply energy charges to customers with load factors less than or equal to 50% and demand charges to customers with load factors greater than 50%. While acknowledging that Dominion Virginia Power's proposed rate design modification represents an improvement over the current rate design for Rate Schedules GS-2 and GS-2T, Kroger advocates using a 28% load factor as the threshold for applying an energy-only Rider W charge, rather than the 50% load factor threshold proposed by the Company. According to the Company, adopting Kroger's lower proposed load factor threshold could result in significant rate increases for certain customers.[9]

As is noted above, since this rate design issue also was addressed in detail in Case No. PUE-2012-00067, for consistency, Staff and the Company have recommended that the Commission adopt the same rate design for Rate Schedules GS-2 and GS-2T in this proceeding as it adopted in Case No. PUE-2012-00067.[10] In that proceeding, the Commission found that the Company's proposed modification to the rate design for Rate Schedules GS-2 and GS-2T was reasonable and should be adopted.[11]

On February 1, 2013, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner recommended that the Commission accept the Stipulation.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the recommendations set forth in the Hearing Examiner's Report should be adopted. Specifically, the Commission finds that the Stipulation is reasonable and should be accepted. Consistent with our findings in Case No. PUE-2012-00067, and for the reasons set forth in the Final Order entered in that docket, the Commission finds that the Company's proposed rate design for Rate Schedules GS-2 and GS-2T should be approved.

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[2] At the hearing, neither Consumer Counsel nor the Committee objected to the Stipulation. Kroger did not appear at the hearing but has raised no subsequent objection.

[3] Ex. 1 at 3.

[4] The evidence filed by the Company in support of an indirect overhead cost allocation, or allocations, would include, but not be limited to, a study demonstrating why each type of overhead cost to be allocated to generation construction projects is reasonable and how such costs support generation capital projects. The study also would identify the alternative allocation methodologies considered and provide an analysis of the advantages and disadvantages of each alternative. For each type of overhead cost, the study would identify the Company's chosen allocation methodology and explain why it is the most appropriate allocator for that specific overhead cost. Ex. 1 at 4.

[5] Upon a final determination by the Commission in the 2013 biennial review proceeding of the appropriate methodology, any difference between the Commission-approved allocation methodology and the methodology used to determine the revenue requirement in the present proceeding would be addressed through a Commission-approved true-up protocol for Rider S. The Stipulating Parties agreed that the Commission-approved indirect overhead cost allocation methodology would be implemented effective January 1, 2012. Ex. 1 at 4.

[6] Ex. 1 at 5.

[7] This amount is subject to true-up in future Rider S proceedings. The Rider S DPA Deduction would be calculated on a stand-alone basis. The compromise on the DPA Deduction would be applied consistently in all of the Company's rate adjustment clauses filed pursuant to § 56-585.1 A 6 of the Code. *See* Ex. 1 at 5.

[8] Ex. 1 at 6; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2013*, Case No. PUE-2012-00067, Final Order (Feb. 19, 2013) ("Rider W Final Order").

[9] *See* Ex. 16.

[10] This rate design issue also was addressed in Case No. PUE-2012-00072. *See Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations, for the rate year commencing April 1, 2013*, Case No. PUE-2012-00072, Doc. Con. Cen. No. 120650023, Application (June 29, 2012).

[11] Rider W Final Order at 4.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval of a revision of its rate adjustment clause, designated as Rider S, is granted in part and denied in part as set forth herein.

(2) The findings and recommendations set forth in the Hearing Examiner's Report, including approval of the Stipulation and Recommendation, are hereby adopted.

(3) The Company shall forthwith file a revised Rider S and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) Rider S, as approved herein, shall become effective for service rendered on and after April 1, 2013.

(5) On or before June 30, 2013, the Company shall file an application to revise Rider S effective April 1, 2014.

(6) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

CASE NO. PUE-2012-00076
JULY 22, 2013

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For an expedited increase in rates

FINAL ORDER

On September 14, 2012, Southwestern Virginia Gas Company ("SWVG" or "Company") filed a completed application with the State Corporation Commission ("Commission") for an expedited increase in rates ("Application") wherein it requested an annual increase in revenues of $222,475, or 2.7%, and proposed that the increase in rates take effect, subject to refund, for bills rendered on and after November 30, 2012.

On October 18, 2012, the Commission issued an Order for Notice and Hearing in which it, among other things, ordered the Company to provide public notice of its Application, established a procedural schedule, scheduled a hearing, allowed SWVG to place its proposed rates into effect on an interim basis subject to refund, and appointed a Hearing Examiner to conduct all further proceedings in this matter.

There were no respondents in this proceeding, and on April 29, 2013, the Commission staff ("Staff") filed its testimony. A public hearing was convened on May 2, 2013, and no public witnesses appeared to testify at the hearing.

On June 12, 2013, the Company filed a stipulation ("Stipulation") along with a Motion to Accept Stipulation ("Motion") on behalf of SWVG and the Staff ("Stipulating Participants"). The Stipulation, among other things, provides for a non-gas base revenue increase of $156,701 based on a return on equity of 9.50%. Additionally, the Stipulation provides that the Company will make any necessary refunds of interim rates, as directed by the Commission. In its Motion, the Company requested authority to place the stipulated rates into effect for bills rendered on and after June 30, 2013, and further stated that the Staff did not oppose the request.

On June 18, 2013, the evidentiary hearing convened. No public witnesses appeared to testify. The Application and supporting attachments and schedules; the testimony and exhibits of the Stipulating Participants' witnesses; and the Stipulation were admitted into the evidentiary record.

On July 10, 2013, the Hearing Examiner issued his report ("Report"). After summarizing the evidence and the Stipulation, the Hearing Examiner found the Stipulation to be acceptable. He further recommended that the Commission accept the Stipulation, direct the Company to refund with interest the amounts charged to customers in excess of the rates set forth in the Stipulation, and dismiss this case.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Report and the Stipulation should be adopted and that the annual non-gas base revenue increase of $156,701 reflected in the Stipulation should be approved. We find the rates proposed by the Stipulation are designed to afford SWVG an opportunity to earn a reasonable return and are just and reasonable. We also direct SWVG to refund the amounts charged to customers in excess of the rates we approve herein.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the July 10, 2013 Report hereby are adopted.

(2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted and its terms are incorporated herein.

(3) The Company shall forthwith file the revised rates and terms and conditions of service conforming to the proposed rates set out in Attachments B and C to the Stipulation and bearing an effective date of November 30, 2012, for bills rendered on and after November 30, 2012.

(4) On or before September 30, 2013, the Company shall use the rates and charges approved in Ordering Paragraph (2) to recalculate each bill it rendered that used, in whole or in part, the rates and charges that took effect subject to refund on November 30, 2012. Where application of the rates prescribed in Ordering Paragraph (2) results in a reduced bill, the Company shall refund the difference with interest as set out below.

(5) The refunds with interest directed in Ordering Paragraph (4) for current customers may be made by a credit to the customers' accounts and shown on bills. Each bill shall show the refund as a separate item or items. For former customers, the refunds with interest that exceed $1 shall be made by check, mailed to the last known address of such customers. The Company may offset the credit or refund against any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance.

(6) The refund amounts calculated as directed in Ordering Paragraph (5) shall bear interest at a rate for each calendar quarter that shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in the weekly Federal Reserve Statistical Release H. 15 (519), Selected Interest Rates, for the three months of the preceding calendar quarter. The interest shall be computed from the date bills were due to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(7) On or before November 29, 2013, the Company shall provide the Commission's Divisions of Utility Accounting and Finance 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.

(8) The Company shall bear all costs incurred in effecting the refund ordered herein.

(9) This matter is dismissed, and the papers filed herein shall be placed in the 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-2012-00086
APRIL 16, 2013

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited increase in rates

FINAL ORDER

On September 14, 2012, Roanoke Gas Company ("Roanoke Gas" or "Company") filed a completed application with the State Corporation Commission ("Commission") for an expedited increase in rates ("Application") with direct testimony, exhibits, and schedules as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq*. ("Rate Case Rules"). Roanoke Gas proposed to increase its annual jurisdictional operating revenues by $1,837,452, or approximately 3.5%.[1] Base non-gas rates would increase by approximately 7.7%, spread proportionally to each class of customer. As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Roanoke Gas requested that its increase in rates take effect on an interim basis and subject to refund for service rendered on and after November 1, 2012.

On October 15, 2012, the Commission entered an Order for Notice and Hearing which, among other things, directed the Company to provide notice of its Application and established procedures for receiving comments on the Application and participating in this case. The Commission also set the matter for hearing before a Hearing Examiner, directed the Staff of the Commission ("Staff") to investigate the Application, and found that Roanoke Gas had satisfied the requirements for putting its proposed rates in effect on an interim basis on November 1, 2012, subject to refund.

No respondents filed notices of participation in this case.

On March 26, 2013, the public hearing was convened as scheduled. At the hearing, Roanoke Gas and Staff presented a jointly-executed stipulation and proposed settlement resolving all issues in the case ("Stipulation"). Among other things, the Stipulation provided for an annual increase in non-gas base rate revenues of $649,639, established a 9.75% return on equity for setting rates, and proposed revised rates and terms and conditions for service provided by the Company. At the hearing, the Hearing Examiner admitted into the record proof of public notice; the prepared testimony and exhibits of the Company and the Staff; and the Stipulation. No public witnesses appeared at the hearing.

On April 1, 2013, Howard P. Anderson, Jr., Hearing Examiner, filed his report in this case ("Hearing Examiner's Report"). The Hearing Examiner directed Roanoke Gas to reduce its rates immediately to the level agreed upon in the Stipulation, in accordance with the Company's request. Further, Hearing Examiner Anderson recommended that the Commission accept the Stipulation, permit the revised rates to be implemented, and direct the Company to refund, with interest, the amounts charged in excess of the rates set forth in the Stipulation. The Hearing Examiner waived the period for comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. We find that the record supports the adoption of the proposed Stipulation, including an increase in annual non-gas base rate revenues of $649,639. In addition, we find that the rates proposed by the Stipulation are designed to afford Roanoke Gas an opportunity to earn a reasonable return and are just and reasonable. We also direct the Company to refund the amounts charged to customers in excess of the rates we approve in this Final Order.

[1] Exhibit 3 (Williamson Direct) at 2.

Specifically, we accept the Stipulation and find as follows:

(1) The use of a test year ending June 30, 2012, is proper in this proceeding.

(2) Roanoke Gas's test year operating revenues from Virginia jurisdictional business, after adjustments, were $46,203,346.

(3) Roanoke Gas's test year Virginia jurisdictional operating income and adjusted operating income were $4,800,934 and $4,770,616, respectively.

(4) Roanoke Gas's adjusted Virginia jurisdictional test year rate base is $60,447,674.

(5) Roanoke Gas's current rates produce a return on adjusted rate base of 7.89% and a return on equity of 8.71%.

(6) For purposes of establishing rates in this proceeding, a return on equity of 9.75% is appropriate and would be appropriate for any SAVE application that the Company might file prior to any further base rate change. The midpoint of a return on equity range of 9.0% - 10.0% is appropriate for future earnings tests.

(7) The Company may continue to determine its revenue requirement in expedited rate cases based on a 10.1% rate of return on equity.

(8) Roanoke Gas requires $649,639 in additional Virginia jurisdictional non-gas base rate revenues to have an opportunity to earn a reasonable return on rate base.

(9) The rate design and terms and conditions of service set forth in the Stipulation are reasonable.

(10) The rates produced by the Stipulation are designed to afford Roanoke Gas an opportunity to earn a reasonable return and are just and reasonable.

(11) The revenue apportionment proposed by the Stipulation is appropriate for the purpose of this expedited rate case.

(12) The accounting and booking recommendations set forth in the Stipulation are reasonable and should be implemented by Roanoke Gas.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report hereby are adopted.

(2) The Company's Application for an expedited increase in rates is granted as discussed herein.

(3) The Company forthwith shall file revised rates and terms and conditions of service conforming to the proposed rates set out in Attachments B and C to the Stipulation and bearing an effective date of November 1, 2012, effective for service rendered on and after November 1, 2012.

(4) On or before June 29, 2013, the Company shall use the rates and charges approved in Ordering Paragraph (3) to recalculate each bill it rendered that used, in whole or in part, the rates and charges that took effect subject to refund on November 1, 2012. Where application of the rates prescribed in Ordering Paragraph (3) results in a reduced bill, the Company shall refund the difference with interest as set out below.

(5) The refunds with interest directed in Ordering Paragraph (4) for current customers may be made by a credit to the customers' accounts and shown on bills. The bill shall show the refund as a separate item or items. For former customers, the refunds with interest that exceed $1 shall be made by check, mailed to the last known address of such customers. The Company may set off the credit or refund against any undisputed outstanding balance for the current or former customer. No set off shall be permitted against any disputed portion of an outstanding balance.

(6) The refund amounts calculated as directed in Ordering Paragraph (4) shall bear interest at a rate for each calendar quarter that shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in the weekly Federal Reserve Statistical Release H. 15 (519), Selected Interest Rates, for the three months of the preceding calendar quarter. The interest shall be computed from the date bills were due to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(7) On or before September 3, 2013, the Company shall provide to the Commission's Divisions of Utility Accounting and Finance 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.

(8) The Company shall bear all costs incurred in effecting the refund ordered herein.

(9) This matter is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2012-00088
JULY 26, 2013

APPLICATION OF
ANDERSON PROPANE SERVICE, INC.

For authority as a non-utility gas service provider to provide additional service and build additional facilities pursuant to the Utility Facilities Act

DISMISSAL ORDER

On March 29, 2013, Anderson Propane Service, Inc. ("Anderson Propane") or "Company") filed an application with the State Corporation Commission ("Commission"), pursuant to the Utility Facilities Act[1] for authority as a non-utility gas service provider to provide additional services and build additional facilities ("Application").

On April 24, 2013, the Commission entered an Order for Notice and Comment that, among other things, docketed the Application, provided interested persons the opportunity to file comments or request a hearing, and appointed a Hearing Examiner to rule on any discovery matters that may arise in this matter.

On May 15, 2013, Columbia Gas of Virginia, Inc. ("Columbia") filed a Notice of Participation and also filed a Motion to Dismiss the Application and, in the Interim, to Suspend the Procedural Schedule and Schedule Oral Argument ("Motion to Dismiss"). On May 29, 2013, Anderson Propane filed its Opposition to Columbia's Motion to Dismiss. Also on May 29, 2013, Columbia filed a Request for Hearing in this proceeding.

On June 4, 2013, the Commission entered an Order suspending the remainder of the procedural schedule established in the Commission's April 24, 2013 Order for Notice and Comment and appointed a Hearing Examiner to rule on Columbia's Motion to Dismiss and Request for Hearing; establish an appropriate procedural schedule in this matter; and conduct all further proceedings in this matter on behalf of the Commission.

By Ruling dated June 28, 2013, Columbia's Motion to Dismiss was denied, a procedural schedule was reestablished, and a public hearing on the Application was scheduled.

On July 12, 2013, Anderson Propane, by counsel, filed a Motion to Withdraw Application and Terminate Proceeding ("Motion to Withdraw") without prejudice, and on

July 16, 2013, the Hearing Examiner issued a report ("Report") wherein he found that the Company's Motion to Withdraw should be granted and the Application should be dismissed without prejudice. Additionally, the Hearing Examiner recommended that the Commission enter an order adopting the findings contained in his Report and enter an order dismissing the Application without prejudice.[2]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted and this case should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's findings and recommendations hereby are adopted.

(2) This case is dismissed without prejudice.

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[1] Va. Code §§ 56-265.1 *et seq.*

[2] Columbia and the Staff of the Commission indicated they would not file Comments to the Report. Anderson Propane, in its Comments, requested Commission approval of the Report.

CASE NO. PUE-2012-00094
MAY 9, 2013

PETITION OF
APPALACHIAN POWER COMPANY

For approval to revise a rate adjustment clause: RPS-RAC, for the recovery of the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E

FINAL ORDER

On September 28, 2012, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a petition and supporting documents seeking approval to increase charges recovered through the Company's existing rate adjustment clause, designated as the RPS-RAC, to recover the incremental costs of the Company's participation in Virginia's Renewable Energy Portfolio Standard Program ("RPS Program") ("Petition"). APCo filed its Petition pursuant to §§ 56-585.1 A 5 d and 56-585.2 E of the Code of Virginia ("Code") and the Commission's Order Approving Rate Adjustment Clause in Case No. PUE-2011-00034 ("2011 RPS Order").[1]

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[1] *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program, pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2011-00034, 2011 S.C.C.

In its Petition, APCo states that the Commission previously approved the Company's participation in the RPS Program and found that two of the Company's wind purchase power agreements ("Wind PPAs") were reasonable and prudent.[2] APCo further states that the Commission approved the Company's request for the establishment of an RPS-RAC to recover approximately $6.3 million of its actual incremental costs to participate in the RPS Program, incurred from 2008 through December 31, 2010, in the 2011 RPS Order.[3]

In this proceeding, APCo seeks to recover a jurisdictional revenue requirement of $8,683,717.[4] APCo asserts that this revenue requirement recognizes a credit of about $2.6 million for the estimated over-recovery of costs through the current RPS-RAC charges and results in an increase of about $2.4 million compared to the annual revenue collected under current RPS-RAC charges.[5] APCo also seeks to demonstrate that the Company took reasonable and prudent steps to manage its 2008-2012 Renewable Energy Certificates ("RECs") for the benefit of its customers.[6]

On November 6, 2012, the Commission entered an Order for Notice and Hearing in this proceeding that, among other things, docketed the Petition, required APCo to publish notice of its Petition, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. Notices of participation were received from the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Old Dominion Committee for Fair Utility Rates ("Committee"). In addition, six written comments were received on the Company's Petition generally opposing any increase in the RPS-RAC .[7]

On February 15, 2013, the Commission Staff ("Staff") filed its testimony and exhibits. Neither Consumer Counsel nor the Committee filed testimony in this proceeding. The Company subsequently filed its rebuttal testimony.

The hearing convened, as scheduled, on March 19, 2013. At the hearing, the parties and Staff ("Stipulating Parties") presented a Stipulation ("Stipulation") addressing the issues in this case. Specifically, the Stipulation provided for a revenue requirement of $7.3 million for the revised RPS-RAC.[8] While this represents a $1 million increase over the current $6.3 million RPS-RAC revenue requirement authorized in the 2011 RPS Order, it represents a $914,000 reduction in the revenue requirement requested in the present case.[9] Further, the Stipulation provided that APCo's acceptance of a $914,000 decrease to its requested revenue requirement did not represent an acknowledgement that its treatment of RECs was in any way imprudent.[10] The Stipulation also provided that in APCo's next RPS-RAC case, the period January 1, 2011—December 31, 2013, will be reviewed to determine the actual RPS-RAC costs for that period. For this period, APCo agreed to reduce its actual costs by $914,000, which would not be recovered by the Company through the resulting true-up in the next or any future RPS-RAC case.[11] The Stipulation further provided that the cost allocation and rate design to recover the $7.3 million revenue requirement would be as described by the Company in Witness Simmons' testimony.[12]

Regarding the Company's management of its RECs, the Stipulation stated that it represented a final determination of the rate and cost of service treatment of the 2008-2010 RECs, and that such treatment shall not be re-litigated in any subsequent proceeding.[13] APCo agreed that, to the fullest extent permitted by federal and state law, it would manage its RECs for the benefit of its Virginia customers and do so in a manner that is fully transparent to the Commission, Staff, and other interested persons.[14] Consumer Counsel, in the Stipulation, stated that while it supports the Stipulation as a whole, Consumer Counsel does not take a position as to whether APCo's calculation of incremental costs in this case is reasonable.[15] The Stipulating Parties reserved their

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Ann. Rept. 471, Order Approving Rate Adjustment Clause (Nov. 3, 2011). In the 2011 RPS Order, the Commission directed that APCo file its next RPS-RAC petition on or before September 30, 2012. *Id.* at 474.

[2] Petition at 3. The two Wind PPAs are the Camp Grove Wind Farm purchase power agreement and the Fowler Ridge Wind Farm purchase power agreement. Direct Testimony of William A. Bosta at 3; *Application of Appalachian Power Company, For Approval to Participate in the Virginia Renewable Energy Portfolio Standard Program*, Case No. PUE-2008-00003, 2008 S.C.C. Ann. Rept. 466, Final Order (Aug. 11, 2008). The Company represents that the costs associated with other wind purchase power agreements that have been denied by the Commission are not included in the instant Petition. Petition at 3, n.1 *citing Application of Appalachian Power Company, For approval pursuant to Va. Code § 56-585.2 of purchase power agreements as part of its participation in the Virginia renewable energy portfolio standard program*, Case No. PUE-2009-00102, 2010 S.C.C. Ann. Rept. 395, Order Denying Application (June 2, 2010).

[3] Petition at 3; 2011 RPS Order.

[4] Petition at 5.

[5] *Id.*

[6] *Id.* at 5-8.

[7] One additional comment was filed out of time.

[8] Stipulation at 1.

[9] As updated by the Company in Witness Bosta's Rebuttal Testimony. *See* Stipulation at 1-2.

[10] *Id*. at 2.

[11] *Id*.

[12] *Id*.

[13] *Id*.

[14] *Id*.

[15] *Id*.

rights to challenge the Company's methodology for determining incremental costs in future cases.[16] The Stipulating Parties also agreed that the resolution of the issues in the Stipulation, taken as a whole, and the disposition of all other matters set forth in the Stipulation are in the public interest.[17]

On March 22, 2013, the Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner found that the Stipulation is "fair, reasonable, in the public interest, and complies with [§§ 56-585.1 A 5 d and 56-585.2 E of the Code]."[18] Accordingly, the Hearing Examiner recommended that the Commission adopt the Stipulation as well as the findings and recommendations in his Report. The Hearing Examiner also recommended that the Commission approve the Company's revenue requirement as provided in the Stipulation. Further, given that the Stipulating Parties had agreed to the disposition of this case, the Hearing Examiner waived the comment period to the Report and no comments were filed.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted. Specifically, we find that the Stipulation is reasonable and in the public interest.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition for approval of a revision of its rate adjustment clause, RPS-RAC, is granted in part and denied in part as set forth herein.

(2) The findings and recommendations set forth in the Hearing Examiner's Report are hereby adopted.

(3) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted, and its terms are incorporated herein.

(4) The Company forthwith shall file a revised Schedule RPS-RAC and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(5) The revised RPS-RAC, as approved herein, shall become effective for service rendered on and after August 1, 2013.

(6) The Company shall file its next RPS-RAC petition on or before March 31, 2014.

(7) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

[16] The Stipulation also stated that it "represents a settlement in this case only… except as specifically provided for in paragraphs 5, 7, 8, and 9." These paragraphs of the Stipulation relate, respectively, to (i) the implication of the $914,000 reduction in the next and future RPS-RAC cases; (ii) the rate and cost of service treatment for the 2008-2010 RECs in this and subsequent proceedings; (iii) APCo's management of RECs to the benefit of its Virginia customers in a transparent manner going forward; and (iv) the reservation of the right to challenge the Company's methodology for determining incremental costs in future proceedings. *See id.* at 2, 3.

[17] *Id.* at 3.

[18] Report at 6.

CASE NO. PUE-2012-00100
APRIL 19, 2013

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

ORDER

On August 31, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code") and Rules 10 (20 VAC 5-201-10) and 60 (20 VAC 5-201-60) of the Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules")[1] of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,[2] the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs,[3]

[1] 20 VAC 5-201-10 *et seq.*

[2] 20 VAC 5-303-10 *et seq.*

[3] 20 VAC 5-304-10 *et seq.*

and the Commission's April 30, 2012 Order in Case No. PUE-2011-00093 ("2011 DSM proceeding"),[4] filed a petition for approval to extend two demand-side management ("DSM") programs ("Programs") and for approval of two updated rate adjustment clauses ("Petition").[5]

In its Petition, the Company seeks approval to extend two DSM programs previously approved by the Commission in Dominion Virginia Power's first DSM proceeding.[6] The two programs that the Company is seeking to extend are the Low Income Program and the Air Conditioner Cycling Program ("AC Cycling Program") (collectively, "Phase I DSM Programs"), which are set to expire April 30, 2013. The Low Income Program is an energy efficiency program and the AC Cycling Program is a peak-shaving program, as those terms are defined by § 56-576 of the Code. The Company seeks approval to extend the Low Income Program and the AC Cycling Program for a period of two and five years, respectively, and subject to future extensions as requested and granted by the Commission.

In addition, the Company states that the costs associated with the extended Phase I DSM Programs for the May 1, 2013 through April 30, 2014 rate year ("Rate Year") will be recovered through base rates, as required by the Commission's April 30, 2012 Order in the 2011 DSM proceeding.[7] If the Commission chooses to impose spending caps on the extended Phase I DSM Programs, the Company proposes a spending cap for the two programs in the amount of $136,511,307, which is inclusive of operating costs, revenue reductions related to energy efficiency programs ("lost revenues"), common costs, return on capital expenditures, margins on operation and maintenance ("O&M"), and evaluation, measurement and verification ("EM&V") costs.[8] The Company further proposes that spending within the cap be flexible among the programs and requests the ability to exceed the spending cap by no more than 5%.[9]

The Company also is requesting approval of an annual update to continue two rate adjustment clauses ("RACs"), Riders C1A and C2A, for the Rate Year for cost recovery associated with (a) projected Rate Year costs of the Company's programs previously approved by the Commission in its April 30, 2012 Order in the 2011 DSM proceeding (collectively, "Phase II DSM Programs");[10] (b) 2011 calendar year true-up of costs associated with the Company's Phase I DSM Programs (through November 30, 2011);[11] and (c) projected Rate Year costs of the Electric Vehicle Pilot Program ("EV Pilot Program") approved in Case No. PUE-2011-00014.[12]

The total proposed revenue requirement for the Rate Year of the RACs proposed in the Petition is approximately $26.6 million.[13] The Company further states that it is not seeking recovery of lost revenues at this time; however, the Company is not waiving any right to seek such lost revenues in future proceedings for the Rate Year.[14] The Company proposes revised Riders C1A and C2A be applicable for usage, for billing purposes, 15 calendar days following the issuance of an order by the Commission approving Riders C1A and C2A, or May 1, 2013, whichever is later.[15]

In its Petition, the Company also requests approval of a process whereby the Commission Staff ("Staff") could approve limited modifications to the design of previously approved DSM programs outside of a formal proceeding.[16] In support of its request, the Company states that "[f]lexibility is need[ed] to make necessary DSM Program design modifications in a timely manner to reflect changing market conditions, standards, and technology, as those changes occur, to enhance Program offerings to maximize opportunities for customers to increase energy efficiency, and to ensure that the DSM Programs are implemented effectively."[17] Specifically, the Company proposes that Staff "administratively review requests to modify, remove, or add

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[4] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2011-00093, Doc. Con. Cen. No. 120440041, Order (Apr. 30, 2012).

[5] Supporting testimony and other documents also were filed with the Petition.

[6] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, Order Approving Demand-Side Management Programs (Mar. 24, 2010).

[7] Ex. 2 (Petition) at 9.

[8] *Id.*

[9] *Id*.

[10] The Company states that all of the Phase II DSM Programs have been implemented, and the Company already is experiencing strong interest in these programs. Ex. 2 (Petition) at 10-11.

[11] Specifically, the Company states that consistent with the Commission's determination in the 2011 DSM proceeding, which approved the Company's calendar year true-ups for 2009 and 2010, the Company is requesting a true-up of 2011 calendar year costs associated with Phase I DSM Programs through November 30, 2011, when they were combined in base rates, through its Monthly True-Up Adjustment. Ex. 2 (Petition) at 14.

[12] Ex. 2 (Petition) at 2; *See Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, 2011 S.C.C. Ann. Rept. 436, Order Granting Approval (July 11, 2011).

[13] Ex. 2 (Petition) at 15.

[14] *Id.* at 13.

[15] *Id.* at 15.

[16] *Id*. at 2, 15-16.

[17] *Id*. at 15-16.

measures to previously-approved DSM Programs, which would not increase the projected direct program costs and would not change the projected energy or capacity savings."[18]

On October 10, 2012, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed the Company to provide public notice of its Petition.

The following parties filed notices of participation in this proceeding: Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); the Virginia Committee for Fair Utility Rates ("VCFUR"); and the Office of Attorney General, Division of Consumer Counsel ("Consumer Counsel").

On January 15, 2013, the Environmental Respondents filed the testimony and exhibits of its expert witness. On February 5, 2013, the Staff filed testimonies and exhibits of its witnesses. The Company subsequently filed its rebuttal testimony. The Commission convened a hearing on March 5, 2013. The participants agreed that all witness testimony should be admitted into the record and waived cross-examination on the testimony. The Commission also received testimony from four public witnesses. In place of opening statements and live testimony by the participants' witnesses, the Commission heard closing arguments from counsel.

With regard to the programs at issue in the Company's Petition, the Environmental Respondents focused only on the Company's request for approval to extend the AC Cycling and Low Income Programs and the Company's request for approval of an administrative approval process.[19] The Environmental Respondents support the extension of the AC Cycling and Low Income Programs, with some caveats related to cost-effectiveness and contribution towards energy reduction goals.[20] The Environmental Respondents also support the proposed administrative approval process.[21] The Environmental Respondents raised an additional issue, not included in the Petition, asserting that, as energy savings from energy efficiency programs increase, "future lost revenue awards are uncertain and could become larger than the implementation costs of the efficiency programs," and suggested that the Commission initiate a rulemaking proceeding to define rules governing the determination of net lost revenues related to energy efficiency programs.[22]

In oral argument, counsel for the VCFUR asserted that the Company's request to continue the Phase I DSM programs should be denied because the Code does not give the Company authority to seek approval of base-rate DSM programs through a RAC application.[23] The VCFUR argued further that the Company's proposal to implement an administrative approval process should be denied, as it is inconsistent with § 56-585.1 A 5 of the Code.[24] Consumer Counsel generally supports the Company's requests in its Petition but does not agree that a rulemaking proceeding to address lost revenues is necessary at this time.[25]

The Staff agrees with the Company's proposed C1A and C2A revenue requirements, ratemaking capital structure and return on equity.[26] Furthermore, the Staff does not oppose the Company's request to extend its two active Phase I DSM Programs, the Low Income Program and the AC Cycling Program.[27] Staff does, however, have concerns about the Company's proposal for an administrative review process for limited modification, addition, or removal of measures in approved DSM programs.[28] Staff also opposes the Environmental Respondents' and Company's proposal to initiate a rulemaking proceeding to develop a methodology for recovery of net lost revenues related to energy efficiency programs.[29]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Dominion Virginia Power seeks approval to continue the two RACs, Riders C1A and C2A, pursuant to § 56-585.1 A 5 of the Code, which, among other things, allows a utility to petition the Commission for approval of a RAC for the timely and current recovery from customers of the following costs:

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[18] *Id*. at 16.

[19] Ex. 10 (Loiter Direct) at 3.

[20] *Id*. at 3, 4-12.

[21] *Id*. at 3, 12-13.

[22] *Id*. at 16-17. Company witness Stites stated in his rebuttal testimony that the Company supports this proposal and requested that the Commission initiate a rulemaking proceeding regarding net lost revenues as soon as possible. *See* Ex. 14 (Stites Rebuttal) at 9-10.

[23] Tr. 29-30, 33-34.

[24] Tr. 30-37.

[25] Tr. 61- 65.

[26] Ex. 11 (Ellis Direct) at 7, and Ex. 13 (Oliver Direct) at 3-4.

[27] Ex. 12 (Carsley Direct) at 14. Staff does, however, recommend that in the future, a request to extend DSM programs, the costs for which have been incorporated into base rates, should be filed separately from a petition filed under § 56-585.1 A 5 of the Code. *See* Ex. 11 (Ellis Direct) at 9-10.

[28] Ex. 12 (Carsley Direct) at 15-20.

[29] Tr. 72-74.

> b. Projected and actual costs for the utility to design and operate fair and effective peak-shaving programs. The Commission shall approve such a petition if it finds that the program is in the public interest; provided that the Commission shall allow the recovery of such costs as it finds are reasonable;
>
> c. Projected and actual costs for the utility to design, implement, and operate energy efficiency programs, including a margin to be recovered on operating expenses, which margin for the purposes of this section shall be equal to the general rate of return on common equity determined as described in subdivision A 2 of this section. The Commission shall only approve such a petition if it finds that the program is in the public interest. As part of such cost recovery, the Commission, if requested by the utility, shall allow for the recovery of revenue reductions related to energy efficiency programs. The Commission shall only allow such recovery to the extent that the Commission determines such revenue has not been recovered through margins from incremental off-system sales as defined in § 56-249.6 that are directly attributable to energy efficiency programs.

We approve the Company's updated Riders C1A and C2A pursuant to § 56-585.1 A 5 of the Code.[30]

We reject the Company's proposed administrative process for approval of changes to previously-approved DSM Programs. The proposed administrative process would require the Company to submit "evidence" and "proof," which Staff would then use to determine whether to allow changes to DSM Programs previously approved by the Commission.[31] As explained by Staff counsel,

> such a process would afford too much discretion to Staff who alone would be asked to make final decisions on issues which are often in dispute and fully litigated in hearings before the Commission. Such issues would include whether the energy and/or capacity savings of the program would increase or whether the costs or benefits would be reassigned from one customer group to another.[32]

Next, we find that it is not necessary to initiate a rulemaking proceeding on the recovery of lost revenues related to energy efficiency programs. As previously explained by the Commission, the determination of lost revenues requires a fact-specific analysis:

> [T]he data used [to determine lost revenues] . . . must still meet a sufficient level of rigor and credibility before customers can be burdened with higher rates to compensate the Company for alleged lost revenues. . . .
>
> The plain language of § 56-576 of the Code requires the Commission to find that the alleged decreased consumption of electricity is both measured and verified. Such measurement and verification, by its very nature, will be dependent upon the particular energy efficiency program to which it is applied.[33]

Thus, the determination of lost revenues attendant to any particular DSM program – just like the analysis of other DSM issues – can be fully addressed in an appropriate litigated proceeding addressing such questions.

We approve a two-year extension of the Low Income Program as requested by Dominion Virginia Power, subject to a cost cap set at $13,617,854.[34] Although the requested cost cap is less than the previously-approved annual caps for this program, we remain concerned about the continued low overall cost/benefit test results of the Low Income Program.[35] Accordingly, in any subsequent request for further extension of this program, Dominion Virginia Power shall address, among other things, how specific measures within this program provide adequate benefits in comparison to the costs incurred, efforts by the Company to minimize the costs associated with this program, and how the proposed measures are the most cost-effective available for such purpose.

We approve a three-year extension of the AC Cycling Program. We are encouraged by the high overall cost/benefit test results for this program.[36] We also find that it is reasonable to limit the extension approved herein to three years, which will enable the Commission and interested parties

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[30] This approval includes Dominion Virginia Power's: (1) proposed revenue requirement consisting of the projected Rate Year costs of the Phase II DSM Programs, the projected Rate Year EV Pilot Program costs pursuant to § 56-585.1 A 5 of the Code in Rider C1A, and the 2011 true-up of Phase I DSM Program costs; (2) proposed ROE of 10.4%, subject to future true-up based on any change pursuant to Commission Order; (3) proposed cost allocation and rate design; and (4) request to make Riders C1A and C2A effective, for billing purposes, 15 calendar days following the issuance of this Order or May 1, 2013, whichever is later.

[31] *See, e.g.,* Tr. 70-73.

[32] Tr. 70.

[33] *Application of Virginia Electric and Power Company, For approval to continue two rate adjustment clauses, Riders C1 and C2, as required by the Order Approving Demand-Side Management Programs of the State Corporation Commission in Case No. PUE-2009-00081*, Case No. PUE-2010-00084, 2011 S.C.C. Ann. Rept. 342, 343-344, Order Approving Rate Adjustment Clauses (Mar. 22, 2011).

[34] *See* Ex. 2C, Schedule 46C, Statement 7. As discussed in our prior order approving DSM programs (Case No. PUE-2011-00093), the cost cap approved herein includes all potential costs of the program – including but not limited to operating costs, lost revenues, common costs, return on capital expenditures, margins on O&M, and EM&V costs. Moreover, and also as discussed in our prior order, Dominion Virginia Power must provide support to establish the reasonableness of actual expenditures in subsequent cases involving this program, and Dominion Virginia Power has not requested herein – nor have we approved – any lost revenues for this program. Furthermore, this cap may be exceeded by a maximum of 5% without being in violation of this Order.

[35] *See, e.g.,* Ex. 5 (Newcomb Direct), Schedules 4 and 12, and Ex. 12 (Carsley Direct) at 8-9.

[36] *See, e.g.,* Ex. 5 (Newcomb Direct), Schedules 4 and 12, and Ex. 12 (Carsley Direct) at 8-9, 11.

to review additional EM&V reports – based on actual data – and to evaluate whether positive cost/benefits are achieved as expected and whether this program, as currently designed, is achieving reasonable penetration levels.[37] Thus, we approve this program subject to a cost cap set at $61,622,665.[38]

Finally, we note that the Low Income Program and the AC Cycling Program extended herein were previously approved as Phase I DSM Programs.[39] Subsequently, as required by § 56-585.1 A 3 of the Code, the RACs for the Phase I DSM Programs were "combined with the utility's costs, revenues and investments" and "shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings."[40] As a result, the Rate Year costs associated with these extended Phase I DSM Programs are not recovered through a § 56-585.1 A 5 RAC, and the extension of these programs is not approved under § 56-585.1 A 5 of the Code. Rather, these extensions are approved under the Commission's Cost/Benefit Rules[41] and Promotional Allowances Rules[42] as requested by Dominion Virginia Power.[43] Moreover, the costs associated with Phase I DSM Programs will be addressed as part of base rates; accordingly, the manner in which such costs are treated, accounted for, and/or recovered may be addressed in a base rate and/or biennial review proceeding.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition hereby is granted in part and denied in part as set forth herein.

(2) The Company shall forthwith file with the Commission's Division of Energy Regulation and Utility Accounting and Finance revised Riders C1A and C2A with workpapers supporting the total revenue requirements and rates, all of which shall reflect the findings and requirements set forth herein.

(3) Riders C1A and C2A as approved herein shall become effective for billing purposes, 15 calendar days following the issuance of this Order or May 1, 2013, whichever is later.

(4) On or before September 1, 2013, the Company shall file its application to continue Riders C1A and C2A.

(5) This matter is continued.

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[37] In addition, a three-year extension is consistent with Dominion Virginia Power's testimony that the contract with its implementation vendor includes a three-year extension option and that the Company has issued an additional Request for Proposals for this program. *See* Ex. 14 (Stites Rebuttal) at 8, and Ex. 4 (Hubbard Direct) at 6.

[38] *See* Ex. 2C, Schedule 46C, Statement 7. This cap may be exceeded by a maximum of 5% without being in violation of this Order.

[39] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, Order Approving Demand-Side Management Programs (Mar. 24, 2010).

[40] Va. Code § 56-585.1 A 3; *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011).

[41] Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq*.

[42] Rules Governing Utility Promotional Allowances, 20 VAC 5-303-10 *et seq.*

[43] *See, e.g.,* Ex. 2 (Petition) at 1, 10.

CASE NO. PUE-2012-00101
SEPTEMBER 10, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of conversion and operation of Bremo Power Station

FINAL ORDER

On August 31, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") the Application of Virginia Electric and Power Company For approval and certification of the proposed conversion of Bremo Power Station under §§ 56-580 D and 56-46.1 of the Code of Virginia ("Application"). Dominion Virginia Power's Bremo Power Station ("Bremo") in Fluvanna County currently uses coal to fuel generation. Pursuant to § 56-580 D of the Code of Virginia ("Code"), the Company now applies for permission to convert and operate Bremo with natural gas as the exclusive fuel.

Bremo has been in operation since 1931, and it has two active generation units. Commercial operation of Unit 3, with net capacity of 71 megawatts ("MW"), commenced in 1950. Unit 4, with net capacity of 156 MW, was put in commercial operation in 1958.[1] Although they no longer

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[1] Application at 4.

operate as base load units, Dominion Virginia Power indicates that it has a continuing need for Bremo's generating capacity and energy.[2] According to the Company, conversion to natural gas operation will preserve 227 MW (net) of generating capacity.[3]

Columbia Gas of Virginia, Inc. ("Columbia Gas") would extend a natural gas lateral from the Company's Bear Garden Generating Station on the south side of the James River to supply natural gas to Bremo, which is adjacent to the north bank of the river.[4] Gas-fired operation is planned to meet summer 2014 peak demand.[5]

On October 5, 2012, the Commission entered an Order for Notice and Comment that, among other things, docketed the Application, established a procedural schedule, provided interested persons the opportunity to become a respondent, to file written comments, or to request a hearing. We also assigned the matter to a Hearing Examiner to conduct further proceedings and to file a report to the Commission with findings and recommendations.

On October 18, 2012, and November 6, 2012, Dominion Virginia Power filed proof of service and publication of notice of the Application. Columbia Gas filed a notice of participation as a respondent.[6] Doswell Limited Partnership ("Doswell") also filed a notice of participation as a respondent to the Application.[7] The Commission received no other notices of participation and no requests for a hearing.

As noted in the Commission's Order for Notice and Comment, the Commission Staff ("Staff") requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed project by state and local agencies and file a report on the review. On December 5, 2012, DEQ filed its report ("DEQ Report") with the Clerk of the Commission.

On January 11, 2013, the Staff submitted the Prefiled Testimony of David R. Eichenlaub ("Staff Testimony"). Mr. Eichenlaub, assistant director of the Commission's Division of Energy Regulation, explained that the Company had evaluated the proposed conversion of Bremo to gas operation and compared its value to three different alternatives: (1) new generation, (2) market purchases, and (3) continued coal-fired operation. From these options, conversion to natural gas was found to be the most cost-effective and reasonable means to meet the Company's expected capacity and energy needs. In conclusion, Staff concurred with the Company's assessment and recommended that the Commission approve the application to convert Bremo to natural gas.[8]

As provided by the Commission's Order for Notice, the Company and respondent Doswell filed comments on the Staff Testimony. Dominion Virginia Power concurred with the Staff's recommendations and urged the Commission to approve the Application.[9] Doswell questioned whether the Bremo conversion is the most cost-effective means of satisfying the Company's capacity and energy needs. It did not appear to Doswell that Dominion Virginia Power considered third-party market alternatives, other than purchases in the PJM Interconnection, L.L.C. markets.[10]

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report") was filed on May 8, 2013. Hearing Examiner Anderson reviewed the Company's Application and the Staff testimony in light of the applicable statutes, including §§ 56-46.1 and 56-580 D of the Code. Among other things, the Hearing Examiner found that the conversion of Bremo to gas would preserve approximately 227 MW of capacity and avoid new construction or power purchases and thus support reliability.[11] The capacity would be available to serve the Company's growing load.[12]

Since the conversion will be completely contained within an existing industrial site, there is no impact on archaeological, historic, scenic, cultural, or architectural resources.[13] Accordingly, the Hearing Examiner recommended that the Commission grant the Application and approve conversion of Bremo from coal to gas.

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[2] *Id.* at 4, 5-6.

[3] *Id.* at 3.

[4] *Id.* at 7.

[5] *Id.* at 5, 8.

[6] Columbia Gas of Virginia, Inc., Notice of Participation and Statement in Support of Application filed Nov. 28 2012, in Case No. PUE-2012-00101 at 3.

[7] As noted in its Notice of Participation as a Respondent filed Nov. 29, 2012, in Case No. PUE-2012-00101 at 1-2, Doswell operates a gas-fired generation with aggregate capacity of approximately 760 MW. The electrical output is committed to Dominion Virginia Power under a power purchase agreement.

[8] Staff Testimony at 10-11.

[9] Comments of Virginia Electric and Power Company on the Staff Report filed Jan. 23, 2013, in Case No. PUE-2012-00101 at 2.

[10] Comments of Doswell Limited Partnership filed Jan. 23, 2013, in Case No. PUE-2012-00101 at 1-2, 3-4 (citing *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 297, Final Order (Oct. 5, 2012) ("2011Virginia Power IRP Order"); *Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line*, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, Final Order (Mar. 27, 2009) ("Bear Garden Final Order").

[11] Hearing Examiner's Report at 4.

[12] *Id.*

[13] *Id.* at 5.

Dominion Virginia Power filed a response to the Hearing Examiner's Report. The Company supported the Hearing Examiner's recommendations and urged approval of its Application.[14]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application should be approved subject to the requirements set forth in this Order.

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 in Virginia 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, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

With regard to generating facilities, § 56-580 D of the Code 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 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 . . . .

The Commission has previously determined that its jurisdiction conferred by §§ 56-580 D and 56-46.1 of the Code reaches consideration of conversion of certificated generation facilities from one fuel source to another.[15]

As required by § 56-46.1 A of the Code, the Commission also "shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-10 . . ." Finally, § 56-596 A of the Code states in part that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation Act], the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth." The General Assembly has also identified energy objectives for the Commonwealth, including ensuring an adequate and reliable supply of energy.[16] To achieve the energy objectives, the General Assembly has directed the formulation of the Virginia Energy Plan.[17]

Public Convenience and Necessity

The Commission finds the public convenience and necessity requires the proposed conversion of Bremo from coal to gas and continued operation of the facility. As noted above, the Hearing Examiner found that the Application should be granted and that Bremo should be converted to continue operating, and the Commission agrees.

Our analysis of the Bremo conversion must take into account a novel situation. The Bremo units do not have the environmental controls needed to comply with U.S. Environmental Protection Agency requirements now in effect and anticipated.[18] Further, the Commission approved the construction and operation of the Virginia City Hybrid Energy Center in 2008.[19] Condition 30 of the Company's DEQ air permit for the Virginia City facility provides that "[t]he permittee shall convert the Bremo Power Station to natural gas within two years of commencement of commercial operation of the Virginia City Hybrid Energy Center, subject to Virginia State Corporation Commission approval."[20] According to the Company, commercial operation, as defined by DEQ, commenced at the Virginia City facility on March 7, 2012[21] Dominion Virginia Power has stated that, if Bremo is not converted, the air emissions

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[14] Comments of Virginia Electric and Power Company on the May 8, 2013 Report of Howard P. Anderson, Jr., Hearing Examiner, filed May 29, 2013, in Case No. PUE-2012-00101 at 1, 3-4.

[15] Applications of Virginia Electric and Power Company For approval and certification of the proposed biomass conversions of the Altavista, Hopewell, and Southampton Power Stations under §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider B, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUE-2011-00073, 2012 S.C.C. Ann. Rept. 279, 279-80, Final Order (Mar. 16, 2012).

[16] Va. Code § 67-101.

[17] Va. Code § 67-201 A.

[18] Application at 4.

[19] *Application of Virginia Electric and Power Company, For a certificate of public convenience and necessity to construct and operate an electric generation facility in Wise County, Virginia, and for approval of a rate adjustment clause under §§ 56-585 .1, 56-580 D, and 56-46.1 of the Code of Virginia* Case No. PUE-2007-00066, 2008 S.C.C. Ann. Rept. 385, Final Order (Mar. 31, 2008).

[20] Direct Testimony of Robert M. Bisha, Dominion Virginia Power, filed Aug. 31, 2012, in Case No. PUE-2012-00101 at 3-4.

requirements and the related DEQ permit condition will require both units' retirement.[22] The Company projects continued load growth in its Virginia service territory. The conversion of Bremo would preserve 227 MW (net) of capacity that would otherwise be retired. The conversion would thus promote reliability.[23]

Dominion Virginia Power also maintains that conversion of Bremo to gas is cost-effective. Studies provided in the Application show that the capital investment for the conversion, approximately $53.4 million (net of financing costs), is expected to provide significant customer benefits in comparison to building new generation or purchasing in the market.[24] These studies lead the Company to expect customer savings with a net present value of approximately $32 million when compared to building new generation. Customer savings with net present value of approximately $123.2 million are expected when compared to market purchases. Assuming for study purposes that coal operation of Bremo could be continued, customer savings with net present value of $155 million were expected from conversion to gas. According to Dominion Virginia Power, sensitivity analysis demonstrated that conversion was cost effective under a range of scenarios.[25] The Staff concurred with the Company's analysis.[26] Based on this record, the Commission finds that the conversion will maintain the Bremo generation at a cost below other alternatives. Maintaining the generation will assure reliability of service. Likewise, reasonable steps to assure a reliable supply of electricity will support economic development and job creation as considered by §§ 56-46.1 A and 56-596 A of the Code.

Third-Party Alternatives

We have found – based on the specific facts and circumstances attendant to this particular project – that the Company has presented adequate evidence which, taken as a whole, is sufficient to satisfy the statutory requirements necessary for approval. The Company evaluated the proposed conversion of Bremo to gas operation and compared its value to three different alternatives: (1) new generation, (2) market purchases, and (3) continued coal-fired operation. From these options, conversion to natural gas was found to be the most cost-effective and reasonable means to meet the Company's expected capacity and energy needs. While more evidence on market alternatives would have improved the record, we do not view the record as legally deficient without a capacity solicitation based upon the overall evidence presented. Doswell, in challenging the sufficiency of the Application, points to the following from the Commission's order in Dominion Virginia Power's most recent integrated resource plan proceeding: "we find that market alternatives are appropriate for consideration in cases where Dominion seeks a [CPCN] for specific investments. Indeed, the Commission has previously explained that third-party alternatives, including purchased power and new construction, 'would likely be relevant evidence in an application proceeding [for a self-build option for new generation].'"[27] The IRP Order, however, did not create a new higher legal standard for CPCN cases. Although the IRP Order reflects the Commission's view that the Company "should adequately" consider third-party alternatives, what may or may not be adequate or necessary – and what evidence is sufficient to meet the applicable statutory requirements – remains a unique factual question attendant to each CPCN case. In short, the plain language of the IRP Order did not reverse Commission precedent and create a new mandatory legal threshold (*i.e.*, some undefined third-party solicitation requirement) for all CPCN applications.[28]

Environmental Impact

We also must consider environmental impact. The relevant statutes, however, do 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 statutes, §§ 56-46.1 A and 56-580 D of the Code, direct 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."

DEQ coordinated an environmental review of the proposed Bremo conversion by a number of agencies and, based on this review, offered a number of recommendations. Specifically, the Company should:

> Follow DEQ's recommendations regarding wetlands and streams if the scope of the project changes to include surface water impacts.

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[21] *Id.* at 4.

[22] Application at 4.

[23] Hearing Examiner's Report at 4.

[24] *Id.* at 2. As noted above, respondent Doswell raised in its Comments on the Staff Testimony Dominion Virginia Power's response to the Commission's guidance on evidence on the alternative of third-party market purchases in applications for approval of new generating facilities, as stated in the 2011 IRP Order. Doswell did not file a response to the Hearing Examiner's Report preserving this issue for the Commission's consideration. Further, the Application was filed on Aug. 31, 2012, while the 2011 IRP Order was not entered until Oct. 5, 2012.

[25] Application at 6.

[26] *Id.* at 3.

[27] Comments of Doswell Limited Partnership at 3. Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq., Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 297, Final Order (Oct. 5, 2012) ("IRP Order"). (brackets in original) (emphasis added) (quoting Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, 307, Final Order (Mar. 27, 2009)).

[28]Id. (quoting Application of Virginia Electric and Power Company For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia, Case No. PUE-2012-00128, Final Order (August 2, 2013)).

Follow DEQ's recommendation to contact DEQ if Dominion intends to close the coal ash ponds.

Follow DEQ's recommendations regarding air quality protection, as applicable.

Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable.

Coordinate with the Department of Conservation and Recreation (DCR) Division of Natural Heritage regarding its recommendations to protect significant habitat as well as for updates to the Biotics Data System database if a significant amount of time passes before the project is implemented.

Contact the Virginia Department of Historic Resources regarding its recommendation for additional coordination to protect historic and archaeological resources if the proposed project changes.

Coordinate with the Virginia Department of Transportation regarding its recommendation.

Follow the principles and practices of pollution prevention to the maximum extent practicable.

Limit the use of pesticides and herbicides to the extent practicable.[29]

We will direct Dominion Virginia Power to follow the DEQ recommendations to the extent practicable.

As the Hearing Examiner found, most of the required infrastructures for conversion and operation of Bremo using gas is in place and conversion will have limited impact on environmental resources.[30]

Virginia Energy Plan

The Company also suggests that approval of the Project supports the Virginia Energy Plan's goals. As the Commission has previously held, the Commonwealth Energy Policy and the Virginia Energy Plan do not supersede the other statutory standards that the Commission must apply in this proceeding.[31] That is, although our findings herein may be consistent with the Commonwealth Energy Policy or the Virginia Energy Plan, consideration of such does not override our specific statutory obligations and attendant findings with regard to any particular application placed before us.

In sum, based on the record presented in this case, we find that, in accordance with § 56-580 D of the Code: (i) the public convenience and necessity require the proposed conversion of Bremo; (ii) such conversions will have no material adverse effect upon reliability of electric service provided by any regulated public utility; and (iii) the conversion is not otherwise contrary to the public interest.

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire July 1, 2014.[32] If the conversion of the Bremo facility has not been completed, DVP may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, as provided by §§ 56-580 D and 56-46.1 of the Code, the Application is granted.

(2) The Company is granted approval to convert operation of Bremo Power Station Units 3 and 4 from coal to gas as more fully described in the Application.

(3) Pursuant to §§ 56-580 D of the Code, the Company is issued the following certificate of public convenience and necessity: Certificate ET-197 authorizing the conversion and operation of Bremo Power Station Units 3 and 4 in Fluvana County as authorized in Case No. PUE-2012-00101.

(4) The Commission's Division of Energy Regulation shall provide the Company a copy of the certificates issued by Paragraph (3).

(5) The conversion of Bremo Power Station Units 3 and 4 approved herein must be completed and the Units in service by July 1, 2014, provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Clerk of the Commission.

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[29] DEQ Report at 5 (cross-references omitted).

[30] Hearing Examiner's Report at 5.

[31] *Bear Garden Final Order*, 2009 S.C.C. Ann. Rept. 300.

[32] Application at 5.

CASE NO. PUE-2012-00103
SEPTEMBER 10, 2013

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

Ex Parte, In Re: Fuel procurement arrangements among Virginia Electric and Power Company and its affiliates

ORDER

On November 16, 2012, the State Corporation Commission ("Commission") issued an Order Establishing Proceeding to investigate the fuel procurement arrangements between Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") and its affiliates. Specifically, the Commission sought information on the Company's fuel procurement arrangements with Virginia Power Services Energy Corp., Inc. ("VPSE") and Virginia Power Energy Marketing, Inc. ("VPEM").

On August 21, 2013, Dominion Virginia Power filed correspondence with the Commission in order to inform the Commission of certain changes to VPEM's operations and approach to natural gas procurement that were implemented on July 1, 2013 ("August 21, 2013 Correspondence"). According to the Company, "these changes are intended to address concerns raised by the Commission and the Commission Staff ("Staff") regarding the transparency of natural gas transactions involving VPEM, VPSE, and the Company."[1] Specifically, while VPEM will continue to procure natural gas to meet the needs of the Company and other affiliates, it will no longer engage in the sale of natural gas to unaffiliated third-party market participants ("New Procurement Approach").[2] Dominion Virginia Power claims that this New Procurement Approach will allow for "the identification and validation of specific contracts and natural gas purchases made by VPEM for VPSE, thus providing full transparency to ensure that the Company's purchases through VPSE meet the standards for recovery under Va. Code § 56-249.6."[3] The Company also claims that "the new approach will ensure that the cost of fuel sold by VPEM to VPSE will not exceed the then-current market price for such fuel, plus the cost of transportation" and that the Company will "pay no more than VPSE's actual costs incurred for providing the VPSE Services…."[4]

NOW THE COMMISSION, upon consideration of Dominion Virginia Power's filing, finds that additional information is necessary in order to more fully understand the structure of the Company's affiliate arrangements with VPEM and VPSE, including the New Procurement Approach, and ensure that the Company's oil and natural gas purchases, ultimately from VPEM through VPSE, minimize fuel costs, as required by § 56-249.6 of the Code of Virginia. We therefore direct Dominion Virginia Power to provide fuel inventory and expense data related to its oil and natural gas procurements from VPSE and VPEM, as well as all available supporting documentation, for the period July 1, 2013, through December 31, 2013, on a monthly basis. Moreover, we direct Staff to investigate the affiliate structure between the Company, VPEM, and VPSE, including the New Procurement Approach, and audit all related costs for the period July 1, 2013, through December 31, 2013. Further, we direct Staff to file a report that provides the results of its audit and investigation on or before March 14, 2014.

Accordingly, IT IS ORDERED THAT:

(1) For the period July 1, 2013, through December 31, 2013, Dominion Virginia Power shall provide fuel inventory and expense data and any other supporting documentation related to its oil and natural gas procurements from VPSE and VPEM, on a monthly basis, within twenty-one (21) calendar days of the completion of each calendar month.

(2) Staff shall investigate the affiliate structure between the Company, VPEM, and VPSE, including the New Procurement Approach, and audit all related costs for the period July 1, 2013, through December 31, 2013.

(3) On or before March 14, 2014, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a report that provides the results of Staff's audit and investigation.

(4) On or before March 31, 2014, the Company may file with the Clerk of the Commission comments on Staff's report. If not filed electronically, an original and fifteen (15) copies of such comments shall be submitted to the Clerk of the Commission.

(5) This matter is continued pending further order of the Commission.

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[1] August 21, 2013 Correspondence at 1.

[2] *Id*. at 2.

[3] *Id*. at 3.

[4] *Id*. at 4.

CASE NO. PUE-2012-00103
NOVEMBER 20, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

Ex Parte, In Re: Fuel Procurement Arrangements among Virginia Electric and Power Company and its affiliates

ORDER NUNC PRO TUNC

On November 16, 2012, the State Corporation Commission ("Commission") issued an Order Establishing Proceeding to investigate the fuel procurement arrangements between Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") and its affiliates. Specifically, the Commission sought information on the Company's fuel procurement arrangements with Virginia Power Services Energy Corp., Inc. ("VPSE") and Virginia Power Energy Marketing, Inc. ("VPEM").

By letter dated August 21, 2013, the Company advised the Commission of certain changes to these affiliate fuel procurement arrangements that it stated would provide greater transparency for natural gas transactions (the "New Procurement Approach"). On September 10, 2013, the Commission entered an Order ("September 10, 2013 Order") directing the Commission Staff ("Staff") to investigate the affiliate structure between the Company, VPEM, and VPSE, including the New Procurement Approach, and audit all related costs for the period July 1, 2013, through December 31, 2013. The September 10, 2013 Order further directed Staff to file a report providing the results of its investigation and audit on or before March 14, 2014.

To facilitate Staff's investigation, the September 10, 2013 Order required that

> [f]or the period July 1, 2013, through December 31, 2013, Dominion Virginia Power shall provide fuel inventory and expense data and any other supporting documentation related to its oil and natural gas procurements from VPSE and VPEM, on a monthly basis, within twenty-one (21) calendar days of the completion of each calendar month.

To date, the Company has provided to Staff its initial oil-related data for July, August and September 2013, along with its initial natural gas-related information for July and August 2013.

On November 1, 2013, the Company filed a Motion to Amend Order *Nunc Pro Tunc* ("Motion") in which it requested that the Commission amend the September 10, 2013, Order to provide additional time for the reporting of natural gas-related information. According to the Company,

> while it can provide monthly oil-related data to the Staff within 21 days of a month's end, the process for invoicing, processing, and actualizing monthly natural gas transactions takes longer than 21 days. In other words, the Company can comply with Ordering Paragraph (1) of the Order as written for the reporting of oil transactions, but needs more than 21 days in which to finalize and submit the natural gas data to the Staff.

The Company indicates that Staff does not oppose extending the natural gas reporting requirement from 21 to 40 days.

NOW THE COMMISSION, upon consideration of Dominion Virginia Power's Motion, finds that the Motion should be granted and the Commission's September 10, 2013 Order should be modified as set forth herein. We also find that the deadlines for the Staff Report and the Company's response thereto should each be extended by 19 days to reflect the extension granted herein for the Company's natural gas reports.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (1) of the Commission's September 10, 2013 Order shall be modified to read as follows:

> For the period July 1, 2013, through December 31, 2013, Dominion Virginia Power shall provide fuel inventory and expense data and any other supporting documentation related to its oil and natural procurements from VPSE and VPEM, on a monthly basis, within twenty-one (21) calendar days for oil and forty (40) calendar days for natural gas of the completion of each calendar month.

(2) On or before April 2, 2014, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a report that provides the results of Staff's audit and investigation.

(3) On or before April 21, 2013, the Company may file with the Clerk of the Commission comments on Staff's report. If not filed electronically, an original and fifteen (15) copies of such comments shall be submitted to the Clerk of the Commission.

(4) This matter is continued pending further order of the Commission.

CASE NO. PUE-2012-00115
MARCH 12, 2013

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to recover hexane costs and to revise tariffs

FINAL ORDER

On October 1, 2012, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority from the Commission to recover $1,448,054 of non-Btu hexane costs the Company incurred during the fiscal year ended September 30, 2011 ("fiscal year 2011").[1] In support of its Application, the Company states that it began injecting hexane into its distribution system in 2006 in order to replace heavy hydrocarbons in liquefied natural gas that enters the Company's system[2] and in response to increased leaks in the mechanical couplings on the Company's distribution system.[3]

WGL's Application explains that its proposed recovery of non-Btu hexane costs is permitted under the terms and conditions of the Company's performance-based rate regulation plan ("PBR Plan") approved by the Commission in Case No. PUE-2006-00059.[4] The Company's PBR Plan allows the Company to recover its hexane costs in two components: (1) a Btu-component, which represents the fuel value of injected hexane and is recovered through the Company's purchased gas charge; and (2) a non-Btu component, which represents the cost of injected hexane less its fuel value and is recovered through base rates.[5] Additionally, the PBR Plan permits the Company to request recovery of its non-Btu hexane costs in excess of $400,000 if the Company's earned return on equity is less than 10.0% during any PBR Plan annual period.[6]

WGL's Application represents that the earnings test for the Company's Annual Informational Filing ("AIF") for the twelve-month period ended September 30, 2011, indicates the Company earned a return on equity of 8.60%, thus qualifying the Company for a recovery of its proposed non-Btu hexane costs in excess of $400,000 under the terms and conditions of its PBR Plan.[7] The Application therefore seeks recovery of the actual Virginia jurisdictional amount of the non-Btu hexane costs in excess of $400,000 expensed during fiscal year 2011, or $1,448,054.

WGL proposes to collect the proposed amount of non-Btu hexane costs from customers receiving service under Rate Schedule Nos. 1 – Residential Service, 1A – Residential Delivery Service, 2 – Commercial and Industrial Service, 2A – Commercial and Industrial Delivery Service, 3 – Group Metered Apartment Service, 3A – Group Metered Apartment Delivery Service, 4 – Interruptible Service, 5 – Large Commercial and Industrial Service, 5A – Large Commercial and Industrial Delivery Service, 6 – Large Group Metered Apartment Service, 6A – Large Group Metered Apartment Delivery Service, 7 – Interruptible Delivery Service, 8 – Developmental Natural Gas Vehicle Service, and 10 – Large Volume Delivery Service.

WGL further proposes that its recovery of non-Btu hexane costs be computed on a cents-per-therm basis comprising a current Performance-Based Rate Recovery ("PBRR") factor in accordance with the Company's General Service Provision No. 33 – Performance-Based Rate Recovery ("GSP No. 33"). Under GSP No. 33, the current factor is calculated annually by dividing the non-Btu hexane costs approved by the Commission by projected total weather normalized throughput for the year.[8] GSP No. 33 also includes a reconciling factor, which is calculated at the conclusion of the twelve month period in which the current factor was applied.[9]

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[1] WGL's Application notes that its request to recover non-Btu hexane costs is similar to the Company's application in Case Nos. PUE-2010-00063 and PUE-2012-00014, in which the Commission allowed the Company to recover $507,121 and $1,252,580, respectively, of non-Btu hexane costs for the fiscal years ended September 30, 2009, and September 30, 2010. *See Application of Washington Gas Light Company, For approval to recover hexane costs and to revise tariffs*, Case No. PUE-2010-00063, 2010 S.C.C. Ann. Rept. 540, Final Order (Dec. 15, 2010), and *Application of Washington Gas Light Company, For approval to recover hexane costs and to revise tariffs*, Case No. PUE-2012-00114, Doc. Con. Cen. No. 120830072, Final Order (Aug. 21, 2012).

[2] Application at 2.

[3] Direct Testimony of R. Andrew Lawson ("Lawson Direct") at 2.

[4] *See 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*, Case No. PUE-2006-00059, 2007 S.C.C. Ann. Rept. 315, Final Order (Sept. 19, 2007) ("PBR Order"). Pursuant to the terms and conditions of the Stipulation adopted by the PBR Order, the Company's PBR Plan expired on September 30, 2011.

[5] PBR Order, Attachment A at 7-9.

[6] *Id*. at 8-9.

[7] WGL further noted in footnote 8 on page 3 of its Application that the Staff Report filed on April 25, 2012, in the Company's 2011 AIF in Case No. PUE-2011-00131 showed that WGL earned an 8.87% return on equity for the twelve-month period ended September 30, 2011. Accordingly, both the Company and Staff found that the Company's return on equity was less than 10.0%, thus qualifying the Company for a recovery of its non-Btu hexane costs in excess of $400,000 under the Company's PBR Plan.

[8] GSP No. 33 currently describes how the non-Btu hexane charge is calculated "for the 2009-2010 PBR Plan period." *See* GSP No. 33 A. 1. and GSP No. 33 A. 1. a. As explained in Ordering Paragraph (4) herein, we will direct the Company to file a revised GSP No. 33 applicable to the 2010-2011 PBR period. Otherwise, the method for calculating the non-Btu hexane charge will remain the same.

[9] The Company is not proposing a reconciliation factor for fiscal year 2010, as actual collections for non-Btu hexane costs for that time period are not yet completed. The Company does, however, make a proposal for a future reconciliation of collections for both fiscal year 2010 and fiscal year 2011. *See* Lawson Direct at 2. Staff addressed the Company's proposal in its Report.

The Company filed an Exhibit with its Application showing the derivation of the $0.0023 per therm factor necessary to recover its proposed non-Btu hexane costs.[10] In addition, WGL proposes to include the $0.0023 cents per therm charge in the "All Applicable Riders" line on customer bills in the first billing cycle month following the Commission's approval of its Application.[11]

On October 16, 2012, the Commission entered its Order for Notice and Comment ("Order"). In its Order, the Commission invited interested persons to file comments or requests for hearing on the Company's Application; directed the Company to provide public notice of its Application; required the Commission Staff to file a report or testimony, as appropriate, on the Company's Application; and allowed the Company to file responses or testimony, as appropriate, in rebuttal to the comments or requests for hearing filed by interested persons or the Staff Report or testimony.

No comments or requests for hearing were filed by interested persons.

On February 5, 2013, the Staff filed its Report ("Staff Report") on the Company's Application. The Staff Report summarized the Company's Application; described the provisions of the Company's PBR Plan that allow the Company to request a recovery of its non-Btu hexane costs; discussed the Company's accounting for hexane and the method used for allocating hexane costs to Virginia; reviewed the Company's proposed cents per therm factor for the recovery of the Company's non-Btu hexane costs; and contained the Staff's findings and recommendations relative to the Company's Application.

On pages 4 and 5 of the Staff Report, the Staff discusses WGL's accounting for hexane costs. According to the Staff Report, WGL records hexane to Account 151.112 (Fuel Stock – Hexane), an inventory account, when purchased. While WGL eliminates most storage inventory accounts from rate base so as to recover storage carrying costs through its Actual Cost Adjustment, Account 151.112 remains in rate base and earns a return. As hexane is withdrawn from storage and injected into the natural gas stream, it is removed from storage inventory. The portion of withdrawn hexane inventory that represents heating content is charged to Account 191.249 (Unrecovered Purchased Gas Charge) and is billed to customers through the Purchased Gas Charge. The first $400,000 of withdrawn hexane inventory that represents non-heating content is charged to Account 807.500 (Other Purchased Gas Expense). The excess of withdrawn non-Btu hexane is charged to Account 182.399 (Other Regulatory Assets – General), since WGL's expectation was that it would be under-earning and eligible for recovery of such costs in this Application.

According to the Staff Report, the Company's accounting for hexane is not in accordance with the Stipulation approved by the Commission in Case No. PUE-2006-00059, which requires the Company to expense the entire amount of its Virginia-allocated non-Btu hexane costs. However, the Staff Report further notes that the expensing of such amounts in accordance with the Stipulation would not have changed Staff's recommendation regarding the Company's fiscal year 2011 earnings relative to a 10.0% return on common equity.

With respect to the allocation of non-Btu hexane costs to Virginia, the Staff Report notes that WGL allocates non-Btu hexane among its jurisdictions based on the Total Throughput factor, resulting in an allocation of $2,160,913 total hexane costs to Virginia, $1,848,054 of which are non-Btu amounts. In accordance with the Stipulation, WGL's requested recovery of $1,448,064 is $400,000 less than the Virginia amount incurred based on the Total Throughput factor.

The Staff Report further notes that WGL earned an 8.87% return on average common equity in its 2011 AIF. Additionally, the Staff notes that had the Company complied with the Stipulation approved by the Commission in Case No. PUE-2006-00059 and expensed its hexane costs, the Company's return on average common equity would have been lower. Staff further notes that based on the Staff's reported 8.87% return on average common equity, WGL's revenues were approximately $8 million below what is required to earn a 10.0% return on average common equity for fiscal year 2011. The Staff therefore concludes that the Company's proposed recovery of its non-Btu hexane costs would not exceed the 10.0% rate of return on common equity limit established by WGL's PBR Plan.

The Staff Report also indicates that the Staff examined the workpapers supporting the Company's proposed cost recovery of non-Btu hexane costs for fiscal year 2011. After correcting some minor errors in the Company's calculations, the Staff found that the non-Btu hexane costs allocated to Virginia (inclusive of the $400,000 reduction) should be increased from $1,448,054 to $1,466,673. However, the Company's proposed $0.0023 cents per therm factor does not change with the Staff's corrections of the minor errors in the Company's original calculations or Staff's decision to update the Company's forecasted weather normalized throughput.

Although it is not proposing a reconciliation factor for fiscal year 2010, the Company proposes, in the future, to apply any under- or over-recovery from the fiscal year 2010 current PBRR factor to the remaining billing months of the fiscal year 2011 current PBRR factor.[12] Once billing for the fiscal year 2011 current PBRR factor is completed, WGL proposes to include the final under- or over-recovery in the February 2014 Risk Sharing Mechanism ("RSM") factor.[13]

According to GSP No. 33, both the current factor and reconciliation factor will be reflected in billing months over a twelve month period. Staff notes in its report that WGL's proposal to include a reconciliation PBRR amount/factor for fiscal year 2010 in the remaining months of the current PBRR factor for fiscal year 2011 does not appear to adhere to the language of the tariff. Staff also does not agree with WGL's proposal to apply the final reconciliation to the RSM factor, as the RSM factor does not apply to customers served under the same rate schedules applicable to the PBRR.[14]

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[10] *See* Lawson Direct, Exh. RAL-2, page 1 of 1.

[11] Lawson Direct at 5.

[12] Lawson Direct at 5-6.

[13] *Id.*

[14] Under the tariff, the RSM mechanism applies solely to customers served under Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 5, 5A, 6 and 6A, thus omitting customers served under Rate Schedule Nos. 4, 7, 8 and 10.

Based on its investigation, the Staff concludes that:

(1) WGL's request to recover $1,448,054 in non-Btu hexane costs would not result in earnings which exceed a 10.0% rate of return on average common equity for fiscal year 2011;

(2) WGL's proposed recovery factor of $0.0023 cents per therm reflects Staff's adjustments to fiscal year 2011 non-Btu hexane costs;

(3) WGL's proposal to include any under- or over-recovery from fiscal year 2010 in the remaining months of the current PBRR factor for fiscal year 2011 does not appear to adhere to the GSP No. 33;

(4) WGL's proposal to include any PBRR reconciliation in the RSM factor is inappropriate; and

(5) WGL's proposed revision to General Service Provision No. 33 should be approved.

On February 19, 2013, WGL, by counsel, filed a letter stating that the Company agrees with the conclusions in the Staff Report listed in paragraphs (1), (2), and (5) above. The Company stated further that it does not oppose the Staff's conclusions stated in paragraphs (3) and (4) above, and will, when applicable, address any PBRR reconciliation amounts in accordance with the Company's tariff.

NOW THE COMMISSION, upon consideration of the Application, the Company's direct testimony, the Staff Report, the Company's Response thereto, and the applicable law, is of the opinion and finds that the Company's Application to recover $1,448,054 of non-Btu hexane costs for fiscal year 2011 is supported by the record and should be approved; that the proposed $0.0023 cents per therm factor to recover such non-Btu hexane costs should be approved; that the proposed per therm factor should be implemented in the "All Applicable Riders" line item of customer bills in the first billing cycle month following issuance of this Final Order to recover the non-Btu portion of the cost of hexane injections; that it is appropriate to apply the per therm factor to recover the Company's non-Btu hexane costs to Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, 5, 5A, 6, 6A, 7, 8, and 10; that the Company should file a revised GSP No. 33 applicable to the 2010-2011 PBR period; and that this case should be dismissed from the Commission's docket of active proceedings.[15]

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, the Company's Application to recover $1,448,054 of non-Btu hexane costs for fiscal year 2011 is granted.

(2) The Company's proposed $0.0023 cents per therm factor to recover such non-Btu hexane costs shall be implemented as an adjustment to the "All Applicable Riders" line item in customer bills and applied in the first billing cycle month following the issuance of this Final Order and in accordance with the Company's General Service Provision No. 33 - Performance-Based Rate Recovery.

(3) The $0.0023 cents per therm factor to recover the Company's non-Btu hexane costs shall be applied to Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A, 4, 5, 5A, 6, 6A, 7, 8, and 10.

(4) The Company shall file a revised General Service Provision No. 33 – Performance-Based Rate Recovery applicable to the 2010-2011 PBR period with the Division of Energy Regulation within thirty (30) days of the entry of this Final Order. Otherwise, the method for calculating the non-Btu hexane charge in GSP No. 33 shall remain unchanged.

(5) There being nothing further to be done herein, this case hereby is 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.

[15] Given the Company's response to the Staff report, we need not address the issue of the Company's proposed methodology for future application of the reconciliation factor in GSP No. 33 for fiscal years 2010 and 2011.

CASE NO. PUE-2012-00118
MAY 30, 2013

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of a natural gas conservation and ratemaking efficiency plan and rider

ORDER APPROVING NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY PLAN

On December 3, 2012, Virginia Natural Gas ("VNG" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 25 of Title 56 of the Code of Virginia ("Code") (the "CARE Act")[1] seeking approval to implement a natural gas conservation and ratemaking efficiency plan ("CARE Plan" or "Plan"), which includes a decoupling and cost-recovery mechanism designated as Rider D ("Application").

The Company's proposed CARE Plan has two principal components: (i) an Energy Conservation Plan consisting of four conservation and energy efficiency programs plus a Community Outreach and Customer Education Program; and (ii) proposed Rider D, which includes a natural gas decoupling

[1] Va. Code §§ 56-600 *et seq.*

mechanism referred to as the Revenue Normalization Adjustment ("RNA") and a cost recovery mechanism referred to as the CARE Program Cost Recovery Adjustment ("CPCRA"). The Company's Application seeks: (1) approval of the CARE Plan effective June 1, 2013, for a three-year period; (2) authority to begin recording accounting entries associated with Rider D beginning June 1, 2013; and (3) approval of revised tariff pages for Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service), making Rider D applicable only to those Rate Schedules.[2]

The Company's proposed CARE Plan includes: (i) a Residential Home Incentive Program, which provides incentives to customers for the installation of high-efficiency natural gas water heaters, natural gas furnaces, and attic and/or floor insulation; (ii) a Low-Income Home Weatherization Program, which provides incentives to qualifying low-income customers for weatherization administered by low-income advocacy agencies; (iii) an Elementary Education Program, which includes an energy savings take-home kit for elementary school students; (iv) an internet-based Home Energy Audit Program, which includes an energy savings do-it-yourself kit that is mailed to the customer after completion of the audit; and (v) a Community Outreach and Customer Education Program, which is designed to encourage customers to conserve energy and reduce natural gas consumption.[3] Over the initial three-year term of the Plan, the Company proposes to spend $4.68 million on these programs.[4]

The Company's proposed Rider D is identical to the previous Rider D approved by the Commission in the Company's 2008 CARE Plan proceeding,[5] with the exception that in the 2011 Rate Case,[6] program costs from the 2008 CARE Plan were approved for amortization through current rates.[7] In its current proposed CARE Plan, the Company proposes to recover its CARE Plan program costs through the CPCRA over the course of the three-year period that Rider D will be in effect.[8] The Company's Application further represents that its proposed CARE Plan will ensure that the allocation of program costs through the CPCRA are fully contained within the residential customers' rate schedules eligible to participate in the Plan and that the rates and service to non-participating classes of customers are not adversely impacted.[9]

On December 21, 2012, the Commission entered an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Application, established a procedural schedule, and assigned the matter to a Hearing Examiner.

An evidentiary hearing was held before the Hearing Examiner on April 1 and 2, 2013.

During the hearing, the Company and the Staff of the Commission ("Staff") presented a stipulation ("Stipulation") that resolved all of the issues in dispute between the Company and Staff, which resulted in an Amended CARE Plan. In the Stipulation, the Company and Staff agreed to:

(1) Use an Annual Allowed Distribution Revenue ("ADR") per customer of $224.89 under Residential Rate Schedule 1 and $263.18 under Residential Rate Schedule 3 when calculating the RNA;

(2) Recommend that the Commission approve the proposed CARE Plan, as modified by the Stipulation, for a three-year term commencing on June 1, 2013;

(3) Remove the high-efficiency natural gas furnace measure, attic and/or floor insulation measure, and the Elementary Education Program from the Company's proposed CARE Plan;

(4) Use the Staff's proposed method for converting natural gas prices from per hundred cubic feet ("CCF") to a per therm basis when analyzing the programs and measures of the proposed CARE Plan;

(5) Recommend that the Commission approve the Company's proposed (i) high-efficiency natural gas tank water measure in the Residential Home Incentive Program, (ii) Home Energy Audit Program, (iii) Low-Income Home Weatherization Program, and (iv) Customer Education and Outreach Program (as modified by the Stipulation);

(6) Reduce the total allocated overhead expenses proposed by the Company from $2,027,600 to $811,040;

(7) Accept the Staff's booking recommendation for monthly deferrals over the proposed $0.07 per CCF cap;

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[2] Ex. 2 (Application) at 3. The Company's proposed Rider D applies only to VNG's residential customers taking service on Rate Schedules 1 and 3.

[3] *Id.* at 8.

[4] *Id.* at 3-4.

[5] *Application of Virginia Natural Gas, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism and to record accounting entries associated with such mechanism*, Case No. PUE-2008-00060, 2008 SCC Ann. Rept. 566, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 23, 2008).

[6] *Application of Virginia Natural Gas, Inc., For an increase in base rates and for authority to revise the terms and conditions applicable to natural gas service pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia*, Case No. PUE-2010-00142, 2011 SCC Ann. Rept. 407, Final Order (Dec. 20, 2011) ("2011 Rate Case").

[7] Ex. 2 (Application) at 7.

[8] *Id.*

[9] *Id.* at 9, 12.

(8) Adopt the Staff's recommendation that the Company be required to physically verify and appropriately document the installation of water heaters for which rebates are paid under the Low-Income Home Weatherization Program;

(9) Abide by the Commission's directions in Case No. PUE-2009-00139 with respect to the preparation of the Company's evaluation, measurement, and verification reports and to include a reliable and independent verification of the net economic benefits of its proposed CARE Plan programs and measures; and

(10) Reduce the total costs associated with the CARE Plan from approximately $4.68 million, as originally proposed in the Application, to $1.7 million.[10]

The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") also participated at the evidentiary hearing and was not a signatory to the Stipulation. Consumer Counsel opposes both the Application and the Stipulation.

On April 16, 2013, the Hearing Examiner issued a Report that, among other things, sets forth the extensive statutory provisions in the CARE Act applicable to this case and concludes with the following findings:

(1) The Stipulation is reasonable and should be approved by the Commission;

(2) The Commission should approve the following measures and programs under the Amended CARE Plan:

a) VNG's proposed high-efficiency natural gas tank water heater measure;

b) VNG's proposed Home Energy Audit Program;

c) VNG's proposed Low-Income Home Weatherization Program; and

d) VNG's proposed Customer Education and Outreach Program (as modified in the Stipulation with respect to overhead costs);

(3) The ADR per customer should be as follows: Residential Rate Schedule 1 - $224.89 and Rate Schedule 3 - $263.18

(4) The Amended CARE Plan and Rider D should commence on June 1, 2013, for a three-year term;

(5) The total allocated overhead expenses of $2,027,600 initially proposed by the Company should be reduced by 60%, to $811,040;

(6) VNG should comply with the Staff's booking recommendation for monthly deferrals over the proposed $0.07 per CCF cap;

(7) VNG should be required to physically verify and appropriately document the installation of water heaters for which rebates are paid under the Low-Income Home Weatherization Program; and

(8) VNG should be required to abide by the Commission's directions in Case No. PUE-2009-00139 with respect to the preparation of evaluation, measurement and verification costs.[11]

On May 1, 2013, VNG and Consumer Counsel filed separate comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Amended CARE Plan proposed by the Stipulation complies with the CARE Act. We adopt the Hearing Examiner's findings listed above and approve the Stipulation, subject to the additional requirements set forth herein. In addition, the Amended CARE Plan approved herein reduces the total cost of the programs from $4.7 million (as originally proposed by VNG) to $1.7 million as a result of legitimate questions raised regarding the cost-effectiveness of various programs.

We have considered all of the arguments and evidence in this case, including those of Consumer Counsel requesting the Commission to reject the Application and the Stipulation. For example, Consumer Counsel asserts that the Commission should not consider pipeline capacity charges as an avoided cost in analyzing the cost-effectiveness of a particular program.[12] Consumer Counsel is correct that although prior CARE Act cases have considered these capacity charges in cost-benefit analyses, the Commission has not explicitly addressed this issue in prior orders.[13] In this regard, we conclude that the CARE Act does not require pipeline capacity charges to be excluded from such analyses, nor does it require such analyses to be limited to the three-year term of the Amended CARE Plan. Based on the record in this case we find, as did the Hearing Examiner, that it is reasonable to take a longer-term view and to include pipeline capacity charges as an avoided cost when analyzing the cost-effectiveness of the programs herein.[14]

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[10] *See* Ex. 4.

[11] Hearing Examiner's Report at 26-29, 31-32.

[12] We note at the outset that § 56-600 of the CARE Act does not require programs for low income and elderly customers to be cost-effective: "Energy efficiency programs that provide measurable and verifiable energy savings to low-income customers or elderly customers may also be deemed cost effective." In accordance with this statute, we deem the Low-Income Home Weatherization Program cost-effective for the purpose of this proceeding.

[13] Thus, although VNG seemed to suggest otherwise, Consumer Counsel properly presented such question for the Commission's consideration in this proceeding.

[14] *See, e.g.,* Hearing Examiner's Report at 29; Exs. 19 and 19C (Carsley Direct); Tr. at 412-413. In addition, Consumer Counsel raised issues regarding the sufficiency of VNG's responses to discovery. We agree with the Hearing Examiner that such insufficiency did not result in a level of prejudice that requires

Consumer Counsel also asserts that the programs in the Amended CARE Plan do not meet the statutory definition of a "Cost-effective conservation and energy efficiency program," which in part "means a program approved by the Commission that is designed to decrease the average customer's annual, weather-normalized consumption or total gas bill, for gas and nongas elements combined, or avoid energy costs or consumption the customer may otherwise have incurred . . . ."[15] Consumer Counsel contends that "average customer" in this definition applies to all customers, whereas VNG applies it to just participating customers.[16] In either case, we find that the Amended CARE Plan meets this statutory definition. That is, whether considering all customers or only participating customers, we find that the evidence is sufficient to show that the programs are designed (1) to decrease the average customer's annual consumption or total gas bill, or, as explicitly provided for in the alternative, (2) to "avoid energy costs or consumption the customer may otherwise have incurred."[17] We are not unmindful, however, of Consumer Counsel's concerns regarding the cost and/or potential value of VNG's proposed programs; indeed, such concerns were a consideration in our approval of a CARE Plan that will cost $3 million less than originally proposed.

Finally, as a requirement of our approval herein, we order VNG to comply with specific reporting and filing requirements. First, on or before August 1, 2014, and each August 1 thereafter, the Company shall file an annual report that measures and verifies the actual results of the Amended CARE Plan approved herein. As required by § 56-602 E of the Code, such reports shall also show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost-effective and warrant continuation or modification thereof.

Second, any subsequent request from VNG to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified evidence of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide measured and verified evidence of cost-effectiveness to support any request to continue or modify other programs approved herein. Any application to which this filing requirement applies shall be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) A three-year conservation ratemaking and efficiency plan, as permitted by § 56-600 *et seq*. of the Code of Virginia, is approved subject to the requirements set forth in this Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan and shall become effective June 1, 2013.

(2) The Stipulation is approved and ordered as set forth herein.

(3) VNG shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation in accordance with this Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan.

(4) This matter is dismissed.

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rejection of the Application or Stipulation. We also agree that the Company should be more diligent when responding to discovery in future Commission proceedings. Hearing Examiner's Report at 31.

[15] Va. Code § 56-600.

[16] *See, e.g.,* Consumer Counsel's May 1, 2013 Comments at 13-14. Though it does not alter our factual findings herein, we note that this statutory provision could reasonably be read to apply only to participating customers. Specifically, this definition speaks to avoiding "energy costs or consumption the customer may otherwise have incurred." The only customers that could avoid energy costs or consumption under a program would be customers participating in that program.

[17] Va. Code § 56-600. For example, VNG showed that this definition is met for participating customers. Ex. 26 (Cogburn Rebuttal) at 6-7. In addition, although Consumer Counsel states that the decrease is "microscopic," we find that the programs are indeed designed to decrease consumption or total gas bills when looking at all customers. *See, e.g.,* Consumer Counsel's May 1, 2013 Comments at 14. Moreover, the statute requires programs to be "designed" – not guaranteed – to achieve such results. The reporting and filing requirements ordered herein will address the actual results of these programs. In addition, we agree with the Hearing Examiner that adoption of the ENERGY STAR efficiency standard for tank water heaters at 62% or higher is reasonable for purposes of the instant CARE Plan. Hearing Examiner's Report at 31.

CASE NO. PUE-2012-00124
JANUARY 31, 2013

APPLICATION OF
AQUA VIRGINIA WATER UTILITY, INC.,
and
BRITISH WOODS WATER COMPANY

For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On October 23, 2012, Aqua Virginia Water Utility, Inc. ("Aqua"), and British Woods Water Company ("BWWC") (collectively, the "Applicants") filed an application with the State Corporation Commission ("Commission") requesting approval of a transfer of utility assets pursuant to

Chapter 5 of Title 56 of the Code of Virginia ("Code"), and an amendment to Aqua's certificate of public convenience and necessity ("CPCN") pursuant to § 56-265.3 D of the Code.

Aqua is a Virginia public service company that owns and operates water systems in Virginia. Aqua is a wholly owned subsidiary of Aqua Virginia, Inc. ("Aqua Virginia"), which is a wholly owned subsidiary of Aqua America, Inc. ("Aqua America"). Aqua America serves approximately one million customers in 11 states through its subsidiaries. In Virginia, Aqua Virginia and its subsidiaries serve approximately 28,000 customers as of August 2012.

BWWC is a Virginia corporation and the owner of a water system ("British Woods System") that serves 52 customers in the British Woods subdivision in Botetourt County, Virginia. BWWC does not own any other water systems.

Aqua and BWWC have entered into an Asset Purchase Agreement dated August 15, 2012, which allows Aqua to purchase the assets that comprise the British Woods System from BWWC. Aqua will pay BWWC a base purchase price of $26,000. In connection with the transfer of utility assets, Aqua seeks to amend its CPCN to add the area served by the British Woods System to its certificated service territory.

After the proposed transfer, Aqua will own and operate the British Woods System and will be the new service provider. BWWC will no longer provide any water service. The Applicants represent that Aqua is able to provide quality service, effectively operate the British Woods System, and make capital upgrades to improve system safety and reliability. Aqua will continue to charge the rates that are currently in place. Customers were provided notice of the proposed transfer. No comments or complaints were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the transfer of the British Woods System from BWWC to Aqua will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. Aqua's CPCN should be amended to allow it to serve the British Woods subdivision.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, Aqua and BWWC are hereby granted approval of the transfer of the British Woods System, as described herein.

(2) Aqua is hereby authorized to amend its CPCN pursuant to § 56-265.3.D of the Code to include the British Woods System service territory. BWWC's CPCN to provide water service shall be terminated.

(3) Within ninety (90) days of completing the proposed transfer, the Applicants 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, and Aqua's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA").

(4) BWWC shall provide all records related to the transferred assets to Aqua at closing, and Aqua shall maintain them henceforth in accordance with the USOA.

(5) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the transfer.

(6) Aqua shall ensure that:

a) The quality of service in the BWWC service territory shall not deteriorate due to a lack of maintenance or capital investment;

b) The quality of service in the BWWC service territory shall not deteriorate due to a reduction in the number of employees providing services; and

c) It maintains a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Aqua's timely response to Staff inquiries with regard to its provision of service in Virginia.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2012-00128
AUGUST 2, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia

FINAL ORDER

On November 2, 2012, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents containing three separate requests (collectively, the "Application"). The Company presented the three requests as follows:

> (1) Petition for a certificate of public convenience and necessity ("CPCN") and for approval, pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia [("Code")] and the Commission's [Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility (20 VAC 5-302-10, *et seq.*)], to construct and operate the Brunswick County Power Station, an approximate 1,358 megawatt ("MW") (nominal) natural gas-fired combined-cycle … electric generating facility in Brunswick County, Virginia (together with its associated transmission interconnection facilities, the "Project");
>
> (2) Application for a [CPCN] and for approval, pursuant to Va. Code §§ 56-265.2 and 56-46.1, to construct new 500 kV transmission lines, two new switching stations and associated facilities in Brunswick and Greensville Counties, Virginia (collectively, the "Transmission Interconnection Facilities"); and
>
> (3) Petition for approval of a rate adjustment clause ("RAC"), designated Rider BW, pursuant to Va. Code § 56-585.1 A 6 ("Subsection A 6") and the Commission's [Rules Governing Utility Rate Applications and Annual Informational Filings (20 VAC 5-201-10, *et seq.*)] for timely and current recovery of the costs of the Project.[1]

The estimated construction cost of the Project is approximately $1.27 billion, excluding financing costs.[2] As proposed by the Company, Rider BW would take effect on September 1, 2013, and the initial rate year would begin September 1, 2013, and end August 31, 2014.[3]

On December 12, 2012, the Commission entered an Order for Notice and Hearing that, among other things, assigned a Hearing Examiner to conduct further proceedings, required the Company to publish notice of its Application, established a procedural schedule, permitted interested persons an opportunity to file comments or participate in this proceeding as a respondent, and scheduled an evidentiary hearing.

The hearing was convened on April 24, 2013, and concluded on April 30, 2013. The Company, the Commission's Staff ("Staff"), the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Virginia Committee for Fair Utility Rates ("Committee"), Doswell Limited Partnership ("Doswell"), the Sierra Club and the Chesapeake Climate Action Network (collectively, "Environmental Respondents"), and the Electric Power Supply Association and PJM Power Providers Group (collectively, "P3"), participated in the hearing. The Commission also received public comments in this case, along with testimony from over 40 public witnesses.

On June 13, 2013, A. Ann Berkebile, Hearing Examiner, issued her Report in this matter ("Report" or "Hearing Examiner's Report"). The Hearing Examiner found that Dominion Virginia Power "failed to adequately consider third party market alternatives to the Project" and, thus, recommended that the Commission deny the Application without prejudice and allow the Company to refile "after conducting an evaluation of actual third-party market alternatives to the Project…."[4]

The Hearing Examiner also found that "the Commission could conclude that the Company's consideration of actual market alternatives prior to filing the Application was unnecessary given the overall level of the Brunswick Plant's unique benefits (including energy savings, negotiated fix price contracts for construction and equipment, and access to natural gas)."[5] In this event, the Hearing Examiner addressed – and found that the Company satisfied – all other statutory requirements attendant to the Application.[6]

On July 3, 2013, Dominion Virginia Power, Consumer Counsel, the Committee, Doswell, Environmental Respondents, P3, and Staff filed comments to the Hearing Examiner's Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-580 D of the Code states in part:

> The Commission shall permit the construction and operation of electrical generating facilities in Virginia 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, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

Further, with regard to generating facilities, § 56-580 D of the Code 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 as provided in § 56-46.1 . . . ." Section 56-46.1 A of the Code states in part:

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[1] Ex. 2 (Application) at 1-2.

[2] *Id*. at 9, 16.

[3] *Id.* at 21.

[4] Report at 87.

[5] *Id.* at 82.

[6] *Id.* at 77-87.

> 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.

Sections 56-46.1 A also states:

> 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.

Section 56-580 D of the Code contains language limiting the Commission's authority that is nearly identical to the language set forth in § 56-46.1 A.

Section 56-46.1 B of the Code states that, with regard to overhead transmission lines, "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned." Section 56-46.1 B of the Code also directs that, "[i]n making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation." Section 56-46.1 D of the Code explains that "'environment' or 'environmental' shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

Section 56-46.1 C of the Code directs that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." Section 56-259 C of the Code states that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

The Code also directs the Commission to consider the effect of a proposed project on economic development in Virginia. Section 56-46.1 A of the Code states in part:

> Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code states that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."
Subsection A 6 of the Code, pursuant to which Dominion Virginia Power applied for a RAC, includes the following:

> To ensure a reliable and adequate supply of electricity, to meet the utility's projected native load obligations and to promote economic development, a utility may at any time, after the expiration or termination of capped rates, petition the Commission for approval of a [RAC] for recovery on a timely and current basis from customers of the costs of . . . (ii) one or more other generation facilities. . . . A utility that constructs any such facility shall have the right to recover the costs of the facility, as accrued against income, through its rates, including projected construction work in progress, and any associated allowance for funds used during construction, planning, development and construction costs, life-cycle costs, and costs of infrastructure associated therewith, plus, as an incentive to undertake such projects, an enhanced rate of return on common equity [("ROE")] calculated as specified below.

According to Subsection A 6, "[t]he costs of the facility, other than return on projected construction work in progress and allowance for funds used during construction, shall not be recovered prior to the date the facility begins commercial operation." Allowance for funds used during construction shall be calculated "utilizing the utility's actual capital structure and overall cost of capital, including an enhanced [ROE] as determined pursuant to this subdivision, until such construction work in progress is included in rates."

Finally, Subsection A 6 contains specific requirements attendant to the enhanced ROE, including the following:

> Such enhanced [ROE] shall be applied to allowance for funds used during construction and to construction work in progress during the construction phase of the facility and shall thereafter be applied to the entire facility during the first portion of the service life of the facility. . . . [T]he Commission shall determine the duration of the first portion of the service life of any facility, within the range specified in the table below, which determination shall be consistent with the public interest and shall reflect the Commission's determinations regarding how critical the facility may be in meeting the energy needs of the citizens of the Commonwealth and the risks involved in the development of the facility.

Need

We find that the Company has established a need for the additional capacity and energy that would be provided by the Project. As indicated by the Hearing Examiner, Dominion Virginia Power's load forecasting methodology and its assessment of need are reasonable and should be accepted by the Commission.[7]

Demand-Side Management and Renewable Resources

The Hearing Examiner found, contrary to Environmental Respondents' assertions, that increased demand-side management programs and renewable resources do not "have the potential to defer or displace the Company's need for the additional capacity expected to be provided by the Brunswick Plant."[8] We agree. We find that, in evaluating need, the Company reasonably considered the level of energy efficiency incorporated in its 2012 Integrated Resource Plan, which "contemplated the future implementation of specific [demand-side management] programs that, in the Company's assessment, are likely to be approved by the Commission given statutory cost-benefit requirements and past Commission precedent as contrasted with the generic level of efficiency identified by the Environmental Respondents as being potentially achievable in Virginia."[9] As the Hearing Examiner explains, "the Company adequately considered renewable alternatives to the Project," and "[t]he evidence reflects that renewable resources are not yet cost-competitive with most traditional supply sources including the Brunswick Plant."[10]

Technology

We find that the Company's choice of technology for the Brunswick facility – a 3x1 natural-gas fired combined-cycle plant – is reasonable based on the record herein. As noted by the Company, "[t]he 3x1 technology is cost-effective, proven, reliable and widely-used in commercial plants around the world."[11] Once this plant is constructed and in operation in the Commonwealth, it will be "among the largest, most efficient gas-fired units in the country."[12] The unit will operate at a very low heat rate and is expected to operate as, or very close to, a baseload unit.[13] The Project is expected to meet approximately 9% of customers' total energy requirements while reducing system-wide fuel expenses.[14]

In addition, we find that this facility is particularly reasonable and prudent in relation to the Company's overall fuel diversity. Specifically, by 2017, "the first full year of operation for the Project, natural gas generation is expected to make up approximately 26% of the Company's energy mix, with coal and nuclear generation sharing similar proportions respectively, and the balance provided by renewable generation and market purchases."[15]

The Hearing Examiner also explained that the Company's choice of a natural gas facility appears prudent given the current natural gas market and forecasted gas prices.[16] Furthermore, the Company has established arrangements for firm transportation of natural gas, while also providing for natural gas pipeline expansion and extension in Southside Virginia.[17] Construction and operation of the Project is also expected to have a positive impact on the Dominion Zone by lowering the zone price and reducing the cost of purchased power.[18]

Cost

We find that the estimated capital cost of this Project – $1.27 billion (excluding financing costs) – is reasonable.[19] Indeed, as noted by the Hearing Examiner, "no participant in this case has challenged the reasonableness of [such costs]."[20] In addition, the Company has been able to fix approximately 81% of total Project costs through the Turbine Supply Agreement ("TSA") and Engineering, Procurement and Construction ("EPC")

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[7] Report at 77 (footnote omitted). We have considered Environmental Respondents' position that the Company has not demonstrated a need at this time. We find, however, that the load forecasts employed by Dominion Virginia Power in this proceeding are reasonable. We also note that both Staff and Consumer Counsel did not dispute the need for capacity and energy that would be provided by the Project. *See, e.g.,* Ex. 51 (Eichenlaub) at 2-4, 17-18; Ex. 44 (Norwood) at 11-13; Tr. 856. *See also* Dominion Virginia Power's July 3, 2013 Comments at 12-13.

[8] Report at 78.

[9] *Id*. at 79.

[10] *Id*.

[11] Dominion Virginia Power's July 3, 2013 Comments at 14.

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] *Id.* (citing Ex. 14 (Kelly) at 10).

[16] Report at 78.

[17] Dominion Virginia Power's July 3, 2013 Comments at 14.

[18] *See, e.g.,* Ex. 2 (Application) at 7-8.

[19] *See, e.g.,* Report at 78; Ex. 8 (Wood) at 5.

[20] Report at 78.

contract.[21] The TSA and EPC contracts also provide for performance guarantees, liquidated damages, and on-schedule completion provisions.[22] Dominion Virginia Power has established in this proceeding that the estimated capital costs of this Project, along with the protections negotiated by contract, are reasonable and prudent.

Economic Development

We find that the Project will provide economic benefits to Brunswick County and the Commonwealth. No party reasonably disputed this.[23] There will be direct and indirect benefits related to the construction and operation of the facility, promotion of economic activity and employment in Brunswick County, and increases in local and state tax revenues.[24] In addition to local benefits related to construction and operation, the Project will foster economic development in Virginia by providing electricity supply at a reasonable cost to meet the growing demand for electric service in the Commonwealth.[25] The Project will also promote future economic development through the addition of incremental natural gas pipeline capacity.[26] As explained by Staff, the addition of a natural gas pipeline, which would be installed for the Brunswick plant as part of Transco's Virginia Southside Expansion Project, should provide direct and indirect benefits to Brunswick County through pipeline construction jobs, tax revenue, and the provision of future natural gas supply and services to the County's residents.[27]

Transmission Facilities

We find that the Company's request for approval of the Transmission Interconnection Facilities satisfies the statutory requirements applicable to such facilities if the Project is constructed and placed into service. In such event, the need for the Transmission Interconnection Facilities is not disputed on this record, and "the proposed routes of the lines are reasonable and will minimize adverse impacts."[28]

Environmental Impact

We must consider environmental impact. The relevant statutes, however, do 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 statutes direct that the Commission "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."[29]

The Department of Environmental Quality ("DEQ") coordinated an environmental review of the proposed Project and submitted a report ("DEQ Report").[30] The DEQ Report summarizes the Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibilities for compliance with legal requirements governing environmental protection.[31]

As explained by the Hearing Examiner, the Company only objected to one of the recommendations made by DEQ in its Summary of Recommendations.[32] Specifically, the Department of Forestry ("DOF") made recommendations to mitigate the loss of approximately 500 acres of forested land resulting from the Project, including a reforestation proposal and expenditures for forest-related activities.

The Company opposed, and the Hearing Examiner rejected, the DOF recommendations, with the Hearing Examiner concluding that the Commission previously rejected similar recommendations as overbroad. In the alternative, the Hearing Examiner recommended "that the Commission adopt the Company's proposed cost cap of $340,996 for the implementation of [the DOF] mitigation measures."[33] Based on the record in this case, we find that the Project will be in compliance with all applicable environmental regulations.[34] We also find that the DOF recommendations and their related costs to customers are not appropriate based upon the record.

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[21] *See, e.g., id.*; Ex. 29 (McKinley) at 15; Ex. 44 (Norwood) at 9.

[22] *See, e.g.,* Ex. 68 (McKinley rebuttal) at 2-3.

[23] *See, e.g.,* Dominion Virginia Power's July 3, 2013 Comments at 16; Ex. 51 (Eichenlaub) at 15-17; Ex. 44 (Norwood) at 10.

[24] *See, e.g.,* Dominion Virginia Power's July 3, 2013 Comments at 16; Ex. 2 (Application) at 13-14.

[25] Ex. 2 (Application) at 14.

[26] *See, e.g.,* Dominion Virginia Power's July 3, 2013 Comments at 16.

[27] Ex. 51 (Eichenlaub) at 16-17.

[28] Report at 82. We reject the alternative routes proposed in comments by the Virginia Office of Wetlands and Stream Protection for two of the proposed transmission lines, finding that the Company's proposed routes satisfy statutory requirements. *See, e.g.,* Ex. 69 (Fisher rebuttal) at 6.

[29] Va. Code § 56-46.1 A. *See also* Va. Code § 56-580 D (stating 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 as provided in § 56-46.1….").

[30] Ex. 49 (DEQ Report).

[31] *Id*.

[32] Report at 82 (citing Ex. 69 (Fisher rebuttal) at 2-4).

[33] *Id*. at 83 (citing Ex. 69 (Fisher rebuttal) at 5-6).

[34] *Id*. at 82 (citing Ex. 3 (Bisha)).

Public Convenience and Necessity

Based on the record developed herein, and in accordance with our findings above, the Commission concludes that the "generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity…, and (iii) are not otherwise contrary to the public interest."[35]

Third-Party Alternatives

As set forth in our discussion and conclusions above, we have found – based on the specific facts and circumstances attendant to this particular Project – that the Company has presented adequate evidence which, taken as a whole, is sufficient to satisfy the statutory requirements necessary for approval. The Company provided limited cost data and projections of market cost as part of its justification for the Project, but it did not conduct a solicitation for the total capacity of the Brunswick Project. The adequacy of the Company's showing was challenged by several parties, who supported a solicitation by the Company to meet its capacity needs. The Hearing Examiner recommended that the Application be denied without prejudice for the Company to re-file at a later date with additional information, but recognized a basis for the Commission to approve the Project in this proceeding.[36] While more evidence on market alternatives would have improved the record, we do not view the record as legally deficient without a capacity solicitation based upon the overall evidence presented.

Relevant statutes do not require the Company to consider alternative options by issuing third-party solicitations or requests for proposals, and the Commission has explicitly rejected requests to mandate such a requirement. As repeatedly explained by the Commission, we have "never mandated competitive bidding as part of the filing requirements for new generating facilities."[37] Rather, we have acknowledged that the applicant takes the risk of attempting to prove its case with, or without, the results of a third-party competitive solicitation: "[T]he applicant must decide whether it will attempt to prove its case and obtain Commission approval of a proposed generating facility with – or without – evidence resulting from a competitive bid process."[38]

The Hearing Examiner and the respondents, to support denial of the Application, point to the following sentence from the Commission's order in Dominion Virginia Power's most recent integrated resource plan proceeding: "We also believe that Dominion [Virginia Power] should adequately consider third-party market alternatives as capacity resources."[39] The IRP Order, however, did not create a new higher legal standard for CPCN cases. Rather, the full text from the IRP Order re-states the Commission's previous explanations – as repeated in two prior orders – regarding the use of evidence of third-party alternatives in CPCN cases: "Indeed, the Commission has previously explained that third-party alternatives, including purchased power and new construction, 'would likely be relevant evidence in an application proceeding [for a self-build option for new generation].'"[40] Although the IRP Order reflects the Commission's view that the Company "should adequately" consider third-party alternatives, what may or may not be adequate or necessary – and what evidence is sufficient to meet the applicable statutory requirements – remains a unique factual question attendant to each CPCN case. In short, the plain language of the IRP Order did not reverse Commission precedent and create a new mandatory legal threshold (*i.e.*, some undefined third-party solicitation requirement) for all CPCN applications.[41]

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[35] Va. Code § 56-580 D.

[36] *See, e.g.,* Report at 87. The Hearing Examiner concluded that the Commission could find – based on the record herein – that the evidence for this Project satisfies statutory requirements: "[T]he Commission could conclude that the Company's consideration of actual market alternatives prior to filing the Application was unnecessary given the overall level of the Brunswick Plant's unique benefits (including energy savings, negotiated fix price contracts for construction and equipment, and access to natural gas)." Report at 82.

[37] *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, 2010 S.C.C. Ann. Rept. 297, 299, Final Order (May 18, 2010) (quoting *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of revising the rules of the State Corporation Commission governing applications to construct and operate electric generating facilities*, Case No. PUE-2008-00066, 2008 S.C.C. Ann. Rept. 581, 583, Order Adopting Regulations (Dec. 23, 2008)).

[38] *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, 2010 S.C.C. Ann. Rept. 297, 299, Final Order (May 18, 2010).

[39] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.,* Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 297, Final Order (Oct. 5, 2012) ("IRP Order").

[40] *Id*. (brackets in original) (emphasis added) (quoting *Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line*, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, 307, Final Order (Mar. 27, 2009)). *See also Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, 2010 S.C.C. Ann. Rept. 297, 299, Final Order (May 18, 2010) ("[T]he Commission has previously explained that 'evidence from a competitive bid process may be relevant in supporting a utility's claim that its application to construct and operate a new generating facility satisfies statutory requirements that the Commission must apply thereto'" (quoting *Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line*, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, 303, Final Order (Mar. 27, 2009))).

[41] Similarly, we have also made clear that approval of an integrated resource plan does not create a presumption of approval for any specific capacity option in a future CPCN case. *See, e.g., Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, Final Order (Oct. 5, 2012); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00096, 2010 S.C.C. Ann. Rept. 385, 387, Final Order (Aug. 6, 2010).

The Commission has consistently implemented the evidentiary principles set forth above and based its consideration of CPCN applications on the specific facts presented in each case. For example, in 2012 the Commission approved a new natural gas-fired, combined-cycle generation facility in Warren County; although no third-party solicitation was performed by the Company, the Commission found that the facts supporting the CPCN satisfied statutory requirements.[42] Before that, the Commission approved a combined-cycle, natural gas- and oil-fired facility in Buckingham County; although the Company refused to consider certain third-party alternatives, the Commission found that the facts supporting the CPCN satisfied statutory requirements.[43] Similarly, although the Company did not actively solicit actual third-party alternatives to the instant Project, we have concluded that the particular facts supporting the proposed Brunswick County Power Station satisfy the applicable statutory requirements.[44] As discussed above, the facts supporting this finding include, but are not limited to, the reasonableness, prudence, and benefits associated with the chosen technology, fuel source, cost, fixed-price contracts, location, natural gas pipeline expansion, economic development, tax revenues, and the Company's resulting fuel diversity.

Finally, respondents discuss a new statutory provision enacted by the General Assembly in 2013 regarding third-party alternatives.[45] Specifically, the 2013 General Assembly added the following legal requirement for CPCN proceedings: "A utility seeking approval to construct a generating facility *shall demonstrate* that it has considered and weighed alternative options, including third-party market alternatives, in its selection process."[46] Although this new law is not applicable to the instant case, it clearly will affect CPCN proceedings in the future. This is a new statutory standard that an applicant will have to satisfy. That is, under this new statute, a CPCN applicant no longer has the option of trying to prove its case without evidence of consideration of actual third-party alternatives in its selection process.

Period of Enhanced ROE

Subsection A 6 awards an enhanced ROE of 100 basis points for a combined-cycle combustion turbine generation facility like the Brunswick County Power Station "as an incentive to undertake such projects . . . ." As further provided by this provision, "[s]uch enhanced [ROE] shall be applied . . . during the construction phase of the facility and shall thereafter be applied . . . during the first portion of the service life of the facility." By statute, the first portion of the service life of a combined-cycle combustion turbine facility is at least 10 years and may be as long as 20 years. Under Subsection A 6, the first portion of the service life "shall be consistent with the public interest and shall reflect the Commission's determinations regarding how critical the facility may be in meeting the energy needs of the citizens of the Commonwealth and the risks involved in the development of the facility." We agree with the Hearing Examiner's recommendation that based on these factors, and to be consistent with the public interest, the first portion of the service life shall be 10 years.[47]

Enhanced Return on Transmission Infrastructure

We adopt the Hearing Examiner's finding that the enhanced ROE applies to the transmission costs approved herein.[48] Specifically, we find that under the plain language of Subsection A 6, the law requires that the enhanced ROE must apply to the transmission infrastructure approved herein as part of the Project. As discussed below, since the plain language of the statute expressly includes "costs of infrastructure associated therewith" as "costs of the facility," this is not a matter within the Commission's discretion; that is, the law requires, and we must permit, the enhanced ROE on costs of infrastructure associated with the facility. Indeed, as required by this statute, the Commission has recently approved an enhanced ROE for the transmission infrastructure of three new generation facilities and the RACs associated therewith.[49] Any other result would be a clear departure from the Commission's consistent implementation of the plain language of this statue.

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[42] Application of Virginia Electric and Power Company, For approval and certification of the proposed Warren County Power Station electric generation and related transmission facilities under §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider W, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUE-2011-00042, 2012 S.C.C. Ann. Rept. 263, Final Order (Feb. 2, 2012). The Warren County facility was estimated at approximately 1,329 MW and $1.091 billion (excluding financing costs), or $821/kW. Id. at 263-264.

[43] *Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line*, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, Final Order (Mar. 27, 2009). The Bear Garden facility was estimated at approximately 580 MW and $619 million (excluding financing costs), or $1,067/kW. *Id*. at 296, 301 n. 31. We note that the Company's Bidding Rules, which have since been abandoned through Commission approval in Case No. PUE-2008-00078, were still applicable in Case No. PUE-2008-00014.

[44] We also note that the estimated capital cost of the instant Project, at $934/kW, falls between the estimated capital costs of the previously-approved Warren County and Bear Garden facilities. *See, e.g.,* Ex. 8 (Wood) at 5.

[45] *See, e.g.*, Consumer Counsel's May 28, 2013 Post-Hearing Brief at 6-7; Committee's May 28, 2013 Post-Hearing Brief at 4; Consumer Counsel's July 3, 2013 Comments at 16 n. 67; Doswell's July 3, 2013 Comments at 10-11.

[46] Va. Code § 56-585.1 A 6 (emphasis added). Enactment Clause No. 2 to this legislation, House Bill No. 2261, explicitly excludes the current proceeding therefrom by stating that "unless otherwise specified, the provisions of this act shall apply to any proceeding filed … on or after January 1, 2013." *See* 2013 Va. Acts ch. 2. In addition, there was no enactment clause stating that this legislation is simply declaratory of existing law.

[47] Report at 85.

[48] *See id*. at 85-86.

[49] *See, e.g.,* Virginia City Hybrid Energy Center (Case Nos. PUE-2012-00071, PUE-2011-00067, PUE-2010-00054, PUE-2009-00011, PUE-2007-00066); Warren County Power Station (Case Nos. PUE-2012-00067, PUE-2011-00042); Bear Garden Generating Station (Case Nos. PUE-2012-00068, PUE-2011-00066, PUE-2010-00055, PUE-2009-00017).

In this regard, Subsection A 6 states as follows:

> A utility that constructs any such facility shall have the right to recover the *costs of the facility*, as accrued against income, through its rates, *including* projected construction work in progress, and any associated allowance for funds used during construction, planning, development and construction costs, life-cycle costs, and *costs of infrastructure associated therewith*, *plus*, as an incentive to undertake such projects, *an enhanced [ROE]* calculated as specified below. … Such enhanced [ROE]shall be applied to allowance for funds used during construction and to construction work in progress during the construction phase of the facility and shall thereafter be applied to the *entire facility* during the first portion of the service life of the facility. … [S]uch enhanced [ROE] shall apply *only to the facility* that is the subject of such [RAC]. (Emphasis added.)

First, the transmission costs approved herein are "costs of infrastructure associated" with the facility; this is not contested. Under the plain language of the first sentence quoted above, the "costs of infrastructure" are explicitly included as "costs of the facility." Thus, the transmission infrastructure costs approved herein are "costs of the facility."

Next, the second sentence quoted above requires that the enhanced ROE be applied to the "entire facility." Since the costs of infrastructure are explicitly included as costs of the facility, applying the enhanced ROE to the "entire facility" includes applying such return to the costs of infrastructure associated therewith.

Finally, the third sentence quoted above requires that the enhanced ROE shall apply "only to the facility" that is the subject of the RAC approved herein. The RAC requested and approved herein (*i.e.*, Rider BW) includes costs of the facility, which – as explained above – by statute necessarily include costs of the transmission infrastructure associated therewith. Thus, we agree with the Hearing Examiner that the statute requires that the enhanced ROE apply to the transmission infrastructure costs that are part of the RAC approved herein.

Rider BW

The Hearing Examiner noted that no participant challenged the Company's rate design for Rider BW.[50] In addition, the Company agreed with Staff's recommendation to reduce the proposed revenue requirement for the 2013 rate year by $1.12 million to address the impacts of the Company's new overhead allocation methodology, resulting in a reduced revenue requirement of $43.485 million.[51] As recommended by the Hearing Examiner, we approve the Company's proposed rate design for Rider BW, along with a revenue requirement for the 2013 rate year of $43.485 million.

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Brunswick County Power Station has not commenced, and that Dominion Virginia Power may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, Dominion Virginia Power is granted approval and Certificate of Public Convenience and Necessity No. ET-198 to construct and operate the Brunswick County Power Station as set forth in this proceeding.

(2) Subject to the findings and requirements set forth in this Final Order, Dominion Virginia Power is granted approval and certificates of public convenience and necessity to construct and to operate the Transmission Interconnection Facilities to interconnect the Brunswick County Power Station.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. ET-67e, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Brunswick County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00128, cancels Certificate No. ET-67d, issued to Virginia Electric and Power Company on May 11, 1994, in Case No. PUE-1992-00058.
>
> Certificate No. ET-83g, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Greensville County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00128, cancels Certificate No. ET-83f, issued to Virginia Electric and Power Company on May 25, 1984.

(4) The Company's Application for approval of a Rate Adjustment Clause, designated as Rider BW, is granted in part and denied in part as set forth herein.

(5) The Company shall file, within thirty (30) days of the date of this Order, a revised Rider BW and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

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[50] Report at 87.

[51] *See, e.g., id*. at 86.

(6) Rider BW, as approved herein, shall become effective for service rendered on and after September 1, 2013.

(7) The Company shall file its annual Rider BW application on or before November 1st of each year.

(8) This case is dismissed.

DIMITRI, Commissioner, Concurring in Part and Dissenting in Part,

I concur and join in the Final Order on the approval of the proposed Brunswick generation plant and the related transmission projects for the reasons stated therein. I agree with the 100 basis point enhancement to the ROE for the generation plant for 10 years, but I disagree with the majority's extension of the ROE enhancement to the transmission investment, based upon Subsection A 6 of the Code.

As part of its filing in this case, Dominion Virginia Power separately applied for transmission facilities related to the Project, since different statutory standards apply to transmission, as opposed to generation facilities. In addition to the generation facility, Dominion Virginia Power seeks a statutory adder to the ROE applicable to the transmission investment as well, which in this case is much broader in scope than any prior generation CPCN case, totaling approximately $89 million, and the issue here has not been presented as a contested matter heretofore. The Staff, Consumer Counsel, and the Committee challenged the Company's position that the transmission facilities qualify for an enhanced return. I agree that transmission investments, some of which in this case are many miles from the generation facility, do not qualify for the statutory adder.

Viewing the statutory framework as a whole and reading its various provisions in harmony, the enhancements to ROE are focused specifically on generation facilities and not upon transmission or distribution. Indeed, transmission and distribution are treated separately and differently in the overall statutory scheme, and nowhere is there any statutory directive which specifically provides for an enhancement to ROE for transmission, related or not, to a generation unit.

The proposed enhancement for transmission in this case is based on an oblique interpretation of a narrow portion of Subsection A 6, which in its totality is a long and complex statutory provision that, among other things, directs what costs are recoverable from customers from any approved generation and the application and method of calculation of an enhanced ROE for construction of certain types of generation.

The section states in relevant part as follows:

> [A] utility may at any time, after the expiration or termination of capped rates, petition the Commission for approval of a rate adjustment clause for recovery on a timely and current basis from customers of the costs of . . . one or more other generation facilities, ... A utility that constructs any such facility shall have the right to recover the costs of the facility, as accrued against income, through its rates, including projected construction work in progress, and any associated allowance for funds used during construction, planning, development and construction costs, life-cycle costs, and costs of infrastructure associated therewith, plus, as an incentive to undertake such projects, an enhanced rate of return on common equity calculated as specified below. The costs of the facility, other than return on projected construction work in progress and allowance for funds used during construction, shall not be recovered prior to the date the facility begins commercial operation. <u>Such enhanced rate of return on common equity</u> shall be applied to allowance for funds used during construction and to construction work in progress during the construction phase of the <u>facility</u> and <u>shall thereafter be applied to the entire facility during the first portion of the service life of the facility</u>. The first portion of the service life shall be as specified in the table below; however, <u>the Commission shall determine the duration of the first portion of the service life of any facility, within the range specified in the table below</u>, which determination shall be consistent with the public interest and shall reflect the Commission's determinations regarding how critical <u>the facility</u> may be in meeting the energy needs of the citizens of the Commonwealth and the risks involved in the development of the facility. After the first portion of the service life of the facility is concluded, the utility's general rate of return shall be applied to such facility for the remainder of its service life. As used herein, the service life of the facility shall be deemed to begin on the date the facility begins commercial operation, and such service life shall be deemed equal in years to the life of that facility as used to calculate the utility's depreciation expense. <u>Such enhanced rate of return on common equity shall be calculated by adding the basis points specified in the table below</u> to the utility's general rate of return, and <u>such enhanced rate of return shall apply only to the facility that is the subject of such rate adjustment clause</u>. . . . The basis points to be added to the utility's general rate of return to calculate the enhanced rate of return on common equity, and the first portion of that facility's service life to which such enhanced rate of return shall be applied, shall vary by type of facility, as specified in the following table:

Type of Generation Facility	Basis Points	First Portion of Service Life
Nuclear-powered	200	Between 12 and 25 years
Carbon capture compatible, clean-coal powered	200	Between 10 and 20 years
Renewable powered, other than landfill gas powered	200	Between 5 and 15 years
Coal bed methane gas powered	150	Between 5 and 15 years
Landfill gas powered	200	Between 5 and 15 years

Conventional coal or combined-cycle combustion turbine	100	Between 10 and 20 years

Emphasis added.

The first relevant part of the quoted provision that has been subject to legal argument, and on which the majority relies exclusively to extend the adder to transmission investment, provides that a utility has the basic right to recover from its customers (a) the costs of the facility (as enumerated) and (b) the costs of infrastructure associated therewith.[52] No one in the case challenges the view that the utility is, after approval, entitled under the statute to recover all of its costs, including a return on investment, through various rate mechanisms. The only issue is whether transmission investment is entitled to a statutory adder to the ROE; *i.e.,* an enhanced ROE, and if this portion of the subsection does not provide for an enhanced return for transmission, it is clear that no other provision of the subsection does. Yet, nowhere does this portion of the statute award an adder for associated transmission infrastructure. Indeed, this provision of the subsection only enumerates categories of costs that are subject to rate recovery and does not purport to define what costs are subject to the enhanced ROE. Moreover, even if this provision had sought to define the facility subject to the enhanced ROE, which it does not, the majority opinion's construction of the statute effectively redefining "facility" to include both the facility itself as well as transmission infrastructure related to the facility is plainly erroneous both logically and in light of the remainder of the statute, as discussed below.[53]

It is further down in Subsection A 6 that the applicability and calculation of the enhanced return is addressed, and it does so repeatedly and consistently in terms of a facility only. The statute addresses an enhanced return for certain specific types of generation plants and repeatedly refers to "a facility" in addressing the issue of applicability. It states, for example, that the "costs of the facility," with noted exceptions, shall not be recovered prior to the date "the facility begins commercial operation," and it ties the enhanced return to the service life of the facility. Notably, it also ties service life to the "life of the facility" as used to calculate depreciation expense, a calculation that would be specific to the generation facility itself and not to transmission lines that might be related in terms of operating the grid.

When directing how to determine the first portion of the service life of the facility, the statute directs the Commission to make its specific determination of years of enhanced return based upon a table set out in the statute, and the ranges in the statutory table vary by the type of generation facility. Similarly, to calculate the basis points to be added (*i.e.*, enhanced return), the statute states that it "shall vary by type of facility" as specified in the statutory table, which includes the heading "Type of Generation Facility" and sets out different types of generation facilities such as nuclear-powered, conventional coal or combined-cycle, etc., and the basis points for each. The entire statutory framework regarding enhanced return is specific to the construction of a generation facility, and nothing more.

Against this statutory framework, it is clear that facility means the generation facility, and the statute states unequivocally that "such enhanced rate of return shall apply only to the facility that is subject of such rate adjustment clause" (emphasis added), not to related transmission investment, or related infrastructure, but to the expenditures for the facility itself. Finally, had the statute intended otherwise, to extend an enhanced return to related transmission, it could have done so with a single phrase, but it did not. The majority, in my view, rests its decision on a strained interpretation of general language not focused on the subject of the applicability of the enhanced return and ignores the plain meaning of "facility" used repeatedly in the context of an enhanced return and, as a consequence, in this case and perhaps in other cases in the future, ratepayers will be required to pay higher rates than the law requires.

[52] In this case, transmission facilities are considered infrastructure associated therewith.

[53] *See* Staff's March 15, 2013 Motion for Ruling.

CASE NO. PUE-2012-00128
AUGUST 22, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia

ORDER GRANTING RECONSIDERATION

On August 2, 2013, the State Corporation Commission ("Commission") issued its Final Order ("Order") in this proceeding. On August 20, 2013, PJM Power Providers Group and the Electric Power Supply Association (collectively, "P3") filed a joint motion for reconsideration and clarification of the Order ("Joint Motion"). In the Joint Motion, P3 asks the Commission to: (i) reconsider its Order; (ii) clarify whether any prior Commission precedent was rendered obsolete by the Order; (iii) clarify what suffices as evidence of a utility's consideration of market alternatives; and (iv) initiate a rulemaking proceeding in which interested parties are given an opportunity to provide input on the scope of evidence that will be required in future applications where a utility seeks a certificate of public convenience and necessity for new generation facilities.[1]

On August 21, 2013, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a petition for reconsideration ("Petition"). In its Petition, Consumer Counsel requests that the Commission reconsider its Order and find that the enhanced rate of return

[1] Joint Petition at 2.

on common equity required by § 56-585.1 A 6 of the Code of Virginia applies, both in this case and in any future cases, only to the costs of a generation facility, and not to any attendant transmission infrastructure costs.[2]

On August 22, 2013, Doswell Limited Partnership ("Doswell") filed a motion for reconsideration ("Motion"). In its Motion, Doswell requests that the Commission: (i) reconsider its Order; (ii) provide clarifications requested by P3, which are described above; and (iii) initiate a generic rulemaking proceeding that would establish a forum for parties to provide input regarding how the Commission should implement recent legislative amendments to § 56-585.1 A 6 of the Code of Virginia.[3]

NOW THE COMMISSION, upon consideration of this matter, for the purpose of continuing the Commission's jurisdiction over these matters, will grant reconsideration to consider the Joint Motion, Petition and Motion.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing the Commission's jurisdiction over these matters to consider the Joint Motion, Petition and Motion.

(2) This matter is continued.

[2] Petition at 3.

[3] Motion at 3.

CASE NO. PUE-2012-00128
NOVEMBER 18, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia

ORDER ON RECONSIDERATION AND OPINION

On November 2, 2012, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents containing three separate requests (collectively, the "Application"). The Company presented the three requests as follows:

(1) Petition for a certificate of public convenience and necessity ("CPCN") and for approval, pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia [("Code")] and the Commission's [Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility (20 VAC 5-302-10, *et seq.*)], to construct and operate the Brunswick County Power Station, an approximate 1,358 megawatt . . . (nominal) natural gas-fired combined-cycle . . . electric generating facility in Brunswick County, Virginia (together with its associated transmission interconnection facilities, the "Project");

(2) Application for a [CPCN] and for approval, pursuant to [§§ 56-265.2 and 56-46.1 of the Code], to construct new 500 kV transmission lines, two new switching stations and associated facilities in Brunswick and Greensville Counties, Virginia . . . ; and

(3) Petition for approval of a rate adjustment clause ("RAC"), designated Rider BW, pursuant to [§ 56-585.1 A 6 of the Code] ("Subsection A 6") and the Commission's [Rules Governing Utility Rate Applications and Annual Informational Filings (20 VAC 5-201-10, *et seq.*)] for timely and current recovery of the costs of the Project.[1]

On August 2, 2013, the Commission issued a Final Order that, among other things, approved the Application, subject to the findings and requirements set forth in the Final Order.

On August 20, 2013, PJM Power Providers Group and the Electric Power Supply Association (collectively, "P3") filed a Motion for Reconsideration.

On August 21, 2013, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a Petition for Reconsideration.

On August 22, 2013, Doswell Limited Partnership ("Doswell") filed a Motion for Reconsideration.

[1] Ex. 2 (Application) at 1-2.

On August 22, 2013, the Commission issued an Order Granting Reconsideration for the purpose of continuing the Commission's jurisdiction to consider these matters.[2]

On August 30, 2013, Consumer Counsel filed a Notice of Appeal to the Supreme Court of Virginia.

On September 3, 2013, P3 filed a Notice of Appeal to the Supreme Court of Virginia.

NOW THE COMMISSION, upon consideration hereof, finds that the petitions for reconsideration filed by Consumer Counsel, P3, and Doswell are hereby denied and files this Opinion pursuant to § 12.1-39 of the Code.

Subsection A 6

For purposes of the instant case, Subsection A 6 provides, in part, as follows:[3]

> 6. To ensure a reliable and adequate supply of electricity, to meet the utility's projected native load obligations and to promote economic development, a utility may at any time, after the expiration or termination of capped rates, petition the Commission for approval of a [RAC] for recovery on a timely and current basis from customers of the costs of (i) a coal-fueled generation facility . . . , (ii) one or more other generation facilities, or (iii) one or more major unit modifications of generation facilities; . . . . A utility that constructs any such facility shall have the right to recover the costs of the facility, as accrued against income, through its rates, including projected construction work in progress, and any associated allowance for funds used during construction, planning, development and construction costs, life-cycle costs, and costs of infrastructure associated therewith, plus, as an incentive to undertake such projects, an enhanced rate of return on common equity [("ROE")] calculated as specified below. The costs of the facility, other than return on projected construction work in progress and allowance for funds used during construction, shall not be recovered prior to the date the facility begins commercial operation. Such enhanced [ROE] shall be applied to allowance for funds used during construction and to construction work in progress during the construction phase of the facility and shall thereafter be applied to the entire facility during the first portion of the service life of the facility. The first portion of the service life shall be as specified in the table below; however, the Commission shall determine the duration of the first portion of the service life of any facility, within the range specified in the table below, which determination shall be consistent with the public interest and shall reflect the Commission's determinations regarding how critical the facility may be in meeting the energy needs of the citizens of the Commonwealth and the risks involved in the development of the facility. After the first portion of the service life of the facility is concluded, the utility's general rate of return shall be applied to such facility for the remainder of its service life. As used herein, the service life of the facility shall be deemed to begin on the date the facility begins commercial operation, and such service life shall be deemed equal in years to the life of that facility as used to calculate the utility's depreciation expense. Such enhanced [ROE] shall be calculated by adding the basis points specified in the table below to the utility's general rate of return, and such enhanced rate of return shall apply only to the facility that is the subject of such [RAC]. . . .

P3 and Doswell

P3 and Doswell ask the Commission to reconsider its Final Order and deny the Application, provide certain clarifications, and commence a rulemaking case.[4]

P3 alleges that the Commission violated its prior precedent, arguing that "the Commission cannot approve Dominion's Application unless Dominion meets its burden of proving 'that there are no suitable alternatives to the proposed construction, ...'"[5] P3 also contends that the Commission did "not address the arguments of P3 and other respondents, . . . that Dominion has failed to consider third party market alternatives,"[6] and that it "is not clear from the Final Order what facts regarding alternatives justify approval of the Project."[7]

Contrary to P3's allegation, the Final Order does not conclude that Dominion failed to consider alternatives. Rather, the Final Order specifies that "the Company did not actively solicit actual third-party alternatives"[8] and explains that: (1) "[r]elevant statutes do not require the Company to consider alternative options by issuing third-party solicitations or requests for proposals, and the Commission has explicitly rejected requests to mandate such a requirement";[9] and (2) "[a]lthough [it is] the Commission's view that the Company 'should adequately' consider third-party alternatives, what may or may not

[2] The motions filed by P3 and Doswell will be accepted and treated as "Petitions for Reconsideration" under Rule 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.

[3] As noted below, Subsection A 6 was subsequently modified by 2013 Va. Acts ch. 2.

[4] P3 and Doswell make similar requests, which will be addressed together herein. Doswell states that it "fully supports the requests made by P3 and urges the Commission to grant the relief requested in the P3 Motion." Doswell's August 22, 2013 Motion at 2.

[5] P3's August 20, 2013 Motion at 7. (Emphasis omitted.)

[6] *Id*. at 7.

[7] *Id.* at 9.

[8] Final Order at 16.

[9] *Id.* at 14.

be adequate or necessary – and what evidence is sufficient to meet the applicable statutory requirements – remains a unique factual question attendant to each CPCN case."[10] Indeed, the Commission discussed two prior cases where the utility (i) did not perform an actual third-party solicitation, and (ii) refused to consider certain actual third-party alternatives, but where (as here) the Commission found that the facts supporting a CPCN still satisfied statutory requirements.[11]

The Commission further noted that each CPCN provides a unique factual question and found that "the particular facts supporting the proposed Brunswick County Power Station satisfy the applicable statutory requirements."[12] The Final Order then explains that "the facts supporting this finding include, but are not limited to, the reasonableness, prudence, and benefits associated with the chosen technology, fuel source, cost, fixed-price contracts, location, natural gas pipeline expansion, economic development, tax revenues, and the Company's resulting fuel diversity."[13]

In addition, P3 clarifies that "it has not suggested that a formal solicitation is the only means by which a utility could consider market alternatives."[14] P3, however, argues that "Dominion's Application should be denied not because it failed to conduct a formal market solicitation, but because it failed to consider alternatives in any meaningful way at all."[15] This sets forth a question of fact, upon which the Commission reached a different conclusion than P3. Specifically, the Final Order expressly states that "[w]hile more evidence on market alternatives would have improved the record, we do not view the record as legally deficient without a capacity solicitation based upon the overall evidence presented."[16] Thus, the Final Order does not rely on any one single action by Dominion but, rather, reaches this conclusion based on the record as a whole, including consideration of respondents' objections thereto. As a result, after weighing the objections raised to the evidence and arguments presented by Dominion, the Commission concluded – based on the specific facts of this case – that Dominion adequately considered the availability of market alternatives absent a formal solicitation.[17]

Finally, P3 asks the Commission to initiate a rulemaking proceeding to enable interested parties to provide input on the scope of evidence that will be required in future CPCN applications for generation facilities pursuant to 2013 Va. Acts ch. 2, which does not apply to the instant case, but which adds the following legal requirement for *future* CPCN proceedings: "A utility seeking approval to construct a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process."[18] We will not initiate a rulemaking at this time for purposes of this new statutory provision. We understand the desire for certainty as to the future application of any new statute. This statutory provision, however, is a new requirement placed on the utility, and it requires a fact-based review that will have to be made by the Commission in each case.

Consumer Counsel

Consumer Counsel "requests that the Commission reconsider its Final Order and enter an order finding that the enhanced ROE required by [Subsection A 6] shall apply in this case – and in any future cases – only to the costs of the generation facility itself, and not to any attendant *transmission* infrastructure costs."[19] Consumer Counsel argues that "[v]iewing the statutory framework as a whole, it should be clear that the General Assembly did not intend for electric *transmission lines* and related *transmission* infrastructure to be considered part of the generation 'facility' and also subject to an enhanced return."[20] Thus, Consumer Counsel concludes that "Subsection A 6 deals with generation plants, not *transmission lines*."[21]

Based on both the plain meaning of the statute and the clear and express purpose of Subsection A 6 as a whole, both of which are consistent with our own past precedent that includes not just one but multiple cases, we reject Consumer Counsel's interpretation and reject Consumer Counsel's Petition for Reconsideration of this issue.

Plain Meaning of the Statute

Consumer Counsel does not argue that the statute is ambiguous, so the legal question herein involves a plain reading of Subsection A 6.[22] The issue is not whether the costs of "transmission lines," as a specific element of associated infrastructure costs, are excluded from the incentive mechanism in the statute as posited by Consumer Counsel. Rather, the legal question is whether "costs of infrastructure" that are logically and inextricably "associated [with the facility]" and part of the costs of the "entire facility" (as those terms are used in the statute) are included in the incentive mechanism contained in Subsection A 6.

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[10] *Id.* at 15.

[11] *Id*. at 16.

[12] *Id*.

[13] *Id*. at 16-17. Unlike P3, the Commission does not find such explanation "curious." P3's August 20, 2013 Motion at 8-9.

[14] P3's August 20, 2013 Motion at 7.

[15] *Id*.

[16] Final Order at 13-14.

[17] *See, e.g.,* Dominion's July 3, 2013 Comments at 26-38 (discussing, among other things, evidence comparing the Brunswick Project to reasonable alternatives with a value comparison to specific alternatives, a backcast analysis, non-utility generator data, and testimony regarding potential market options).

[18] Va. Code § 56-585.1 A 6.

[19] Consumer Counsel's August 21, 2013 Petition at 3. (Emphasis added.)

[20] *Id.* at 8-9. (Emphasis added.)

[21] *Id.* at 11. (Emphasis added.)

[22] *See, e.g., id*. at 3.

In short, Subsection A 6 mandates that the incentive mechanism apply to the costs of the "entire facility" and explicitly includes "costs of infrastructure associated therewith" as costs of that facility. The plain meaning of these statutory provisions clearly includes the costs of those elements of infrastructure without which the facility would be useless and of no benefit to consumers. This plain reading of the statute also is consistent with, and necessary to effectuate, the clear purpose of Subsection A 6 as a whole; *i.e.*, to create a RAC mechanism with an enhanced return for the purpose of encouraging utilities to undertake the construction of generation facilities in order to ensure a reliable supply of electricity and to promote economic development.[23] A new facility obviously cannot function and fulfill its purpose under this statute without the necessary infrastructure – transmission or otherwise – "associated therewith." Accordingly, the General Assembly logically effectuated the legislative purpose by expressly including "costs of infrastructure associated therewith" as part of the "entire facility" to which the enhanced ROE applies.

As a factual matter, the specific infrastructure costs at issue herein are for the transmission facilities necessary to interconnect the new generation to the interstate transmission grid.[24] These new transmission interconnection facilities are associated with the Brunswick generation facility and must be constructed in order for the Brunswick facility to function and serve its statutory purpose. Without these associated infrastructure facilities, the generation unit could not function as planned, and the General Assembly obviously did not intend to encourage utilities to build non-functional generation plants.

Further, it is noteworthy that these transmission facilities are *not* part of the costs of the interstate transmission grid determined under rates approved by the Federal Energy Regulatory Commission ("FERC"), and FERC's regulated transmission rates do *not* include the costs of such transmission infrastructure.[25] Thus, FERC and the PJM Interconnection, L.L.C. ("PJM"), treat this transmission infrastructure in the same manner as Subsection A 6; *i.e.*, as costs of the "entire" generation facility.[26]

Consistent with the other RACs approved under this statutory provision, the Commission found that these new transmission interconnection costs are "costs of infrastructure" associated with the generation facility.[27] As a result, these transmission infrastructure costs must be included – as required by Subsection A 6 – in the RAC for the Brunswick generation facility. Similarly, other costs of Company-owned infrastructure associated with the facility, such as certain water and sewer lines, roads, administrative and security buildings, and other power lines, also are included in the RAC under Subsection A 6.[28] Consumer Counsel does not contest these findings.

Consumer Counsel, however, argues that "[i]t is problematic that the Final Order's statutory analysis is based largely on the interpretation of a single sentence within Subsection A 6 . . . ."[29] To the contrary, the Commission has applied the plain meaning of *all* relevant provisions within Subsection A 6, and this plain meaning effectuates the purpose of the statute. For example, the first sentence in Subsection A 6 states as follows:

> To ensure a reliable and adequate supply of electricity, to meet the utility's projected native load obligations and to promote economic development, a utility may at any time . . . petition the Commission for approval of a [*RAC*] for recovery on a timely and current basis from customers of the *costs* of . . . (ii) one or more other *generation facilities, ...* (Emphasis added.)

Thus, under Subsection A 6, the express purpose of the RAC approved herein is to recover the "costs" of the Brunswick "generation facilit[y]." This is not contested by Consumer Counsel.

Next, the second sentence in Subsection A 6 explicitly lists the specific "costs" that must be included in the RAC established to recover the "costs" of the Brunswick "generation facilit[y]:"

> A utility that constructs any such facility shall have the right to recover the *costs of the facility*, as accrued against income, through its rates, *including* projected construction work in progress, and any associated allowance for funds used during construction, planning, development and construction costs, life-cycle costs, *and costs of infrastructure associated therewith*, plus, as an incentive to undertake such projects, an enhanced [ROE] calculated as specified below. (Emphasis added.)

The Commission found that the RAC for the Brunswick generation facility must include "costs of infrastructure" – including necessary transmission infrastructure – associated with the facility. This also is not contested by Consumer Counsel.

The plain language of the above provision mandates "the right to recover the costs of the facility . . . *including* . . . , *and* costs of infrastructure associated therewith." (Emphasis added.) Despite this express language, Consumer Counsel argues that the "costs of the facility" do not include "costs of infrastructure associated therewith."[30] In attempting to overcome the plain and ordinary meaning of the terms "including" and "and" in this provision, Consumer Counsel now contends that the descriptive phrase "associated therewith" requires that costs of some elements of associated infrastructure be

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[23] Va. Code § 56-585.1 A 6. While other statutes also include CPCN requirements for a generation facility, Subsection A 6 creates the incentive for a utility to construct by permitting the RAC (generation facility costs otherwise may be recovered through base rates) and providing the enhanced ROE.

[24] *See, e.g.,* Hearing Examiner's June 13, 2013 Report at 20, 48, 82.

[25] *See, e.g.,* Dominion's April 4, 2013 Response at 10-11; Dominion's May 28, 2013 Post-Hearing Brief at 76-77. (Citations omitted.)

[26] *Id.*

[27] Final Order at 18-19.

[28] Indeed, the plain reading of Subsection A 6 does not change based on the particular infrastructure at issue. If the infrastructure is associated with the facility, then the costs thereof must be included in the RAC that has the statutory purpose of recovering the costs of such generation facility.

[29] Consumer Counsel's August 21, 2013 Petition at 14.

[30] *Id.* at 4-5.

treated separately from costs of the facility.[31] To the contrary, the phrase "associated therewith" has an obvious purpose and means exactly what it says; *i.e.*, the costs of infrastructure associated with the generation facility are to be included in the RAC established to recover the costs of the facility.

Notwithstanding Consumer Counsel's new interpretation of this sentence, Consumer Counsel still agrees that the term "costs of infrastructure associated therewith" means "costs of infrastructure associated [with the facility]."[32] Thus, even in Consumer Counsel's reading, the statute explicitly requires necessary infrastructure associated with the facility to be included in the RAC expressly established in Subsection A 6 for the sole purpose of recovering the "costs" of the Brunswick "generation facilit[y]."

Next, the second sentence in Subsection A 6 also provides that the utility shall have the right to recover, "as an incentive to undertake such *projects*, an enhanced [ROE] *calculated* as specified below." (Emphasis added.) Thus, Subsection A 6 subsequently specifies how the enhanced return is to be *calculated*: "Such enhanced [ROE] shall be *calculated* by adding the basis points specified in the table below to the utility's general rate of return, ..." (Emphasis added.) The Commission calculated the enhanced ROE by adding 100 basis points, as set forth in the statutory table, to Dominion's general rate of return. Consumer Counsel does not contest this.

Subsection A 6 also directs how the enhanced ROE shall be *applied*:

> Such enhanced [ROE] shall be applied to allowance for funds used during construction and to construction work in progress during the construction phase of the facility and shall thereafter be applied to the *entire* facility during the first portion of the service life of the facility. . . . After the first portion of the service life of the facility is concluded, the utility's general rate of return shall be applied to such facility for the remainder of its service life. . . . [S]uch enhanced rate of return shall apply *only* to the facility that is the subject of such [RAC]. (Emphasis added.)

Consumer Counsel asserts that the two italicized words above implicitly require the Commission to remove *transmission* infrastructure costs from the incentive mechanism under the RAC. A plain reading of these words, however, leads to the opposite conclusion.

In arguing that the statute does not cover necessary transmission costs, Consumer Counsel contends that the term "entire facility" in the above quote does not mean the "entire facility." According to Consumer Counsel: "The only logical meaning of 'entire facility' in this phrase is '*completed* facility' . . . ."[33] The statute does not say "completed facility"; however, it says "entire facility." The plain meaning of "entire facility" by necessity and logic must include those elements of infrastructure associated with the facility without which the facility could not function.[34] Since it is clear that the General Assembly intended to encourage the construction of facilities that would generate power capable of delivery to consumers, it is equally clear that the General Assembly intended that infrastructure costs essential to the facility's functioning – and expressly included as costs of the facility in the RAC – would be included in the term "entire facility" and, thus, included in the incentives embedded in the statute.[35]

Viewing Subsection A 6 as a whole, it is clear that the purpose thereof is to encourage utilities to undertake such capital-intensive projects by offering a RAC with the incentive of an enhanced ROE on the costs the utility incurs to bring the new facility into operation. Interpreting the statute, as Consumer Counsel and the partial Dissent do, to remove from the incentive mechanism essential infrastructure elements of the Project not only is contrary to the plain language of the statute but also is contrary to the General Assembly's clear intent to encourage such projects.

Consumer Counsel next argues that the word "only" (italicized in the block quote above) necessarily means that transmission infrastructure costs are not part of the facility for ROE purposes.[36] This is not so. Use of this single word does not implicitly remove *unidentified* facility infrastructure costs, transmission or otherwise, from the costs of the facility to which the enhanced ROE applies. Rather, the obvious purpose is again found in the plain language; *i.e.*, the enhanced ROE applies "only" to the facility in the RAC and to no other. This is because some generation facilities are included in base rates, not a RAC. Thus, this provision explicitly prohibits the enhanced returns listed in Subsection A 6 from being applied to other facilities or any other investments recovered through base rates. Indeed, this express limitation for Subsection A 6 RACs is consistent with the corresponding limitation in § 56-585.1 A of the Code for base rates, which explicitly requires the Commission to determine base rate returns "without regard to any [ROE] or other matters determined with regard to facilities described in [Subsection A 6]."[37]

In addition, Consumer Counsel's position would require the Commission to determine separately – and carve out for enhanced ROE purposes – any "costs of infrastructure" in the RAC that "the General Assembly did not intend . . . to be considered part of the generation 'facility' and also subject to an

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[31] *Id*. at 5. This argument is different than Consumer Counsel's prior reading of the statute in this case. Although Consumer Counsel now argues that it is "incorrect to determine that 'costs of infrastructure' is a component of 'costs of the facility'" (*id*. at 4), Consumer Counsel previously asked the Commission to find (as we did in the Final Order) that the "costs of the facility . . . are enumerated in Subsection A 6 and include . . . (4) costs of infrastructure associated with the facility." Consumer Counsel's April 4, 2013 Response at 3-4.

[32] Consumer Counsel's August 21, 2013 Petition at 4-5.

[33] *See, e.g., id.* at 8. (Emphasis in original.)

[34] The partial Dissent to this Order on Reconsideration and Opinion accuses the majority of continuing to "redefine 'facility' to include both the facility itself and transmission infrastructure – to the exclusion of other language of Subsection A 6 and other provisions of the Code." The partial Dissent, however, ignores the descriptive word "entire" that appears in front of the word "facility" in the statutory provision that governs the application of the incentive. By adding the word "entire" as a descriptor of "facility" in the operative statutory language, the General Assembly explicitly expressed its intent that the incentive apply to the costs of the *entire* facility, not just to the costs of *part* of the facility. Indeed, this language conforms with the fact that the General Assembly explicitly included costs of associated infrastructure as part of the RAC designed to recover costs of the generation facility.

[35] Further, even if "entire" is rewritten and replaced with "completed" as proffered by Consumer Counsel, the result does not change; the "completed" facility still includes the costs of associated infrastructure that are explicitly included in the RAC to recover costs of the generation facility.

[36] *See, e.g.,* Consumer Counsel's August 21, 2013 Petition at 9-10.

[37] Va. Code § 56-585.1 A 2 f.

enhanced return."[38] This would require the Commission first to analyze each cost to determine whether it is "infrastructure" or something else and then, second, to figure out whether the General Assembly intended – or did not intend – for that particular infrastructure to get the enhanced return. The statute, however, provides no directive and no authority for such exercise. The result sought by Consumer Counsel would require additional language not found in the statute. Subsection A 6, however, is very thorough and very detailed. When the General Assembly intended to delegate authority to the Commission in Subsection A 6, it did so explicitly.[39] Nothing in Subsection A 6 states that any infrastructure required by statute to be in the RAC expressly established to recover "costs" of the "generation facilit[y]" can somehow be deemed *not* part of the entire facility for enhanced ROE purposes, nor does the statute delegate authority to the Commission to conclude the same.[40]

The express goal of Subsection A 6 is to create a RAC and incent construction of new generation for reliability and economic development. This goal unquestionably cannot be accomplished without the specific infrastructure necessary to operate the new facility that is being constructed. Thus, the General Assembly effectuated its purpose by including "costs of infrastructure" associated with the facility as part of the RAC recovery mechanism, and then by applying the incentive mechanism to the costs of the "entire facility." In this instance, the infrastructure at issue is new transmission necessary to connect the facility to the interstate transmission grid; both the Commonwealth (via Subsection A 6) and the federal government (via FERC and PJM) treat this infrastructure as part of the entire generation facility. In sum, the plain meaning of Subsection A 6 is consistent with the statute as a whole and with the object sought to be obtained as expressly set forth therein.

Precedent

The Final Order also explains that the decision herein is consistent with prior Commission precedent under Subsection A 6. Specifically, in numerous prior cases the Commission followed the plain language of the statute and applied the incentive mechanism to transmission – and all other – infrastructure costs statutorily included as costs of the facility in the RAC.[41] Consumer Counsel argues that the Commission should disregard this prior precedent and suggests that this issue "has not been relevant in past cases" because the dollar amounts (which Consumer Counsel states have ranged between $1.5 million and $10.56 million) have been "*de minimis*."[42] The Commission does not find that consistency with its prior precedent implementing the plain language of this statute is irrelevant.

The question of whether transmission costs in these numerous prior decisions could be accurately described as "*de minimis*" may be a debatable question of fact, but it is not relevant to our discussion here. The issue before us is a question of law, and the law applicable in those prior cases is the same law that applies in this one. As a matter of law, the statute makes no "*de minimis*" distinction with regard to the costs of transmission infrastructure integral to a project, nor does the statute direct the Commission to base its decision on whether the costs of transmission or any other element of "infrastructure associated therewith" exceed a certain threshold. The statute simply says that infrastructure costs are costs of the facility recovered in the generation facility RAC and that the incentive mechanism applies to the entire facility. Thus, in accordance with the statute, the Commission has repeatedly included such transmission costs in the incentive mechanism in past cases, and there is no reason to do the opposite in this one.

Application to Future Generation Projects

Consumer Counsel expresses a valid concern regarding the potential cost of applying an enhanced ROE to the significant infrastructure that may be needed for new nuclear or offshore wind facilities.[43] This concern, however, which is entirely appropriate, does not change the plain meaning of the statute. Rather, in considering a proposed generation project under the Code, the Commission must analyze, among other things, the "public convenience and necessity" and "public interest" attendant to the proposed project.[44] For example, as part of such analysis in the instant case, the Commission considered the estimated capital costs of the natural gas-fired, combined-cycle Brunswick facility, including the costs of infrastructure and any return required thereon, in determining whether to approve the proposed Project. Similarly, such considerations also would be relevant to any future requests under Subsection A 6 for new generation projects.

Indeed, one of the examples used by Consumer Counsel – an offshore wind generation facility – illustrates how Consumer Counsel's interpretation is contrary to the clear purpose of the statute. While a future proceeding for an offshore wind facility will obviously come with its own set of facts and will be judged on its own record, Consumer Counsel's example posits that "associated transmission infrastructure would represent a very significant cost component" of an offshore wind facility.[45] Consumer Counsel's example illustrates why it neither comports with the plain meaning nor effectuates the purpose of the statute to conclude that the General Assembly adopted a mechanism expressly intended to encourage the construction of offshore wind farms that excludes substantial and essential associated infrastructure costs of such a project from that very incentive.

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[38] Consumer Counsel's August 21, 2013 Petition at 8-9.

[39] *See*, *e.g.*, the explicit discretion regarding "the first portion of the service life" of a facility, and the explicit discretion (in specific circumstances) to "reduce on a prospective basis any enhanced [ROE] previously applied to any such facility to no less than the general rate of return . . . ."

[40] Consumer Counsel also argues that since the statute includes specific gathering and processing "equipment" as part of a landfill gas-powered facility, the General Assembly did not intend "costs of infrastructure" associated with the facility to receive the enhanced return. Consumer Counsel's August 21, 2013 Petition at 12-13. This conclusion, however, is not supported by the plain language that, again, means just what it says. The General Assembly specified that the "equipment" needed to collect and prepare the landfill gas for combustion is part of such generation facility. This is its purpose. It serves this purpose without *implicitly* requiring that costs of infrastructure are not costs of the generation facility as previously listed in the statute. This provision also uses the word "equipment," not "infrastructure." Moreover, even if such landfill gas "equipment" is deemed infrastructure under the statute, the purpose of this provision is to specify just that; *i.e.*, that the unique processing equipment required to collect landfill gas prior to combustion is part of the infrastructure associated with such facility and, thus, must be included in the costs thereof.

[41] Final Order at 18.

[42] Consumer Counsel's August 21, 2013 Petition at 19-20.

[43] *Id.* at 17-19.

[44] *See, e.g.,* Va. Code § 56-580 D.

[45] Consumer Counsel's August 21, 2013 Petition at 18-19.

Although Consumer Counsel and the partial Dissent express concern for the potential cost to consumers of applying the enhanced ROE to transmission infrastructure, the protection for consumers lies where it always has, in the appropriate CPCN and/or RAC proceeding. Under the applicable statutes, the utility proposing a new generation facility must prove that the *total* costs to be billed ratepayers for the *entire* facility are reasonable and prudent, and the Commission must analyze the public convenience and necessity and public interest attendant to such proposal.[46] As long as it is known in advance that the enhanced ROE will apply to the costs of infrastructure "associated therewith," then this Commission will decide what it always does when evaluating a proposed project; *i.e.*, whether the costs of the project meet the statutory standards.[47] Consumer Counsel will certainly be free to argue in any such future proceeding whether the proposed project meets the statutory standards for approval. We have found in this case that the Project meets the legal standards for approval, notwithstanding application of the incentive mechanism to the costs of the "entire facility" as that term is used in the statute.

Accordingly, IT IS SO ORDERED and this case is dismissed.

DIMITRI, Commissioner, Concurring in Part and Dissenting in Part:

I concur and join in the Order on Reconsideration and Opinion on the approval of the proposed Brunswick generation plant and the related transmission projects for the reasons stated therein.

As stated in the Final Order, I dissent from the majority opinion's extension of the 100 basis point ROE enhancement to transmission investment, based upon Subsection A 6 of the Code. While the majority repeatedly refers to "plain reading" and "plain meaning" or "entire facility" in attempting to buttress its position that customers must pay this additional enhancement, the fact is that the statute nowhere states that a utility shall be paid a bonus on top of its authorized ROE for transmission investment, with the statute focusing exclusively, and at length, on the application of the bonus to new generation. Customers should not be required to pay additional millions of dollars without a clear statutory directive on transmission.

The majority opinion's erroneous interpretation of other language in Subsection A 6 also must be considered in the context of the usual meaning of terms that are critical here. The statute does not explicitly define the term "facility," but in utility parlance it means a generation plant. In the Project we are authorizing here, there is a generation facility, numerous transmission facilities and off-site substation facilities, but they do not together constitute a single "facility." The term has never, to my knowledge, been used in such a broad, sweeping manner, and in the utility context it would be an extraordinary leap to interpret the term to mean both a plant and substantial transmission absent a clear directive in a statute to do so. Yet, when the General Assembly spoke directly to the ROE enhancement in Subsection A 6, it did so specifically in terms of "generation facility."[48] It spoke of the commercial operation date of a facility, which has routinely been referred to as a generation plant coming online, and to the life of a facility – again, a clear reference to generation.

To properly decide this issue, we must look at all of Subsection A 6, and other provisions of § 56-585.1. The statutory framework in Subsection A 6 makes it clear that the term "facility" therein means the generation facility, not transmission lines. The statute unequivocally applies the ROE adder to a "facility," not to transmission investment or any other infrastructure.[49] The General Assembly, if it so chose, could have extended the enhanced return to related transmission facilities with a single word, such as "project," or a single phrase; yet, it did not use an encompassing term but said instead that the enhanced return shall apply "only to the facility . . . ." And although the majority opinion, in making its first leap by redefining "facility," rejects Consumer Counsel's claim that the opinion relies on a single sentence of the statute, the opinion continues to redefine "facility" to include both the facility itself and transmission infrastructure – to the exclusion of other language of Subsection A 6 and other provisions of the Code. Moreover, while the majority opinion criticizes Consumer Counsel's arguments at length, similar legal arguments against extending the adder to transmission were first advanced in this case by the Commission's own Staff, and their statutory arguments have not been adequately addressed either.[50]

In addition, the majority opinion ignores the fact that recovery of transmission costs is directly addressed elsewhere in § 56-585.1, and there is no provision for a statutory enhancement of ROE for transmission costs. Section 56-585.1 A 4 provides in pertinent part as follows:

> Upon petition of a utility . . ., the Commission shall approve a [RAC] under which such [transmission] costs, including, without limitation, costs for transmission service, charges for new and existing transmission facilities, administrative charges, and ancillary service charges designed to recover transmission costs, shall be recovered on a timely and current basis from customers.

The General Assembly obviously drew a distinction between "transmission" and "generation," and in the specific rate mechanism designed for recovery of transmission costs there is no provision for enhancement to ROE, unlike the case with certain generation. The majority's argument reads into the generation provision of Subsection A 6 a bonus to transmission even though the specific provision addressing transmission does not recognize it and Subsection A 6 does not even mention it.

Consumer Counsel's Petition for Reconsideration, as well as the Commission Staff's Motion for Ruling below, provide detailed legal analysis of how the language of Subsection A 6 applies the enhanced return to generation investment only. For example, Consumer Counsel points out that Subsection A 6 does not include "costs of infrastructure" as a specific subset of "costs of the facility." Rather, the statute simply identifies "costs of infrastructure" as one of the costs that is to be included in the RAC, a cost that is "associated" with the facility, not the facility itself. Nothing in Subsection A 6, however,

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[46] *See, e.g.,* Va. Code §§ 56-580 D and 56-585.1 D.

[47] *See, e.g., Application of Appalachian Power Company, For a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2007-00068, 2008 S.C.C. Ann. Rept. 405, Final Order (Apr. 14, 2008) (application to begin cost recovery for proposed new integrated gasification combined-cycle electric generating facility denied due to, *inter alia*, potential magnitude of costs to Virginia consumers).

[48] Va. Code § 56-585.1 A 6.

[49] The majority opinion further argues that infrastructure costs "essential to the facility's functioning" would be included in the term "entire facility" intended by the General Assembly to receive the generation enhancement. All of a utility's facilities, including generation, transmission, distribution, a miles-long natural gas pipeline to bring fuel and vehicles to bring necessary supplies, would apparently fit this unbounded expansion of the term "facility."

[50] *See, e.g.,* Staff's March 15, 2013 Motion for Ruling; Staff's April 18, 2013 Reply; and Staff's July 3, 2013 Comments at 5-10.

states that all costs in the RAC are to receive the enhanced ROE, and this is the second leap that leads to the majority's erroneous result. To the contrary, where the statute actually addresses the enhanced ROE, it specifically applies it only to the "facility," not to the RAC.

This position is reinforced by the express language in Subsection A 6 limiting the enhanced ROE "*only* to the *facility* that is the subject of such [RAC]" (emphasis added). Thus, as stated by Consumer Counsel, "the statute makes a distinction between (1) those types of costs that simply may be recovered generally in a Subsection A 6 RAC and (2) those types of costs to which an enhanced return shall be applied."[51] Fundamentally, the entire framework of the statutory provisions regarding enhanced returns is in the context of generation only. The various provisions of the statute should be read in harmony and, when this is done, the framework clearly directs the 100 basis point adder to generation only, and, in fact, to only certain types of generation.

Consumer Counsel provides a cogent discussion of how Title 56 of the Code consistently treats generation and transmission as separate and distinct types of facilities.[52] The purpose of Subsection A 6 is to provide for recovery, and in certain cases, an enhanced return, for "generation" facilities. It is more than telling, then, that Subsection A 6 does not even mention the word "transmission." As noted by Consumer Counsel, "[t]his is not surprising because Subsection A 6 deals with generation plants, not transmission lines."[53]

Finally, Consumer Counsel, as the Commission Staff did in its Motion for Ruling, correctly observes that this is effectively an issue of first impression. Although the Commission has approved prior RACs under Subsection A 6 with no focus or inquiry on limited on-site transmission or switching costs, the particular legal question presented herein has never before been raised and explicitly decided by this Commission. The majority opinion asserts that the failure in previous cases to raise or address these issues – where the "facilities" then under review were far different in size, scope, location, and cost from those before us now – constitutes a "precedent" for projects here that, in some cases, are miles from the generation facility, turns the concept of precedent on its head. That is to say, the argument appears to be that if a matter allegedly similar in some respects was not previously contested, litigated, analyzed and decided, then such omission stands as precedent for future decisions.

The question, however, is now squarely before us, and the precedent which *would* be established by the majority decision here could have long-lasting and costly impacts for consumers, raising bills needlessly. The entire statutory framework for the enhanced ROE is specific to the construction of a "generation" facility, and nothing more, and the majority opinion reaches an erroneous result by misconstruing terms in both their common usage and statutory meanings and failing to consider properly the full content and meaning of Subsection A 6 in particular as well as the overall framework of Title 56.

[51] Consumer Counsel's August 21, 2013 Petition at 6.

[52] *Id*. at 14-17.

[53] *Id*. at 11.

CASE NO. PUE-2012-00129
JANUARY 9, 2013

APPLICATION OF
COLLEGIATE CLEAN ENERGY, LLC

For a license to conduct business as an aggregator in the Commonwealth of Virginia

ORDER GRANTING LICENSE

On October 31, 2012, Collegiate Clean Energy, LLC ("Collegiate Clean Energy" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to provide electric aggregation services in the Commonwealth of Virginia ("Application") 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 for the Company, as an agent or intermediary, to (i) offer to purchase, or to purchase, electric energy; or (ii) offer to arrange for, or arrange for, the purchase of electric energy for sale to, or on behalf of, two or more retail customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") and Appalachian Power Company ("APCo"). The Company proposes to serve universities and colleges in Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Retail Access Rules.[1]

On November 16, 2012, the Commission entered an Order for Notice and Comment ("Scheduling Order") which, among other things, docketed the case; required Collegiate Clean Energy to give notice to Dominion Virginia Power and APCo and other interested persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings in a Staff Report; and provided an opportunity for the Company and any party who filed comments on the Application to file a response to the Staff Report. The Company filed proof of notice on November 20, 2012.

APCo and Dominion Virginia Power filed Notices of Participation on November 19, 2012, and November 20, 2012, respectively. APCo did not file comments on the Application as provided by the Scheduling Order. On December 3, 2012, Dominion Virginia Power filed comments. Dominion Virginia Power did not expressly oppose the Commission's issuance of an aggregator license to Collegiate Clean Energy but raised concerns about whether Collegiate Clean Energy's business plans conform to § 56-577 of the Code of Virginia ("Code").

[1] On October 19, 2012, the Commission granted Collegiate Clean Energy License E-28 to conduct business as a competitive service provider for electric service in the service territories of Dominion Virginia Power and APCo. *Application of Collegiate Clean Energy, LLC, For a license to conduct business as a competitive service provider for electricity in the Commonwealth of Virginia*, Case No. PUE-2012-00102, Doc. Con. Cen. No. 121030098, Order Granting License (Oct. 19, 2012).

On December 10, 2012, the Staff filed its Report which summarized Collegiate Clean Energy's proposal and evaluated its financial condition and technical fitness. The Staff Report notes that the issues raised in Dominion Virginia Power's Comments appear to be beyond the scope of determining whether Collegiate Clean Energy qualifies for licensure as an aggregator, and such issues are better addressed in a separate proceeding.[2] The Staff concluded that Collegiate Clean Energy meets the financial and technical fitness requirements in the Retail Access Rules to qualify for a license as an aggregator of electric service. The Staff therefore recommended that Collegiate Clean Energy be granted a license to conduct business as an aggregator of electric service in the Commonwealth of Virginia in the service territories of Dominion Virginia Power and APCo, subject to any applicable legal limitations on retail access, such as those set forth in § 56-577 of the Code and the Commission's Retail Access Rules.

On December 17, 2012, the Commission received responses to the Staff Report from Collegiate Clean Energy and APCo. Dominion Virginia Power notified the Commission on that date that it would not be filing a response to the Staff Report. Collegiate Clean Energy agreed with the recommendations in the Staff Report. APCo's response to the Staff Report highlighted concerns about the evidence considered by the Staff in reviewing Collegiate Clean Energy's financial and technical fitness pursuant to the Retail Access Rules. APCo had not previously filed comments concerning the Application on or before December 3, 2012, as provided by the Scheduling Order.[3] On December 18, 2012, Collegiate Clean Energy filed its Motion for Leave to Respond and Response to APCo's comments ("Motion for Leave to Respond") requesting that the Commission disregard APCo's comments as in violation of the Scheduling Order or, in the alternative, to reject the arguments contained therein.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Collegiate Clean Energy's Application meets the requirements for a license to conduct business as an aggregator in the Commonwealth of Virginia in the service territories of Dominion Virginia Power and APCo and should be granted, subject to the conditions set forth below.[4]

As we stated in our Order Granting a License to Collegiate Clean Energy to act as a competitive service provider for electric services,[5] we find that the legal conformity issues raised by Dominion Virginia Power concerning certain aspects of the Company's business plan are beyond the scope of the licensure process outlined in the Retail Access Rules. Accordingly, we decline to address them in this docket.

Accordingly, IT IS ORDERED THAT:

(1) Collegiate Clean Energy, LLC hereby is granted License No. A-34 to conduct business as an aggregator of electric service in the Commonwealth of Virginia in the service territories of Dominion Virginia Power and APCo. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(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.

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[2] *See Application of Secure Futures, L.L.C. – For a license to conduct business as a competitive service provider of 100% renewable electric service in Virginia*, Case No. PUE-2011-00102, 2011 S.C.C. Ann. Rep. 542, Order Granting License (Oct. 17, 2011).

[3] Ordering Paragraph (8) of the Scheduling Order herein provided the Company and parties who previously had filed comments concerning the Application to file a response to the Staff Report on or before December 17, 2012.

[4] In light of our determinations herein, we need not rule on APCo's comments and Collegiate Clean Energy's Motion for Leave to Respond.

[5] *See* case cited *supra* note 1.

CASE NO. PUE-2012-00130
JANUARY 30, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION ENERGY, INC.

For approval of a Rotor Purchase and Sale Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia, as amended

ORDER GRANTING APPROVAL

On November 1, 2012, Virginia Electric and Power Company ("VEPCo") and Dominion Energy, Inc. ("DEI") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a Rotor[1] Purchase and Sale Agreement ("Rotor Agreement") pursuant to Chapter 4, Title 56 of the Code of Virginia ("Code").[2] The Applicants also filed a Motion for Entry of a Protective Order and for Additional Protective Treatment ("Motion") pursuant to Rules 110 and 170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-110 and 5 VAC 520-170, for use during the proceeding.

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[1] The rotor is a composite or "stacked" collection of compressor and turbine shaft sections, forged wheels, and spacers, which are bolted together to form the rotating element in a natural gas-fired combustion turbine generating unit.

[2] Va. Code § 56-76 *et seq.* ("Affiliates Act").

VEPCo provides electric generation, transmission, and distribution service to approximately 2.4 million residential, commercial, and industrial customers in Virginia and northeastern North Carolina. VEPCo also sells electricity at wholesale prices to rural electric cooperatives, municipalities, and into wholesale electricity markets.

DEI is a Virginia incorporated holding company for several subsidiaries that provide non-utility electric power service, including several generation facilities that produce electricity using natural gas-fired combined cycle combustion turbines.

The Applicants are subsidiaries of Dominion Resources, Inc. ("Dominion"). As such, they are required to obtain prior approval from the Commission under the Affiliates Act for any contract or arrangement between the companies for the provision of management, supervisory, construction, engineering, accounting, legal, financial, or similar services; the purchase, sale, lease, or exchange of any property, right, or thing, other than those enumerated above; or for the purchase or sale of treasury bonds or treasury capital stock.[3]

The Applicants represent that the Rotor Agreement is part of a larger, existing set of agreements between VEPCo, DEI, and General Electric International, Inc. ("GEII"), which allow the Dominion companies to share natural gas-fired generating unit technology and interchangeable parts to create economies of scale and cost savings for VEPCo and its customers. The proposed Rotor Agreement permits VEPCo to engage in a series of transactions with DEI, including: (1) the initial sale by VEPCo to DEI of a spare rotor; and (2) subsequent transfers of rotors between VEPCo and DEI. The initial sale will take place when VEPCo has a planned outage at its Bear Garden Power Station. VEPCo will remove a Bear Garden rotor, install a rotor that it is holding in inventory, be responsible for the refurbishment of the Bear Garden rotor, and sell the refurbished Bear Garden rotor, which has become the new spare rotor, to DEI at the higher of cost or market. DEI then will hold the spare rotor in its inventory at DEI's cost, and it will be available for use at VEPCo's Bear Garden and Possum Point Power Stations and at DEI's Fairless Power Stations. VEPCo will have priority access to the spare rotor while it is in DEI's inventory.

For subsequent rotor transfers, VEPCo will pay DEI $10 in cash and pay for the refurbishment of the rotor removed from its generating unit. VEPCo will then provide the refurbished rotor to DEI in exchange for $10 in cash and the spare rotor. The Applicants represent that the Rotor Agreement is structured to be consistent with recent Commission-approved agreements with a five (5)-year term and a higher of cost or market pricing requirement[4] and will be governed by the laws of the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicants, including their comments, the applicable statutes, and having been advised by Staff, is of the opinion and finds that, subject to certain requirements described below, the proposed Rotor Agreement, as amended herein, is in the public interest and should be approved. The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion is denied.[5]

We find that the proposed Rotor Agreement is not sufficiently clear with respect to who is responsible for the costs of refurbishment of an existing rotor from a DEI facility. The Transaction Summary included with the Application states that "[a]fter the initial sale, each owner of the Spare Rotor will be obligated to pay GEII for refurbishment expenses pursuant to the applicable [Contractual Services Agreement]."[6] To clarify the responsibilities of DEI and VEPCo as represented in the Company's Application, we find that the proposed Rotor Agreement should be amended. Specifically, we find that the Recitals of the proposed Rotor Agreement should be revised as follows to clarify that if DEI requires the spare rotor for one of its facilities, DEI is responsible for the costs of refurbishment of a comparable rotor that will become the new spare rotor:

> **WHEREAS,** after the Spare Rotor has been sold to Dominion Energy and inserted into Dominion Energy's Covered Unit, the compressor rotor assembly that was removed from such Covered Unit will be refurbished <u>at Dominion Energy's cost</u> and such <u>comparable</u> refurbished compressor rotor assembly will become the new Spare Rotor owned by Dominion Energy that will be available for use by Dominion Energy as a replacement component, or available for sale to Dominion Virginia Power as a replacement component;

This language tracks the language used to set forth VEPCo's responsibilities for subsequent transfers in Paragraph (3) of the proposed Rotor Agreement. We find this language necessary to ensure that the proposed Rotor Agreement is in the public interest.

VEPCo proposes that accounting for the rotor transfers should impact only the balance sheet. We will not address the appropriate accounting or ratemaking treatment for the rotor transactions here because they are properly dealt with in the context of a rate adjustment clause or biennial review proceeding.[7]

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[3] *See* Va. Code § 56-77.

[4] The higher of cost or market pricing requirement, as proposed in the Application, applies only to the initial sale by VEPCo to DEI of a spare rotor.

[5] The Commission initially held the Applicants' Motion in abeyance. We note that the Commission received no request for leave to review the confidential information contained in the Application or the Applicants' responses in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

[6] Transaction Summary at 5.

[7] The Commission generally requires utilities to use asymmetric pricing for all transactions with unregulated affiliates. We have the facts necessary to require higher of cost or market pricing for the initial sale of the rotor by VEPCo to DEI. However, further evidence necessary to determine the appropriate accounting and ratemaking requirements for subsequent rotor transfers should be developed in VEPCo's rate adjustment clause or biennial review proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, VEPCo and DEI hereby are granted approval to enter into the proposed Rotor Agreement, as amended, subject to the requirements set forth herein.

(2) The approval granted herein shall be limited to five (5) years from the date of the Order in this case. If the Applicants wish to continue the Rotor Agreement after that date, further Commission approval shall be required.

(3) The approval granted in this case shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any costs or gains directly or indirectly related to the Rotor Agreement.

(4) The initial sale of the spare rotor by VEPCo to DEI shall be priced at the higher of cost or market as defined in the Rotor Agreement.

(5) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Rotor Agreement, including successors and assigns.

(6) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.

(7) 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 that affiliate.

(8) All transactions under the Rotor Agreement shall be included in VEPCo's Annual Report of Affiliate Transactions ("ARAT"). The ARAT shall be filed with the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") by no later than May 1 of each year, such date subject to administrative extension by the UAF Director. If rate filings are not based on a calendar year, VEPCo shall include the affiliate information contained in the ARAT in such filings.

(9) VEPCo shall be required to file a signed and executed copy of the proposed Rotor Agreement, as amended and approved herein, within ninety (90) days of the entry of the Order in this case.

(10) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(11) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2012-00131
APRIL 30, 2013

JOINT PETITION OF
AQUA VIRGINIA , INC.,
and
RESTON RELAC LLC

For approval of a change in control and transfer of assets pursuant to § 56-88.1 of the Utility Transfers Act

ORDER

On November 2, 2012, Aqua Virginia, Inc. ("Aqua Virginia"), and Reston RELAC LLC ("Reston RELAC") (collectively, "Joint Petitioners") filed a joint petition ("Joint Petition") with the State Corporation Commission ("Commission") seeking approval of the disposition of control of Reston Lake Anne Air Conditioning Corporation ("Reston Lake Anne") by Aqua Virginia and acquisition of control by Reston RELAC, pursuant to § 56-88.1 of the Utility Transfers Act.[1]

Aqua Virginia is a Virginia public service company that owns and operates numerous water and wastewater systems in Virginia.[2] Reston Lake Anne is a wholly owned subsidiary of Aqua Virginia and is a public utility engaged in the distribution of chilled water in Virginia.[3] Reston Lake Anne currently serves approximately 325 customers in Fairfax County, Virginia.[4] Reston RELAC was formed in April 2012 for the purpose of purchasing Reston Lake Anne and is a partnership of three individuals: Michael Coleman, Craig Nyman, and Mark Waddell ("Buyers").[5] The Joint Petitioners state that "[t]he sale of Reston Lake Anne's stock will allow Reston RELAC to operate all of the assets, properties and rights held or used by Reston Lake Anne to supply air

[1] Va. Code § 56-88 *et seq*.

[2] Joint Petition at 2; Transaction Summary, Exhibit B to the Joint Petition ("Transaction Summary") at 1.

[3] *Id.*

[4] Joint Petition at 3.

[5] Joint Petition at 2; Transaction Summary at 3, 6.

conditioning service to its customers in the Town of Reston."[6] The Joint Petitioners state that, following the transfer, Reston Lake Anne will continue to provide service and charge the same rates under the same tariff terms and conditions as currently authorized in Case No. PUE-2011-00130.[7]

The Joint Petitioners state that the proposed transfer of Reston Lake Anne's common stock from Aqua Virginia to Reston RELAC will not impair or jeopardize adequate service to the public at just and reasonable rates.[8] The Joint Petition further states that Reston RELAC plans to make service quality improvements to the system as described in the Transaction Summary attached to the Joint Petition.[9] Accordingly, the Joint Petitioners assert that "the proposed transfer will maintain and is expected to enhance service quality."[10]

On December 18, 2012, the Commission issued an Order for Notice and Comment that, among other things, provided an opportunity for interested persons to file comments or request a hearing in this matter by February 22, 2013; required the Commission Staff ("Staff") to file a Staff Report on or before March 15, 2013; and permitted the Joint Petitioners to file a response to the Staff Report, comments, and any requests for hearing on or before March 29, 2013.

On February 15, 2013, the Fairfax County Board of Supervisors (the "County") requested a public hearing in this proceeding. According to the County, the issues raised by the proposed transaction "cannot be adequately addressed in comments because much of the information about the proposed transaction has been filed under seal and is not available for review by the Board or RELAC customers."[11] By letter dated February 21, 2013, the County informed the Commission that it would be willing to forego a public hearing if it were provided an opportunity to file written comments after reviewing the information filed under seal and discovery responses. On February 25, 2013, the Joint Petitioners filed a response to the County, stating that while they did not oppose an extension of time to allow additional written comments, they would request a similar seven-day extension to respond to any such comments. On February 27, 2013, the Commission issued an Order Revising Procedural Schedule that, among other things, extended the comment period for interested parties that have executed a protective agreement to protect the confidentiality of the information in this matter.

On March 15, 2013, the Staff filed its Staff Report of its findings. The Staff recommends denial without prejudice of the proposed transfer of Reston Lake Anne from Aqua Virginia to Reston RELAC based on Reston RELAC's lack of financial strength to operate the utility should major breakdowns or unexpected costs occur.[12] Alternatively, should the Joint Petitioners mitigate Staff's concerns to the Commission's satisfaction, the Staff recommends that the Commission impose a series of requirements to protect the public interest.[13]

On March 21, 2013, the County filed its comments on the Staff Report. The County stated that it shared the concerns raised in the Staff Report regarding Reston RELAC's lack of financial strength, but its primary concern, if the transfer is granted, is that the Commission should specifically direct Reston Lake Anne to continue to comply with the record-keeping and reporting requirements established in its prior two rate cases, Case Nos. PUE-2009-00129 and PUE-2011-00130.[14]

On March 29, 2013, the Joint Petitioners filed their response to the Staff Report. The Joint Petitioners disagreed with the conclusion reached by the Staff in its Staff Report. The Joint Petitioners asserted that the proposed transfer meets the statutory standard of the Utility Transfers Act, and that Staff's concern with the financial capability of Reston RELAC is unsupported by any evidence.[15]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that: (1) the Joint Petition is approved subject to the requirements set forth herein; and (2) if the Joint Petitioners do not accept the requirements set forth herein, the Joint Petition is denied.

Code of Virginia

Section 56-88.1 A of the Code of Virginia ("Code") states in part as follows:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of: 1. A Public Utility within the meaning of this chapter, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90. . .

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[6] Joint Petition at 3.

[7] *Id.* at 3. *See Application of Reston Lake Anne Air Conditioning Corporation, For an increase in rates*, Case No. PUE-2011-00130, Doc. Con. Cen. No. 120910239, Final Order (Sept. 12, 2012).

[8] Joint Petition at 4.

[9] *Id.*; Transaction Summary at 2, 4.

[10] Join Petition at 4.

[11] Fairfax County Board of Supervisors Request for Hearing on Joint Petition at 2.

[12] Staff Report at 12-15.

[13] *Id.* at 15-17.

[14] Comments of the Board of Supervisors of Fairfax County at 2; *See*, *Application of Reston Lake Anne Air Conditioning Corporation, For an increase in rates*, Case No. PUE-2009-00129, 2010 SCC Ann. Rpt. 411, Final Order (Oct. 29, 2010); *Application of Reston Lake Anne Air Conditioning Corporation, For an increase in rates*, Case No. PUE-2011-00130, Doc. Con. Cen. No.121130078, Final Order (Nov. 16, 2012).

[15] Joint Petitioners' Response to Staff Report and Comments at 4, 8.

Section 56-90 of the Code states in part as follows:

> 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, . . .

Joint Petition

We conclude that the Joint Petition, as originally filed, does not satisfy the statutory standards above. As Staff notes in the Staff Report, the proposed transaction could have a negative impact on Reston Lake Anne's ability to obtain financing, and Reston RELAC's financial resources contrast sharply with Aqua Virginia's.[16] Staff notes further:

> . . . the uncertainty regarding Reston Lake Anne's post-transfer cost of service, coupled with the utility's and the Buyers' modest financial resources (*i.e.*, a $75,000 credit line), could adversely affect the utility's ability to provide adequate service at just and reasonable rates should a significant unexpected event occur.[17]

Accordingly, we conclude that the following requirements are necessary to find that approval herein is in the public interest and to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized:

(1) Aqua Virginia shall provide Reston RELAC an additional line of credit, at Aqua Virginia's borrowing rate, in the amount of $150,000, available for five years, to be used for operating and capital needs, including repairs, of Reston Lake Anne.[18]

(2) The Buyers will be both owners and employees of Reston Lake Anne. As such, Reston Lake Anne shall, within thirty (30) days of closing of the proposed transfer, file an application for approval of its owners' employment arrangements with Reston Lake Anne, pursuant to Chapter 4 of Title 56 of the Code.[19]

(3) Within thirty (30) days of completing the proposed transfer, the Joint Petitioners shall file a report of action ("Report") with the Commission. The Report shall include the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and both Aqua Virginia's and Reston Lake Anne's accounting entries recording the transfer (in accordance with the Uniform System of Accounts ("USoA")). The Report also shall include an executed copy of any Reston RELAC or Reston Lake Anne loan agreement as well as a brief summary of its terms and conditions, including any loan covenants.

(4) The Commission's approval granted herein has no ratemaking implications and does not guarantee the recovery of any costs directly or indirectly related to the transfer, for either Aqua Virginia or Reston Lake Anne.

(5) Aqua Virginia is directed to provide to Reston RELAC, at closing, all records related to Reston Lake Anne. Reston RELAC is directed to maintain all such records henceforth in accordance with the USoA. Reston Lake Anne shall continue to file an Annual Financial and Operating Report with the Commission's Division of Utility Accounting and Finance and shall continue to comply with the record keeping and reporting requirements established in Case Nos. PUE-2009-00129 and PUE-2011-00130.

(6) Reston Lake Anne is directed to file a balance sheet, 12-month income statement, and rate of return statement within ninety (90) days following the first full year of ownership by Reston RELAC. Staff shall review the financial statements and conduct an investigation of the reasonableness of Reston Lake Anne's rates and summarize its findings in a report filed with the Commission.

We also direct the following: (a) the quality of service to Reston Lake Anne customers shall not deteriorate due to a lack of maintenance or capital investment; (b) the quality of service to Reston Lake Anne customers shall not deteriorate due to a reduction in the number of employees providing such service; and (c) Reston Lake Anne shall maintain a high degree of cooperation with the Commission Staff and take all actions necessary to ensure Reston Lake Anne's timely response to Staff inquiries with regard to its provision of service.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petition is approved subject to the requirements ordered herein; otherwise, the proposed transaction does not satisfy § 56-90 of the Code, and the Joint Petition is denied.

(2) Within ten (10) days from the date of this Order, Aqua Virginia and Reston RELAC shall file a notice of acceptance with the Commission if the Joint Petitioners accept approval of the Joint Petition subject to the requirements set forth herein. Such notice of acceptance shall be: (i) signed by counsel for each Joint Petitioner; and (ii) signed and verified by the president or any vice-president and the secretary or any assistant secretary for each Joint Petitioner. Upon the timely filing of such notice of acceptance, the Commission further orders as follows:

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[16] Staff Report at 12-13.

[17] Staff Report at 14.

[18] Aqua indicated it would not object to providing Reston RELAC a line of credit of up to $75,000 available for up to three years following completion of the sale to be used for major system repairs. Joint Petitioners' Response and Comments to Staff Report and Comments at 4, n.16.

[19] The approval granted herein does not extend to current or subsequent financings, affiliate arrangements or agreements, or transfers or changes of control by the Petitioners. Such transactions require separate Commission approval.

(a) Aqua Virginia and Reston RELAC are directed to comply with this Order.

(b) Reston Lake Anne shall, within thirty (30) days of closing of the proposed transfer, file an application for approval of its owners' employment arrangements with Reston Lake Anne, pursuant to Chapter 4 of Title 56 of the Code.

(c) Within thirty (30) days of completing the transaction approved herein, subject to administrative extension by the Commission's Director of Utility Accounting and Finance, Aqua Virginia and Reston RELAC shall file with the Clerk of the Commission a Report providing the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and the accounting entries reflecting the respective transactions on each party's books. The Report also shall include an executed copy of any Reston RELAC or Reston Lake Anne loan agreement as well as a brief summary of its terms and conditions, including any loan covenants.

(d) Reston Lake Anne shall continue to file an Annual Financial and Operating Report with the Commission's Division of Utility Accounting and Finance and shall continue to comply with the record keeping and reporting requirements established in Case Nos. PUE-2009-00129 and PUE-2011-00130.

(e) Reston Lake Anne is directed to file a balance sheet, 12-month income statement, and rate of return statement within ninety (90) days following the first full year of ownership by Reston RELAC. Staff shall review the financial statements and conduct an investigation of the reasonableness of Reston Lake Anne's rates and summarize its findings in a report filed with the Commission.

(3) If the Joint Petitioners do not timely file the notice of acceptance referenced in Ordering Paragraph (2), the Joint Petition is denied.

(4) This case is continued.

CASE NO. PUE-2012-00132
OCTOBER 10, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval and certification of electric transmission facilities in Wythe County and the Town of Wytheville

FINAL ORDER

On November 15, 2012, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application for approval and certification of electric transmission facilities in Wythe County and the Town of Wytheville pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act ("Application"). The Company filed direct testimony and other materials in support of its Application.

APCo proposes to construct two transmission lines in Wythe County and the Town of Wytheville, the Jacksons Ferry-Progress Park 138 kV Circuit and the Jacksons Ferry-Wythe 138 kV Circuit.[1] The two transmission lines will originate at the Jacksons Ferry Substation in Wythe County and continue to a point near the Town of Wytheville, where they then will diverge. The two lines will share right-of-way and supporting structures along the portion of the route from Jacksons Ferry Substation to the point of divergence. At the divergence point, the Jacksons Ferry-Progress Park 138 kV Circuit will extend to the existing Progress Park Substation in Wythe County, and the Jacksons Ferry-Wythe 138 kV Circuit will extend on a separate right-of-way to the existing Wythe Substation in the Town of Wytheville.[2] In addition to the new transmission lines, the Company proposes supporting construction at the three substations.[3]

In its Application, APCo provides two possible routes for these transmission lines, including its preferred route of approximately 17.6 miles ("Preferred Alternative Route") and a possible alternative route of approximately 20.1 miles ("Viable Alternative Route").[4] To facilitate construction of these 138 kV transmission lines, APCo proposes a 100 foot right-of-way, supporting structures and conductors, and substation improvements (collectively, the "Project").[5]

The Preferred Alternative Route is approximately 17.6 miles long, including approximately 12.5 miles of double-circuit and approximately 5.1 miles of single-circuit transmission line.[6] The Viable Alternative Route is approximately 20.1 miles long, including approximately 14.6 miles of double-circuit and approximately 5.5 miles of single-circuit transmission line.[7] APCo proposes construction of the Project to solve transmission planning criteria violations, improve the reliability of the existing transmission network in the Wytheville area, and reinforce its electrical infrastructure for future growth. The Company seeks approval of this Project as required by § 56-46.1 of the Code and the Utility Facilities Act (§ 56-265.1 *et seq*. of the Code). According to the Company, the Project must be in service by summer of 2015 to resolve projected criteria violations of the mandatory North American

[1] Pre-filed testimony of Timothy B. Earhart at 3-4.

[2] *Id.*; Response to Guidelines Exhibit 2.

[3] Prefiled testimony of Timothy B. Earhart at 5-6.

[4] *Id.* at 3.

[5] Response to Guidelines at 1.

[6] Pre-filed testimony of Company Witness Ronald L. Poff at 7.

[7] *Id*. at 8.

Electric Reliability Corporation Reliability Standards and to maintain reliable service to customers in Wythe, Carroll, Grayson, and Smyth Counties.[8] The estimated cost of constructing the Project is approximately $100 million.[9]

On December 3, 2012, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; directed the Company to publish notice of the Application; established a schedule for the filing of notices of participation and the submission of prefiled testimony; scheduled a public hearing on the matter for April 16, 2013; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

As noted in the Procedural Order, Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed Project by state and local agencies and file a report on the review. On February 13, 2013, the DEQ filed its report ("DEQ Report") with the Clerk of the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following recommendations to APCo regarding the Project. The Company should:

- Conduct an on-site delineation of all wetlands and streams within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable and follow DEQ's recommendation to manage waste, as applicable;
- Coordinate with the Division of Natural Heritage of the Department of Conservation and Recreation ("DCR") regarding its recommendations, as well as check for updates to the Biotics Data System database if a significant amount of time passes before the Project is implemented;
- Coordinate with the DCR Karst Program regarding its recommendations to protect karst features;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for wildlife and threatened and endangered species protection;
- Coordinate with the Department of Forestry regarding its recommendations on construction activities, invasive species management, biodiversity planning and mitigation for impacts to approximately 95 to 140 acres of forest lands;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendations on the New River Trail State Park and any proposed New River crossings;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Virginia Department of Transportation regarding its recommendation;
- Follow the principles and practices of pollution prevention to the maximum extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.

On February 8, 2013, Millers-Wythe, LLC, Pitts-Johnson, LLC, EV Wythe, LLC, MV Wythe, LLC, and JF Wythe, LLC ("MW") filed a notice of participation. On February 11, 2013, the Jewell Family Limited Partnership ("JFLP") filed a notice of participation.

On March 4, 2013, Sandra M. Holliday filed testimony on behalf of JFLP explaining that the Preferred Alternative Route would likely diminish the value of JFLP's property and would possibly render 11 commercial lots useless.

On March 7, 2013, Toby Bost filed a comment regarding the potential adverse impact of the Preferred Alternative Route on the Alexander M. Davis family farm. On March 25, 2013, April 8, 2013, and April 10, 2013, Katherine Tarter, Aaron Groseclose, Deane Davis Groseclose, Mark A. Zammit, Thomas E. Groseclose, Christa Groseclose, Alex Zammit, Katherine M. Zammit, Jean T. Davis, David B. Groseclose, Rebecca D. England, Tom R. England, and Alexander M. Davis, all members of the Davis family, filed comments supporting the Viable Alternative Route due to possible impacts of the Preferred Alternative Route on the Davis family farm. On April 10, 2013, Chris Disibbio and Robert C. Dalton filed public comments. Mr. Disibbio, owner/operator of The Mansion at Fort Chiswell, wrote that the Preferred Alternative Route would compromise views from the mansion and degrade the pristine countryside. Mr. Dalton, Wythe County Administrator, wrote in support of the Preferred Alternative Route.

On March 18, 2013, Staff filed its report summarizing the results of its investigation of the Company's Application. Staff concluded that the proposed Project is needed to minimize the growing risk of a service interruption.[10] Staff also concluded that the Preferred Alternative Route and the Viable

[8] Response to Guidelines at 1.

[9] Executive Summary at vii.

[10] Ex. 16 at 12-13.

Alternative Route are superior to other routes the Company considered and that either route would permit the Project to be constructed and operated effectively and efficiently.[11]

On March 27, 2013, APCo filed rebuttal comments with the Clerk of the Commission explaining that the final siting of the Preferred Alternative Route would be unlikely to cross all of JFLP's commercial lots and that the presence of a transmission line generally does not pose an obstacle to commercial development. In addition, the Company stated that it concurs with the recommendations set forth in the DEQ Report except those recommendations regarding (1) time of year restrictions for tree removal and ground clearing; (2) maintaining naturally vegetated buffers of at least 100 feet around all wetland sites; (3) use of only the least toxic herbicides and pesticides; and (4) the Company's commitment to reforestation measures and the creation of a forest land conservation fund.

On April 16, 2013, an evidentiary hearing was held before Hearing Examiner Howard P. Anderson, Jr. ("Hearing Examiner"). Deane Groseclose and Matthew Groseclose testified as public witnesses. The Staff and the Company offered prefiled testimony for admission and the Hearing Examiner admitted this testimony and other documents into the record.

On August 15, 2013, the Hearing Examiner issued his report setting forth the procedural history of the case, summarizing the record, and analyzing the evidence and the issues in this proceeding ("Hearing Examiner's Report"). The Hearing Examiner recommended that the Commission grant the requested certificate of public convenience and necessity to construct and operate the proposed transmission facilities using the Preferred Alternative Route based on the following findings:

(1) The proposed Project, including substation enhancements, is necessary to meet growing electrical demands and improve reliability for customers in the Town of Wytheville and Wythe County area;

(2) The proposed Project is essential to support ongoing economic development within the Town of Wytheville and Wythe County area;

(3) The Preferred Alternative Route reasonably utilizes existing right-of-way to the maximum extent possible;

(4) The recommended expansion of the proposed 500-foot corridor as it traverses the MW and Suthers properties is reasonable and should be approved.[12] The deviation is slight and made with the full knowledge of the two landowners involved, so additional notice is not necessary;

(5) The DEQ recommendations, with the exceptions noted herein, are necessary to minimize any adverse environmental impact of the proposed Project;

(6) The proposed Project is not suitable to be constructed underground; and

(7) The Preferred Alternative Route and tower design should be approved as they reasonably mitigate the overall impact and generally improve the aesthetics of the proposed Project as required by HB 1319.

No one filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the proposed transmission lines and associated substation enhancements as proposed in the Company's Application. Further, the Commission finds that a certificate of public convenience and necessity should be issued authorizing the Project.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> 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 . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

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[11] *Id.* at 13-14.

[12] Ex. 11 at 7-8.

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need and Service Reliability

We find that the Company's proposed Project is needed to improve reliability of service and support projected load growth in the Wytheville area. As the Hearing Examiner indicated, the Company's testimony and exhibits demonstrate that the proposed Project is needed to address current day voltage problems in the Wythe County area that will worsen due to the combined effect of projected load growth together with planned generation retirements. The Staff verified APCo's load flow studies and projections of load and recommended that the Project be approved. We therefore find that the proposed Project will meet the Company's long-term transmission reliability needs effectively.

Economic Development

We agree with the Hearing Examiner that the proposed Project will promote economic development in the Commonwealth of Virginia by maintaining the operational reliability of the transmission lines and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

Routing and Right-of-Way

The Company considered two routing alternatives for its proposed transmission lines in addition to the Preferred Alternative Route and the Viable Alternative Route. The Company determined that the Preferred Alternative Route was superior to the Viable Alternative Route as well as the two additional routes. Although the Company determined that the Preferred Alternative Route was superior to the Viable Alternative Route, it indicated that it was prepared to construct either one.

Federal and state guidelines and § 56-259 of the Code provide for the use of existing right-of-way wherever possible. Although the Viable Alternative Route would use more existing right-of-way, it is the longer route, it would require more forest clearing, and it would impact more residences. The Preferred Alternative Route would use slightly less existing right-of-way, but it is the shorter route, it would minimize forest clearing, impact fewer residences, and provide a source to inject future distribution substations into the area east of Wytheville. Although the Preferred Alternative Route would impact the lands of MW, JFLP, and the Davis family farm, we agree with the Hearing Examiner that it is superior to the alternatives. As recommended by the Hearing Examiner, we approve the expansion of the 500-foot corridor as the right-of-way traverses the MW and Suthers properties.

Scenic Assets and Historic Districts

We agree with the Hearing Examiner that the proposed Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Although the Preferred Alternative Route crosses the Fort Chiswell Mansion property, tower construction will be limited to an area previously disturbed by construction of I-77/I-81. In addition, the Company will mitigate the visual impact of the aerial crossing with vegetative screening. Therefore, the Preferred Alternative Route will minimize adverse impacts on scenic assets and historic districts in the region as required by § 56-46.1 B of the Code.

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

We find that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the Company's Preferred Alternative Route reasonably minimizes adverse environmental impacts, provided that the Company complies with the DEQ recommendations.[13] We therefore find that, as a condition to our approval herein, the Company must comply with all of DEQ's recommendations as provided in the DEQ Report, with the following exceptions. As the Hearing Examiner recommended, we find that the Company should not be required to (1) maintain naturally vegetated buffers of at least 100 feet around all wetland sites; (2) adhere to time of year restrictions in the construction of the transmission lines; (3) use only the least toxic herbicides and pesticides; and (4) commit to reforestation measures and the creation of a forest land conservation fund.

HB 1319

In 2008, The Virginia General Assembly established a pilot program for four qualifying transmission lines to be built underground in whole or in part ("HB 1319").[14] We agree with the Hearing Examiner that the evidence demonstrates that the Project does not meet the criteria set forth in HB 1319 for inclusion as a pilot project.

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[13] The DEQ recommendations are listed above and are discussed in the DEQ Report.

[14] Chapter 799 of the 2008 Virginia Acts of Assembly. During the 2011 legislative session, the Virginia General Assembly passed HB 2027, which extended the ending date for underground pilot projects to July 1, 2014. (2011 Va. Acts ch. 244.)

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed Jacksons Ferry-Progress Park 138 kV Circuit, the Jacksons Ferry-Wythe 138 kV Circuit, and substation enhancements, as proposed in the Company's Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the proposed Jacksons Ferry-Progress Park 138 kV Circuit and Jacksons Ferry-Wythe 138 kV Circuit is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act,[15] the Company is issued the following certificate of public convenience and necessity:

> Certificate No. ET-51f, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Wythe County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00132, cancels Certificate No. ET-51e, issued to Appalachian Power Company on May 31, 2001, in Case No. PUE-1997-00766.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate issued in Ordering Paragraph (3) with the detailed map attached.

(5) The new transmission lines and substation enhancements approved herein must be constructed and in service by December 31, 2015. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

[15] Va. Code Ann. § 56-265.1 *et seq*. (Supp. 2011).

CASE NO. PUE-2012-00133
FEBRUARY 11, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of affiliate arrangements pursuant to § 56-77 of the Code of Virginia

ORDER GRANTING APPROVAL AND LIMITED EXEMPTION

On November 9, 2012, Appalachian Power Company ("APCo") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] On November 16, 2012, APCo filed additional information to complete its Application. On January 8, 2013, the Commission issued an Order Extending Time for Review that docketed the Application and extended the statutory sixty-day (60) review period by an additional thirty (30) days to February 14, 2013.

Pursuant to § 56-77 A of the Code, APCo requests authority to enter into several affiliate agreements that would allow it to execute certain transactions with, and provide services described for, Appalachian Consumer Rate Relief Funding LLC ("Funding LLC"). Funding LLC is a yet-to-be-formed affiliate of APCo that would be created for the purpose of issuing Consumer Rate Relief Bonds ("CRR Bonds") to securitize APCo's under-recovered Expanded Net Energy Costs ("ENEC") in West Virginia.

In seeking Commission approval under § 56-77 A of the Code, the Application describes legislation enacted by the West Virginia Legislature on March 7, 2012, and codified at West Virginia Code § 24-2-4f (the "WV Statute"). Pursuant to the WV Statute, APCo has sought approval from the West Virginia Public Service Commission ("WV PSC") to designate a level of its uncollected ENEC as consumer rate relief property ("CRR Property"). Such designation, if approved by the WV PSC, would convey a right to recover uncollected ENEC from West Virginia jurisdictional retail customers by means of a nonbypassable customer charge.

The WV Statute allows for a securitized financing arrangement that relies on the transfer and sale of APCo's CRR Property to an affiliated special purpose entity such as Funding LLC. The formation of Funding LLC is supported by the Limited Liability Company Agreement reflected in Exhibit A of the Application. Exhibit B of the Application reflects the CRR Property Purchase and Sale Agreement between APCo and Funding LLC. APCo expects that Funding LLC will be able to issue AAA-rated debt because of the rights and assurances provided under the WV Statute in conjunction with Funding LLC's bankruptcy remote status from APCo.

To minimize costs, Funding LLC will have no employees and it will contract with APCo for corporate and administrative services needed to issue the CRR Bonds and collect the associated customer charges. APCo represents that such services will be provided directly by APCo and by American Electric Power Service Corporation ("AEPSC") on behalf of APCo under the APCo-AEPSC Service Agreement ("AEPSC Agreement") approved in Case

[1] Va. Code § 56-76 *et seq.* (the "Affiliates Act").

No. PUE-2012-00089.[2] APCo states that it will not need to add any employees to provide the services contemplated and that employee time used to provide Funding LLC services will be tracked, recorded, and assigned entirely to the West Virginia jurisdiction. The scope of these services is reflected in the CRR Property Servicing Agreement and the Administration Agreement, which are attached as Exhibits C and D to the Application, respectively. While APCo will not bear any payment obligation for the CRR Bonds, its responsibilities as co-registrant and sponsor of the bonds with the Securities and Exchange Commission are reflected in the Underwriting Agreement attached as Exhibit E to the Application.

In addition to the Commission approval requested pursuant to § 56-77 A of the Code, APCo requests an exemption pursuant to § 56-77 B of the Code to the extent necessary to permit the proposed debt securitization to proceed based upon the form of the agreements included as Exhibits A through E of the Application ("Agreements"). APCo indicates that although the specific terms of the Agreements are subject to change based upon input from rating agencies, investors and other parties involved in structuring and marketing the CRR Bonds that would be issued to securitize under-recovered ENEC, the final terms of the Agreements are strictly prescribed by the requirements of West Virginia law.

APCo represents, among other things, that: (1) all costs related to the proposed transactions will be borne by APCo's West Virginia customers and that none will be attributed or allocated to APCo's Virginia customers; (2) the proposed Agreements are in the public interest because they support the collection of APCo's under-recovered ENEC from its West Virginia jurisdictional customers, which will strengthen APCo's overall credit profile; and (3) the limited exemption requested in the Application bears no risk of harm to Virginia electric consumers.

NOW THE COMMISSION, upon consideration of the Application, the representations of APCo, and the applicable statutes, and having been advised by its Staff, is of the opinion and finds that, subject to reporting requirements and conditions described below, the authority and limited exemption requested are in the public interest and should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 A of the Code, APCo hereby is granted approval to enter into the Agreements for the purposes set forth in the Application.

(2) APCo hereby is granted the limited exemption requested pursuant to § 56-77 B of the Code to proceed based upon the form of the Agreements included in the Application.

(3) The authority granted herein shall be effective from the date of the entry of this Order and terminate after all CRR Bonds payment obligations have been satisfied and Funding LLC is dissolved.

(4) APCo's reliance upon AEPSC to support the provision of any services for Funding LLC pursuant to Ordering Paragraph (1) shall be limited to the scope of authority granted under the AEPSC Agreement in Case No. PUE-2012-00089, and any modification or extension of that authority that may be approved under subsequent service agreements between APCo and AEPSC during the period of authority set out in Ordering Paragraph (3). The provision of any services by AEPSC on behalf of APCo that are not authorized under the AEPSC Agreement shall require separate approval.

(5) APCo shall provide a signed and executed copy of each of the Agreements proposed in the Application to the Commission's Division of Utility Accounting and Finance within 30 days after each agreement is executed.

(6) APCo shall provide a copy of the WV PSC Final Order that specifies the amount of, and associated terms for, recovery of CRR Property through securitization within 30 days of its issuance.

(7) APCo shall maintain records sufficient to allow for the audit and examination of the appropriate allocation of all costs related to Funding LLC.

(8) The authority granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the proposed Agreements.

(9) The authority granted herein shall not preclude the Commission from exercising the provisions of § 56-77 B, § 56-78, or § 56-80 of the Code hereafter.

(10) 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.

(11) All transactions under the agreements approved herein shall be included in APCo's Annual Report of Affiliate Transactions ("ARAT"). The ARAT shall be filed with the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") by no later than May 1 of each year, such date subject to administrative extension by the UAF Director. If rate filings are not based on a calendar year, APCo shall include the affiliate information contained in the ARAT in such filings.

(12) This case is hereby dismissed.

[2] See Application of Appalachian Power Company and American Electric Power Service Corporation, For authority to enter into an affiliate transaction under Title 56, Chapter 4 of the Code of Virginia, Case No. PUE-2012-00089, Doc. Cont. Cen. No. 121030074, Order Granting Authority (Oct. 18, 2012), Doc. Cont. Cen. No. 121030127, Correcting Order (Oct. 22, 2012).

CASE NO. PUE-2012-00134
MAY 16, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Dooms-Lexington 500 kV Transmission Line Rebuild pursuant to §§ 56-46.1 and 56-265.1 *et seq*. of the Code of Virginia

FINAL ORDER

On November 19, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and certification of electric transmission facilities under §§ 56-46.1 and 56-265.1 *et seq*. of the Code of Virginia ("Code") to rebuild, entirely within existing rights-of-way, its 500 kilovolt ("kV") Dooms-Lexington Line #555 ("Line #555"). Line #555 runs approximately 39.1 miles from the existing Dooms Substation in Augusta County to the Lexington Substation in Rockbridge County. The Company also proposes to construct and install associated facilities for the rebuilt 500 kV line at its Dooms and Lexington Substations.[1]

Line #555 was completed in 1966 as part of the first 500 kV transmission system built in North America. Dominion Virginia Power proposes to remove Line #555's existing weathering steel lattice towers and replace them with galvanized steel lattice towers. The existing bundled conductors would be replaced with triple bundled conductors. According to the Company, rebuilding Line #555 as proposed would increase the transfer capability of its portion of the line from 2913 megavolt amperes ("MVA") to 4330 MVA. At both the Lexington and Dooms Substations, the Company proposes to replace the existing 500 kV breakers that terminate Line #555 with higher capacity breakers and install associated equipment all within the existing substation fences in order to accommodate the terminations of the rebuilt Line #555.[2]

Dominion Virginia Power states that these changes are necessary because power flow studies that it conducted with PJM Interconnection, L.L.C., project that by June 1, 2016, Line #555 will violate mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards and that the failure to address these projected NERC violations could lead to service interruptions and could potentially damage Dominion Virginia Power's electrical facilities in this area.[3]

On January 10, 2013, the Commission entered an Order for Notice and Comment that, among other things, docketed the Application, established a procedural schedule, provided interested persons the opportunity to become a respondent, file written comments, or request a hearing. On January 23, 2013, and March 5, 2013, Dominion Virginia Power filed proof of service and publication of notice of the Application. The Commission received no notices of participation as a respondent to the Application or requests for a hearing. One public comment was received.[4]

As noted in the Commission's Order for Notice and Comment, the Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed project by state and local agencies and file a report on the review. On February 20, 2013, DEQ filed its report ("DEQ Report") with the Clerk of the Commission. The DEQ Report offered general recommendations for the Commission's consideration that may be in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following recommendations to Dominion Virginia Power regarding the Project. The Company should:

> Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the Department of Environmental Quality's (DEQ) recommendations to avoid and minimize impacts to wetlands and streams.
>
> Follow DEQ's recommendations regarding air quality protection, as applicable.
>
> Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable.
>
> Coordinate with the Department of Conservation and Recreation (DCR) Division of Natural Heritage regarding its recommendations to protect significant habitat as well as for updates to the Biotics Data System database if a significant amount of time passes before the project is implemented.

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[1] Application at 2. As part of the 500 kV Line #555 project, Dominion Virginia Power originally proposed to construct and install on the rebuilt supporting structures the conductors for a future 230 kV transmission line between the Dooms and Lexington Substations. The 230 kV line would be completed and operated only after Commission approval at some future date. By letter of April 3, 2013, filed with the Commission's Document Control Center, the Company withdrew its request for approval to install 230 kV conductors contemporaneously with the 500 kV conductors.

[2] Application at 4-5.

[3] *Id*. at 2-3.

[4] Mrs. Elizabeth W. Lewis, Lavorro Farm, Greensville, Virginia, addressed concerns about entry to her property and disruption and damage to cattle operations associated with maintenance of the existing line and anticipated construction. The Commission expects Dominion Virginia Power and its contractors to make all reasonable efforts to cooperate and, when possible, coordinate with landowners in the construction and maintenance of lines.

> Coordinate with the DCR Karst Program regarding its recommendations to protect karst features.
>
> Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for wildlife resource and protected species.
>
> Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources.
>
> Coordinate with the Department of Transportation regarding its recommendations on traffic flow and off-road bicycle facilities.
>
> Coordinate with the Department of Aviation regarding its recommendation to notify the Federal Aviation Administration of the proposed construction.
>
> Coordinate with the Department of Health regarding its recommendation to protect water supplies.
>
> Follow the principles and practices of pollution prevention to the maximum extent practicable.
>
> Limit the use of pesticides and herbicides to the extent practicable.[5]

On April 12, 2013, Staff filed its Prefiled Testimony and Staff Report summarizing the results of its investigation of the Company's Application. Staff concluded that the Company reasonably demonstrated the need for the proposed rebuild of the 500 kV Dooms-Lexington Line #555 and for the associated substation work. The Staff recommended that the Commission issue the necessary certificate of public convenience and necessity for the proposed project.[6]

Dominion Virginia Power filed on April 23, 2013, a letter with the Clerk of the Commission stating that it agrees with and supports the recommendations set forth in the Staff Report. The Company advised that it would file no additional comments.[7]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require rebuilding the Dooms-Lexington 500 kV transmission line and performing the associated work at the Company's existing Dooms and Lexington Substations as proposed in the Company's Application. Further, the Commission finds that certificates of public convenience and necessity should be issued authorizing the project.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> 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 . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

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[5] DEQ Report filed Feb. 20, 2013, in Case No. PUE-2012-00134, at 6-7 (cross-references omitted).

[6] Prefiled Staff Testimony on the Virginia Electric and Power Company Dooms-Lexington 500 kV Transmission Line Rebuild in August and Rockbridge Counties, Staff Report at 9, filed Apr. 12, 2013, in Case No. PUE-2012-00134

[7] Letter of April 23, 2013, from Charlotte P. McAfee, Esq., Dominion Resources Services, Inc., to Joel H. Peck, Clerk, State Corporation Commission, filed in Case No. PUE-2012-00134.

Need and Service Reliability

We find that the Company's load growth forecasts support the need for the project. The need for the project to resolve projected violations of NERC Standards has not been questioned. Thus, the uncontroverted evidence in this case indicates that the proposed rebuild is necessary to ensure that reliable service is maintained. We therefore find that the proposed rebuild of the Dooms- Lexington Line #555 will effectively meet the Company's long-term transmission reliability needs.

Economic Development

We find that the proposed project will promote economic development in the Commonwealth of Virginia by maintaining the operational reliability of the transmission line and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power. As an added benefit, the project will increase the transmission capacity for west-to-east power flows, thereby further supporting economic development in the area.

Routing and Right-of-Way

The Company did not consider any routing alternatives for its proposed transmission line since, if approved, the line would be located entirely in existing rights-of-way. Thus, Dominion Virginia Power was not required, in accordance with § 56-46.1 C of the Code, to demonstrate that existing rights-of-way could not adequately serve its needs. Similarly, § 56-259 C of the Code is inapplicable to this proceeding because the Company seeks no additional easements associated with the proposed project.

Scenic Assets and Historic Districts

We find that the proposed project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. As is discussed previously, the proposed rebuilt line will be located in existing rights-of-way. Due to the fact that the proposed project will be constructed along the same route as the existing line, adverse impacts on scenic assets and historic districts in the region will be minimized as required by § 56-46.1 B of the Code.

Environmental Impact

Under § 56-46.1 A and B of the Code, the Commission is required to consider the proposed project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed project by state agencies concerned with environmental protection. We find that there are no adverse environmental impacts that would prevent the construction or operation of the proposed project. The DEQ Report, as well as the DEQ Supplement prepared by the Company as part of its Application, supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations of state environmental agencies.[8] We therefore find that, as a condition to our approval herein, the Company must comply with all of the recommendations as provided in the DEQ Report.
We further find that the proposed project does not represent a hazard to human health or safety. There is no evidence in this case that the project represents a public health or safety hazard.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for approval and for a certificate of public convenience and necessity to rebuild and operate the Dooms-Lexington 500 kV Transmission Line, Line #555 and to build and install facilities at the Dooms and Lexington Substations, is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(2) The Company is authorized to construct and operate the Dooms-Lexington 500 kV Transmission Line, Line #555, and to construct related facilities at the Dooms and Lexington Substations as set forth in the Company's Application.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. ET-64v, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00134, cancels Certificate No. ET-64u issued to Virginia Electric and Power Company in Case No. PUE-2011-00039 on January 25, 2012.
>
> Certificate No. ET-107j, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Rockbridge County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2012-00134, cancels Certificate No. ET-107i issued to Virginia Electric and Power Company in Case No. PUE-2012-00046 on September 7, 2012.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificates issued in Ordering Paragraph (3) with the detailed maps attached.

[8] The recommendations are listed above and are discussed in the DEQ Report.

(5) The transmission line and associated substation work approved herein must be constructed and in service by June 1, 2016, provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Clerk of the Commission.

CASE NO. PUE-2012-00136
JANUARY 16, 2013

APPLICATION OF
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.

For an increase in tolls pursuant to § 56-542 I of the Code of Virginia

FINAL ORDER

On November 14, 2012, Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway, filed with the State Corporation Commission ("Commission") the Application of Toll Road Investors Partnership II, L.P., for an increase in tolls pursuant to § 56-542 I of the Code of Virginia ("Code") ("Application").

TRIP II requests a 3.54% increase in tolls to be effective January 1, 2013, equating to an increase in tolls for 2-axle vehicles of $0.14, which TRIP II calls the "Maximum Base Tolls Authorized."[1] TRIP II notes in its Application that the last approved toll increase went into effect January 1, 2012, pursuant to the Commission's Final Order in Case No. PUE-2006-00081.[2] In its Application, TRIP II states that, pursuant to § 56-542 I 1 of the Code, it may request an increase in rates that is equal to the increase in the Consumer Price Index ("CPI") plus 1%. According to TRIP II, the annual increase in the CPI plus 1% is 3.54%.[3]

TRIP II states that in order to allow the efficient collection of tolls paid in cash, the tolls that TRIP II collects will be reduced to the nearest $0.05, as shown in the "Posted Toll" columns in the proposed tariff attached to the Application as Exhibit C.[4] In other words, the posted tolls that actually would be collected for 2-axle vehicles will be increased by $0.10, from $4.00 to $4.10 (and from $4.80 to $4.90 during weekday peak periods; *i.e.*, 6:30 a.m. to 9 a.m. for eastbound traffic and 4 p.m. to 6:30 p.m. for westbound traffic).[5]

On December 3, 2012, the Commission entered an Order for Notice, which established this docket, required the Company to provide public notification, permitted the filing of written and electronic public comments, and directed the Commission's Staff ("Staff") to investigate the Application and file a report on its findings and recommendations.

On January 4, 2013, TRIP II filed proof of publication and notice.

On January 14, 2013, Staff filed its Report ("Staff Report"). Staff noted that when TRIP II filed its Application, CPI data was only available through September 2012. Staff recommends that the Commission calculate the toll increase using the most currently available CPI data, which now includes October and November 2012.[6]

NOW THE COMMISSION, having considered this matter, finds as follows.

The Company filed this case under § 56-542 I of the Code, which states in part:

> I. Effective January 1, 2013, through January 1, 2020, and notwithstanding any other provision of law:
>
> 1. Upon application of and public notification by the operator, filed not more often than once within any 12-month period, the Commission shall approve to become effective within 45 days any request to increase tolls by a percentage that (i) is equal to the increase in the CPI, as defined in subsection A, from the date the Commission last approved a toll increase, plus one percent, (ii) is equal to the increase in the real [Gross Domestic Product], as defined in subsection A, from the date the Commission last approved a toll increase, or (iii) 2.8 percent, whichever is greatest, which increase in the tolls approved by the Commission is hereafter referred to as the "annual percentage increase."

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[1] Application at 1.

[2] *Application of Toll Road Investors Partnership II, L.P., For an Increase in the Maximum Authorized Level of Tolls*, Case No. PUE-2006-00081, 2007 S.C.C. Ann. Rept. 346, Final Order (Sept. 11, 2007).

[3] The Company's Application explains in greater detail the reason it chose to use the increase in the CPI as the basis for its toll increase and how the Company calculated the increase in the CPI.

[4] Application at 1.

[5] *Id.* at Exhibit C.

[6] Staff Report at 9-10.

TRIP II requested an increase tied to the CPI. In this regard, § 56-542 A of the Code defines CPI as follows:

> U.S. City Averages for All Urban Consumers, All Items (not seasonally adjusted) as reported by the U.S. Department of Labor, Bureau of Labor Statistics; however, if the CPI is modified such that the base year of the CPI changes, the CPI shall be converted in accordance with the conversion factor published by the U.S. Department of Labor, Bureau of Labor Statistics, and if the CPI is discontinued or revised, such other historical index or computation approved by the Commission shall be used for purposes of this section that would obtain substantially the same result as would have been obtained if the CPI had not been discontinued or revised.

We find that it is reasonable, as recommended by Staff, to calculate the CPI herein based on the most recent data available, which now includes October and November 2012. Thus, including this more recent data results in an increase in CPI plus 1% of 3.02%, as compared to the Company's proposed 3.54%. For example, this 3.02% equates to an increase in tolls for 2-axle vehicles of $0.12, as compared to the Company's proposed $0.14.[7]

On January 15, 2013, TRIP II filed a Motion for Leave to File Response to the Staff Report filed January 14, 2013, and enclosed the Company's Response to the Staff Report. In its Response, TRIP II indicated that it does not agree with the Staff's discussion regarding the level of tolls upon which future increases would be based.

Pursuant to the requirements of § 56-542 I of the Code, the Commission approves a toll increase of 3.02% as set forth in the Staff Report.[8]

Accordingly, IT IS SO ORDERED and this matter is dismissed.

[7] Staff Report at 1, 13.

[8] We need not, and do not, reach the question – discussed by the Company and Staff – as to how TRIP II's *next* toll increase must be calculated.

CASE NO. PUE-2012-00138
APRIL 2, 2013

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its natural gas conservation and ratemaking efficiency plan

ORDER APPROVING AMENDED NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY PLAN

On March 26, 2010, the State Corporation Commission ("Commission") entered an Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan in Case No. PUE-2009-00064, which approved a three-year Conservation and Ratemaking Efficiency ("CARE") Plan for the residential customers of Washington Gas Light Company ("WGL" or "Company"), effective May 1, 2010, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq*.) ("Act") of the Code of Virginia ("Code").[1]

On December 4, 2012, WGL filed an application to amend its CARE Plan ("Application") to allow the Company to (i) continue to implement its CARE Plan for residential customer classes with a revised portfolio of programs for residential customers and (ii) extend its CARE Plan to "small" commercial and industrial ("C&I") customers and group metered apartment ("GMA") customers receiving service under Rate Schedule Nos. 2, 2A, 3, and 3A. WGL seeks approval of its amended CARE Plan for a three-year period beginning on May 1, 2013.

For residential customers, the Company's Application includes the following programs: (1) Low Income Energy Assistance Program (for eligible low income customers) ("Low-Income Program"); (2) Space Heating Incentive Program, including a Programmable Thermostat; (3) Water Heating Incentive Program; (4) Natural Gas ENERGY STAR New Homes Program; (5) Home Energy Reporting Program ("Opower HER Program"); and (6) Energy Efficiency Education Program.[2] The Company proposes to eliminate its Boiler Incentive and Heating System Check-up programs offered in its current CARE Plan.

For eligible C&I and GMA customers, the Company's Application proposes "prescriptive-based rebate programs designed to incent the installation of high efficiency gas equipment for five major gas-consuming applications, including (i) water heating, (ii) space heating, (iii) boilers, (iv) food service, and (v) laundromat services."[3] The commercial programs offered by the Company also include an Energy Efficiency Education Program.

For the low-income component of its CARE Plan, WGL proposes to continue its partnership with the Community Housing Partners Corporation "and will focus on funding energy audits for individually metered multi-family dwellings."[4]

[1] Application of Washington Gas Light Company, For approval of natural gas conservation and ratemaking efficiency plan including a decoupling mechanism, Case No. PUE-2009-00064, 2010 S.C.C. Ann. Rept. 354, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Mar. 26, 2010).

[2] Shay Direct at 5.

[3] Id. at 2-3.

[4] Application at 2.

The CARE Plan includes a CARE Ratemaking Adjustment ("CRA")[5] that adjusts the actual non-gas distribution revenues per customer to the allowed level of distribution revenues per customer approved in the Company's most recent rate case before the Commission, Case No. PUE-2010-00139.[6] The proposed total budget for WGL's three-year amended CARE Plan is $5,943,034. If approved, these expenses will be recovered through a CARE Cost Adjustment ("CCA") that will allow the Company to recover the costs of its CARE Plan through a monthly surcharge to all residential and eligible C&I and GMA customers' bills. According to the Company, the proposed annual year one CCA for a typical customer using 753 therms per year is projected to be $2.71, and for a typical C&I heating customer using 5,264 therms per year it is estimated to be $20.93. For a typical GMA heating customer using 16,145 therms, the annual CCA is projected to be $62.97.[7] The Company, at this time, does not propose to seek approval for a performance-based incentive mechanism as part of its amended CARE Plan.[8]

On December 19, 2012, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations; and allowed the Company to file a response ("Response") to the Staff Report and any comments filed by interested persons.[9]

Comments in support of the Application were filed by the Honorable J. Walter Tejada, Chairman, Arlington County Board; G. Mark Gibb, Executive Director, Northern Virginia Regional Commission; the Honorable William D. Euille, Mayor, City of Alexandria; the Honorable Rob Krupicka, Delegate to the Virginia General Assembly; Stephen Walz, Director, Regional Energy Planning, Virginia Energy Efficiency Council; and Cynthia Adams, Executive Director, Local Energy Alliance Program.

On February 28, 2013, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarized the Company's proposed amended CARE Plan; analyzed the cost benefit tests filed by the Company in support of its amended CARE Plan; and recommended to the Commission that certain programs and measures not be approved. Schedule 15 to the Staff Report, as corrected, incorporated Staff's modifications to the Company's underlying assumptions and reflected Staff's recommended elimination of certain programs.[10]

On March 7, 2013, WGL filed its Response to the Staff Report. In its Response, the Company stated that it disagreed with the Staff's concerns about the Company's cost benefit analysis, including the Staff's consideration of lower net present value ("NPV") Total Resource Cost ("TRC") test benefits relative to NPV Ratepayer Impact Measure ("RIM") test costs when measuring the cost effectiveness of individual programs and measures and the Staff's recommendations to reject the ENERGY STAR New Homes Program and certain commercial measures. The Company further stated that its cost benefit analysis is consistent with the Act. With regard to the CCA and the CRA, the Company stated that it agreed with Staff's observation on the accounting methodology to be used for both the CCA and CRA and that it will prepare, track, and maintain the CRA factors separately by individual rate classes and will calculate a CCA factor based on Commission approved programs and also will track those program costs by individual rate classes.

On March 28, 2013, the Company filed a Motion wherein it requested leave to file out-of-time a limited additional response to the Staff Report ("Motion").

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the Act and is therefore approved.

Code of Virginia

The Code describes the scope and components of the CARE Plan in Virginia and sets forth the specific requirements that must be met before the Commission can approve a proposed CARE Plan.

Section 56-602 A of the Code provides as follows:

> Notwithstanding any provision of law to the contrary, each natural gas utility shall have the option to file a conservation and ratemaking efficiency plan as provided in this chapter. Such a plan may include one or more residential, small commercial, or small general service classes, but shall not apply to large commercial or large industrial classes of customers. Such plan shall include: (i) a normalization component that removes the effect of weather from the determination of conservation and energy efficiency results; (ii) a decoupling mechanism; (iii) one or more cost-effective conservation and energy efficiency programs; (iv) provisions to address the

[5] The Company states that the CRA is designed to "decouple" the Company's non-gas revenues from actual volumes of gas consumed by each customer class.

[6] Application of Washington Gas Light Company, For a general increase in rates and charges and to revise its terms and conditions for gas service, Case No. PUE-2010-00139, Doc. Con. Cen. No. 120710015, Order (July 2, 2012).

[7] Application at 12.

[8] Id.

[9] No requests for hearing were received.

[10] After making its recommended corrections to the underlying assumptions of the proposed programs, the Staff recommended eliminating the ENERGY STAR New Homes Program and the following Commercial Program measures from the Company's proposed CARE Plan portfolio of programs: Tankless Water Heater, ≤ 200 Mbtuh; Furnace, < 300 Mbtuh, 92% AFUE; Furnace < 300 Mbtuh, 94% AFUE; Boiler Modulating Burners; Boiler Tune-up; and High Efficiency Laundromat Clothes Washer.

needs of low-income or low-usage residential customers; and (v) provisions to ensure that the rates and service to non-participating classes of customers are not adversely impacted. Such plan may also include provisions for phased or targeted implementation of rate or tariff design changes, if any, or conservation and energy efficiency programs. The Commission may approve such a plan after such notice and opportunity for hearing as the Commission may prescribe, subject to the provisions of this chapter. Nothing in this subsection shall prevent a natural gas utility from amending a conservation and ratemaking efficiency plan by amending, altering, supplementing, or deleting one or more conservation or energy efficiency programs.

Section 56-602 B of the Code directs in part as follows:

The Commission shall approve or deny, within 180 days, a natural gas utility's initial application for any revenue-neutral conservation and ratemaking efficiency plan that allocates annual per-customer fixed costs on an intra-class basis in reliance upon a revenue study or class cost of service study supporting the rates in effect at the time the plan is filed. A plan filed pursuant to this subsection shall not require the filing of rate case schedules. The Commission shall approve or deny, within 120 days, a natural gas utility's application to amend a previously approved plan. The Commission shall approve such a plan or amendment if it finds that the plan's or amendment's proposed decoupling mechanism is revenue-neutral and is otherwise consistent with this chapter.

Section 56-600 of the Code includes definitions of some of the terms used above, including the following:

"Allowed distribution revenue" means the average annual, weather-normalized, nongas commodity revenue per customer associated with the rates in effect as adopted in the applicable utility's last Commission-approved rate case or performance-based regulation plan, multiplied by the average number of customers served.

"Conservation and ratemaking efficiency plan" means a plan filed by a natural gas utility pursuant to this chapter that includes a decoupling mechanism.

"Cost-effective conservation and energy efficiency program" means a program approved by the Commission that is designed to decrease the average customer's annual, weather-normalized consumption or total gas bill, for gas and nongas elements combined, or avoid energy costs or consumption the customer may otherwise have incurred, and is determined by the Commission to be cost-effective upon consideration, among other factors, that the net present value of the benefits exceeds the net present value of the costs under the following four tests: the Total Resource Cost Test, the Program Administrator Test (also referred to as the Utility Cost Test), the Participant Test, and the Ratepayer Impact Measure Test. Such determination shall include an analysis of all four tests, and a program or portfolio of programs shall not be rejected based solely on the results of a single test. Without limitation, rate designs or rate mechanisms, customer education, customer incentives, and weatherization programs are examples of conservation and energy efficiency programs that the Commission may consider. Energy efficiency programs that provide measurable and verifiable energy savings to low-income customers or elderly customers may also be deemed cost effective.

"Decoupling mechanism" means a rate, tariff design or mechanism that decouples the recovery of a utility's allowed distribution revenue from the level of consumption of natural gas by its customers, including (i) a mechanism that adjusts actual nongas distribution revenues per customer to allowed distribution revenues per customer, such as a sales adjustment clause, (ii) rate design changes that substantially align the percentage of fixed charge revenue recovery with the percentage of the utility's fixed costs, such as straight fixed variable rates, provided such mechanism includes a substantial demand component based on a customer's peak usage, or (iii) a combination of clauses (i) and (ii) that substantially decreases the relative amount of nongas distribution revenue affected by changes in per customer consumption of gas.

"Revenue-neutral" means a change in a rate, tariff design or mechanism as a component of a conservation and ratemaking efficiency plan that does not shift annualized allowed distribution revenue between customer classes, and does not increase or decrease the utility's average, weather-normalized nongas utility revenue per customer for any given rate class by more than 0.25 percent when compared to (i) the rate, tariff design or mechanism in effect at the time a conservation and ratemaking efficiency plan is filed pursuant to this chapter or (ii) the allocation of costs approved by the Commission in a rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6, where a plan is filed in conjunction with such case.

Section 56-602 E of the Code mandates as follows:

The Commission shall require every natural gas utility operating under a conservation and ratemaking efficiency plan approved pursuant to this chapter to file annual reports showing the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year.

Section 56-602 D of the Code directs as follows:

> The Commission shall allow any natural gas utility that implements a conservation and ratemaking efficiency plan under this chapter to recover, on a timely basis and through its regulated rates charged to its classes of customers participating in the plan, its entire incremental costs associated with cost-effective conservation and energy efficiency programs that are designed to encourage the reduction of annualized, weather-normalized natural gas consumption per customer. Ratemaking treatment may include placing appropriate capital expenditures for technology and program costs in the respective utility's rate base, deferral of such interim incremental costs (which costs would not be subject to an earnings test), or recovering the utility's technology and program costs through another ratemaking methodology approved by the Commission, such as a tracking mechanism. Such conservation and energy efficiency programs may also be jointly conducted or co-sponsored with other utilities, federal, state or local government agencies, nonprofit organizations, trade associations, homebuilders, and other for-profit vendors. Incremental costs recovered pursuant to this subsection shall be in addition to all other costs that the utility is permitted to recover, shall not be considered an offset to other Commission-approved costs of service or revenue requirements, and shall not be included in any computation relative to a performance-based regulation plan revenue sharing mechanism.

CARE Plan

We approve, subject to the requirements and modifications set forth herein, the following residential programs and measures: (1) High Efficiency Furnace, 90% Annual Fuel Utilization Efficiency ("AFUE"); (2) Programmable Thermostat; (3) Opower HER Program; and (4) Residential Low Income Program. Additionally, we approve, subject to the requirements set forth herein, the following commercial programs and measures: (1) Direct Contact Water Heater; (2) Infrared Heater; (3) Programmable Thermostat; (4) Boiler Turbulator; (5) Boiler Cut Out Control; (6) Boiler Outdoor Air Reset; (7) Commercial Combination Oven; (8) Commercial Rack Oven; (9) Commercial Conveyor Oven; (10) Commercial Steam Cooker; and (11) Low-Flow Pre-Rinse Spray Valve. We also approve the Company's residential and commercial Community Outreach and Customer Education Programs as modified below. We approve these programs and measures for a three-year period beginning May 1, 2013.

We conclude that the amended CARE Plan shall be modified in order to be cost effective under the Act and that modifications described herein enable the CARE Plan to meet the relevant statutory requirements. We find that Staff's analysis is sufficient to establish that many of the Company's proposed programs and measures are not cost effective as originally proposed by WGL, and we further agree with Staff's recommendation that certain programs and measures should be eliminated.

In evaluating WGL's Application, we have considered, among other relevant factors, the NPV of the benefits and the NPV of the costs under the following four tests: Utility Cost, Participant, RIM, and TRC. Under our analyses of WGL's amended CARE Plan contained in the record, we find the cost benefit scores of several programs and measures to be likely inflated due to the non-allocation of administrative and other costs to the proposed programs.[11] For the programs we approve, we find that the NPV TRC Test benefits are sufficiently high when compared to the NPV RIM Test costs.

We do not base our decisions herein on any single cost benefit test, but we must consider, among other factors, the overall impact on WGL's customers, which includes not only residential, but also business customers, for which energy costs are a major element of the cost of doing business in Virginia. Thus, we must review the proposed plan with great care and caution, because non-participating customers in the affected rate classes will pay higher bills than they would otherwise pay as a result of this CARE Plan. It is worth restating the concern we expressed in a recent case:[12]

> . . . we remain concerned over the financial impact on those residential and small general service customers who elect not to participate in Columbia's Amended CARE Plan. Non-participating residential and small general service customers will see their rates increase as a result of the Amended CARE Plan's CRA and RNA mechanisms, both of which are mandatory under §56-602 of the Code. . . . [T]he CRA allows the Company to recover all of the costs of its Amended CARE Plan . . . on a dollar for dollar basis. In addition, the RNA decouples the recovery of the Company's distribution costs from volumetric rates, thereby preventing any "lost revenues" caused by any reductions in gas usage produced by the Amended CARE Plan. . . . These statutorily mandated provisions transfer most of the costs of such programs to the Company's non-participating residential and small general service customers. Accordingly, when reviewing proposed CARE plans, the Commission must ensure that any such CARE programs do not create any significant economic hardships on non-participating and small general service customers by approving only those conservation and energy efficiency programs that are cost-effective as required by law.

In other words, the net effect of WGL's CARE Plan is likely to be an increased cost burden on most of its customers. These factors must be considered in evaluating the programs and measures, some of which we approve herein, and others of which we deny.

Accordingly, we do not approve the following residential programs and measures: Storage Water Heater, ≤ 75 Mbtuh; Tankless Water Heater, ≤ 200 Mbtuh; High Efficiency Furnace, 92% AFUE; High Efficiency Furnace, 94% AFUE; and ENERGY STAR New Homes. Further, we do not approve the following commercial programs and measures: Storage Water Heater, ≤ 75 Mbtuh; Storage Water Heater, > 75 Mbtuh; Tankless Water Heater, ≤ 200 Mbtuh; Tankless Water Heater > 200 Mbtuh; Furnace < 300 Mbtuh, 90% AFUE; Furnace < 300 Mbtuh, 92% AFUE; Furnace < 300 Mbtuh, 94% AFUE; High Pressure Steam Boiler; Hot Water Boiler; Low Pressure Steam Boiler; Boiler Modulating Burners; Boiler Tune-up; and High Efficiency Laundromat Clothes Washer.

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[11] Staff Report at 15.

[12] Application of Columbia Gas of Virginia, Inc., For authority to amend and extend its natural gas conservation and ratemaking efficiency plan, Case No. PUE-2012-00013, Doc. Con. Cen. No. 120810136, Final Order (Aug. 6, 2012).

Further, with regard to the High Efficiency Furnace, 90% AFUE, we reject WGL's split incentive proposal because of the lack of studies evaluating such a mechanism and the lack of a formalized verification procedure on the part of the Company.

With regard to the Opower HER Program, we note that this is the first time this type of program has been presented to the Commission by a Commission-regulated Virginia utility, thus there are no cost benefit data for this program based on actual experience by either WGL or by a Commission-regulated Virginia utility, and so the scores claimed for this program under the four cost benefit tests, as well as the claimed NPV numbers, can best be described as speculative. Accordingly, we consider this a pilot program and therefore limit the number of participants to 14,000, an adequate sample to gather experiential data. We require the Company to reduce the costs of this program by a proportionate amount.[13]

With regard to the Community Outreach and Customer Education Program for both residential and commercial customers, we find that the program cost should be reduced by half and, accordingly, limit the approved costs to $750,000 total for the programs.

The Company also proposed inclusion of additional administrative costs of $580,130 for its amended CARE Plan. Based on our findings above, we find a reasonable level of such costs is $150,000. The budget for WGL's three-year amended CARE Plan, as modified herein, is capped at $2,300,000.[14] This amount should provide WGL some flexibility in implementing its amended CARE Plan.

On or before August 1, 2014, and each August 1 thereafter, the Company shall file an annual report that measures and verifies the actual results of the amended CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof.[15]

We note Staff's concern that WGL's cost benefit scores do not reflect an allocation of program costs (*i.e.*, administration, EM&V, and rebate processing costs) to individual program measures.[16] The Company shall maintain strict and detailed identification and accounting of its program-specific and common costs and shall identify program-specific benefits as well. For example, the Company shall specifically identify how – and what portion of – the costs of the Residential Low Income Program are achieving actual, verifiable energy use reductions in the homes of low income customers.[17] Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs and measures approved herein and are not used, for example, to serve general marketing or public relations purposes. In future CARE Plan applications, WGL shall allocate program costs among program measures in its cost benefit calculations.

We find that the Company's proposed CRA satisfies § 56-602 A of the Code, which mandates that a CARE Plan "shall include . . . a [CRA] decoupling mechanism," and the Commission is required to approve such decoupling mechanism if it meets the statutory standards. We find the proposed CCA is approved to recover the "incremental costs associated with cost-effective conservation and energy efficiency programs" as provided by § 56-602 D of the Code. Finally, we adopt the Company's proposal to eliminate the performance incentive mechanism from its current tariff.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion is hereby granted.

(2) A three-year Conservation Ratemaking Energy Efficiency plan, as permitted by § 56-600 *et seq*. of the Code of Virginia, is approved as set forth in this Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan, and shall become effective May 1, 2013.

(3) WGL shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation in accordance with this Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan.

(4) This matter is dismissed.

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[13] In its Application, the Company proposed a budget of $899,900 for 40,000 participants. We have reduced the number of participants by 65%, which results in a spending limit of $314,965. WGL may file to increase these limits with its own experiential data.

[14] This total cap, to be recovered over the three years, is based on WGL's estimated cost of programs, as approved herein, and a proportional level of common costs.

[15] In our Order in PUE-2009-00064 we held that "any subsequent request from WGL to amend or to extend its CARE Plan shall incorporate the results from these annual reports." There is nothing in the record indicating that the Company incorporated data from its 2011 and 2012 EM&V reports into its cost benefit analysis for the programs for which the Company seeks approval to continue. In subsequent applications, the Company shall provide measured and verified evidence of cost effectiveness to support any request to continue programs approved herein.

[16] Staff Report at 15.

[17] We will continue to evaluate, in accordance with the annual reports required herein, whether specific reduction in energy consumption are actually accruing to low income customers as a direct result of the Residential Low Income Program and thus whether the program proves to be cost effective in practice.

CASE NO. PUE-2012-00139
JANUARY 31, 2013

PETITION OF
THE POTOMAC EDISON COMPANY,
TRANS-ALLEGHENY INTERSTATE LINE COMPANY,
FIRSTENERGY CORP.,
ALLEGHENY ENERGY, INC., and
FIRSTENERGY TRANSMISSION, LLC

Pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On December 11, 2012, The Potomac Edison Company ("Potomac Edison"), Trans-Allegheny Interstate Line Company ("TrAILCo"), FirstEnergy Corp. ("FirstEnergy"), Allegheny Energy, Inc. ("Allegheny Energy"), and FirstEnergy Transmission, LLC ("FET") (collectively, "Petitioners") filed a petition with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval of an internal corporate reorganization ("Petition").

FirstEnergy is an Ohio corporation and diversified energy services holding company. Potomac Edison is a Virginia public service corporation and direct subsidiary of Allegheny Energy, which is a direct subsidiary of FirstEnergy. Potomac Edison does not own any generation assets, and its high voltage transmission assets are under the functional control of PJM Interconnection, LLC. TrAILCo is a Virginia public service corporation and direct subsidiary of FET, which is a direct subsidiary of Allegheny Energy, a direct subsidiary of FirstEnergy.

In the instant Petition, the Petitioners request Commission approval for an internal corporate reorganization in which Allegheny Energy will merge with and into its direct parent, FirstEnergy, with FirstEnergy being the surviving entity ("Proposed Transaction").[2] As a result of the Proposed Transaction, Potomac Edison will become a direct subsidiary of FirstEnergy and TrAILCo will become a second-tier subsidiary of FirstEnergy. The Petitioners represent that the Proposed Transaction will improve the overall efficiency of the corporate structure and eliminate an unnecessary corporate layer in the current structure. The Petitioners further represent that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates.

NOW THE COMMISSION, upon consideration of the applicable law and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction as described herein.

(2) The Petitioners shall file a Report of Action ("Report") with the Commission's Document Control Center within ninety (90) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction took place and all legal documentation supporting the Proposed Transaction.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[1] Va. Code § 56-88 *et seq.*

[2] In a previous case, the Commission approved the acquisition of Potomac Edison and TrAILCo by FirstEnergy but denied the request for an alternate corporate structure because no time limitations or corporate structure specifics were provided. The current Petition addresses these deficiencies. *See Joint Petition of Allegheny Energy, Inc., FirstEnergy Corp., Trans-Allegheny Interstate Line Company, and The Potomac Edison Company d/b/a Allegheny Power, For approval of the acquisition of control of The Potomac Edison Company d/b/a Allegheny Power and Trans-Allegheny Interstate Line Company by FirstEnergy Corp., pursuant to the Utility Transfers Act,* Case No. PUE-2010-00056, 2010 S.C.C. Ann. Rept. 527, Final Order (Sept. 9, 2010).

CASE NO. PUE-2012-00140
JANUARY 30, 2013

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to implement a universal shelf registration

ORDER GRANTING AUTHORITY

On December 11, 2012, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56[1] of the Code of Virginia ("Code") requesting authority to implement a universal shelf registration ("New Shelf")

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[1] Va. Code § 56-55 *et seq.*

in order to issue senior debt securities and common stock from time to time over the next three years, up to a maximum of $1.75 billion. The Applicant paid the requisite fee of $250.

Net proceeds from the proposed securities issuances may be used to pay down short-term debt; refinance $500 million of 4.95% notes maturing in 2014, including any required prepayment premiums; refund additional debt as market conditions permit; purchase, acquire and/or construct additional properties and facilities; improve Atmos's existing facilities; and for general corporate purposes. Terms and conditions for the debt securities will be determined based on market conditions at the time of issuance.

According to Atmos, existing authority with the Securities and Exchange Commission ("SEC") to issue up to $1.3 billion[2] under a previous universal shelf registration is set to expire on March 29, 2013. Atmos intends to file a New Shelf with the SEC for authority to issue up to $1.75 billion in debt and equity securities in late March of 2013, once all state regulatory approvals are received.

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) Atmos hereby is authorized to issue senior debt securities and/or common stock up to a maximum of $1.75 billion from the date of this Order through April 1, 2016, under the terms and conditions and for the purposes set forth in the application.

(2) Atmos shall submit a preliminary report of action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), which shall include the issuance date, the type of security, the face amount of the issuance, the interest rate, the maturity date, the net proceeds to Atmos, and the yield to maturity on a U.S. Treasury security of comparable maturity.

(3) On or before February 28, 2014, February 28, 2015, and February 28, 2016, Atmos shall file with the Commission a detailed report of action with respect to all securities issued and sold during the previous calendar year, which includes:

(a) the issuance date, the type of security, the amount issued, the interest rate, the date of maturity, the underwriters' names, the underwriters' fees, other issuance expenses realized to date, and the net proceeds to Atmos; and

(b) the cumulative principal amount of securities issued under the authority granted herein and the amount remaining to be issued.

(4) Atmos shall file a final report of action on or before July 31, 2016, which includes all information required in Ordering Paragraph (3) and a detailed account of all the actual expenses and fees paid to date for each type of security issued.

(5) Atmos shall notify the Commission's Division of Utility Accounting and Finance within ten (10) days from the date Atmos's New Shelf with the SEC becomes effective.

(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.

[2] *Application of Atmos Energy Corporation, For authority to implement a universal shelf registration*, Case No. PUE-2009-00115, 2009 S.C.C. Ann. Rept. 370, Order Granting Authority (Nov. 13, 2009).

CASE NO. PUE-2012-00141
JULY 31, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company

ORDER

On December 18, 2012, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Application requesting approval to enter into transactions through which APCo would: (1) acquire a two-thirds ownership interest in unit number 3 of the Amos generating plant; (2) acquire an undivided fifty percent interest in the Mitchell generating plant; (3) operate the entire Mitchell plant pursuant to a proposed operating agreement ("Mitchell Operating Agreement"); and (4) merge with affiliate Wheeling Power Company ("Wheeling"). The Application, as completed on May 2, 2013, seeks Commission approval pursuant to both the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), Code § 56-88 *et seq.* ("Transfers Act"), and the Affiliates Act, Chapter 4 of Title 56 of the Code, Code § 56-76 *et seq.* ("Affiliates Act").

The Amos generating plant, located in Winfield, West Virginia, is a three-unit, coal-fired power plant with an average annual capacity rating of 2,900 megawatts ("MW"). APCo currently owns unit numbers 1 and 2 at the facility in addition to an undivided one-third interest in unit 3.[1] APCo seeks

[1] Ex. 2 (Application) at 9.

Commission approval to acquire the remaining two-thirds interest in Amos unit 3 ("Amos 3"), or approximately 867 MW. APCo's affiliate Ohio Power Company ("Ohio Power") currently owns this two-thirds interest in Amos unit 3 that APCo seeks to acquire.[2]

The Mitchell generating plant, located near Moundsville, West Virginia, is a two-unit, coal-fired facility with an average annual capacity rating of 1,560 MW.[3] APCo seeks Commission approval to acquire an undivided fifty percent interest in the Mitchell plant ("Mitchell"), or approximately 780 MW. Mitchell is also currently owned by Ohio Power.[4]

APCo proposes to acquire Amos 3 and Mitchell at their net book values when the facilities are acquired, which the Company estimates would occur on or about December 31, 2013.[5] APCo projects that the net book values for Amos 3 and Mitchell as of December 31, 2013, will be approximately $618 million and $536 million, respectively, or approximately $1.15 billion in total.[6] As proposed, APCo would also assume debts and liabilities associated with Amos 3 and Mitchell.[7]

The parties to the proposed Mitchell Operating Agreement are APCo and its affiliate Kentucky Power Company ("Kentucky Power"). Kentucky Power is currently seeking regulatory approvals necessary to acquire the undivided fifty percent interest in the Mitchell plant that APCo does not propose to acquire.[8] APCo specifically "requests that the Commission approve or determine that it is not necessary for it to approve" the Mitchell Operating Agreement.[9]

In the proposed merger with Wheeling, APCo would acquire Wheeling's assets and assume its debt and liabilities.[10] Wheeling is a public service corporation organized and doing business under the laws of West Virginia, where it serves approximately 41,000 retail customers. Wheeling owns about 300 circuit miles of transmission lines, approximately 1,500 miles of distribution lines, and no generation facilities. APCo would acquire Wheeling's assets at their net book value, which the Company estimates will be approximately $195 million as of December 31, 2013.[11]

On January 10, 2013, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed APCo to provide public notice of this matter. On March 14, 2013, the Commission issued an Order amending the procedural schedule.

The following parties filed notices of participation: the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Old Dominion Committee for Fair Utility Rates and East Tennessee Energy Consumers (collectively, the "Committee"); CPV Smyth Generation Company, LLC ("CPV Smyth"); and Steel Dynamics, Inc.

The Commission held a public hearing on the Application on the following days: April 30 and June 4, 5, 10 and 11, 2013. At these hearings, the Commission received testimony from public witnesses and from witnesses on behalf of various participants. The Commission also received written and electronic comments from the public in this case.

On July 2, 2013, the following participants filed post-hearing briefs: APCo; Consumer Counsel; Committee; CPV Smyth; and the Commission Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Affiliates Act

The Affiliates Act generally applies to contracts or arrangements between a "public service company" that provides regulated public utility service in the Commonwealth and any "affiliated interest" of such company.[12] APCo is such a "public service company" and Kentucky Power, Ohio Power, and Wheeling – all of which are, like APCo, direct wholly-owned subsidiaries of American Electric Power Company ("AEP")[13] – are "affiliated interest[s]"

[2] Ex. 36 (Knight) at 3, Exhibit I; Tr. 174 (Patton).

[3] Ex. 2 (Application) at 10.

[4] Ex. 36 (Knight) at 3, Exhibit I; Tr. 174 (Patton).

[5] Ex. 2 (Application) at 2, 10. The proposed transaction includes appurtenant interconnection facilities and other assets associated with Amos 3 and Mitchell. *Id.* at 9-10.

[6] Ex. 19 (Norwood) at SN-2.

[7] Ex. 2 (Application) at 2, 10-12.

[8] *Id.* at 1, 15-17; Staff's July 2, 2013 Post-Hearing Brief at Appendix B.

[9] Ex. 2 (Application) at 18-19.

[10] *Id.* at 14. Wheeling would merge with and into APCo so that APCo would be the surviving entity. *Id.* at 13.

[11] *Id.* at 5; Ex. 51 (Carr) at 13.

[12] *See* Va. Code § 56-76 (defining, among other terms, "public service company" and "affiliated interest").

[13] Ex. 2 (Application) at Exhibit 11, Attachment D.

of APCo.[14] NEWCO Appalachian, an entity that AEP will form to facilitate the transfer of Amos 3 and Mitchell from Ohio Power to APCo, is also an "affiliated interest" of APCo under the Affiliates Act.[15]

Section 56-77 of the Code states in part:

> A. No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing, other than those above enumerated, or for the purchase or sale of treasury bonds or treasury capital stock made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission….
>
> B. The Commission may, in its discretion and upon petition of the public service company or upon the Commission's own action, choose to exempt a public service company from all or any part of the requirements imposed by subsection A if the Commission determines that such an exemption is in the public interest....

Section 56-82 of the Code states in part:

> No public service company shall … assume, extend or renew any obligation or liability whatsoever of any affiliated interest, whether as guarantor, endorser, surety, or otherwise, unless the Commission shall first have approved such loan or assumption, or the extension or renewal of such loan, obligation or liability, as being not inconsistent with the public interest, and then only upon such terms and conditions as may be set forth in the order of the Commission approving such transaction….

Section 56-80 of the Code addresses the Commission's continuing control over affiliate contracts and arrangements as necessary to protect and promote the public interest:

> The Commission shall have continuing supervisory control over the terms and conditions of such contracts and arrangements as are herein described so far as necessary to protect and promote the public interest. The Commission shall have the same jurisdiction over the modification or amendment of contracts or arrangements herein described as it has over such original contracts or arrangements. The fact that the Commission shall have approved entry into any such contract or arrangement shall not preclude disallowance or disapproval of payments made pursuant thereto in the future, if upon actual experience under such contract or arrangement, it appears that the payments provided for, or made, were, or are, unreasonable. Every order of the Commission approving any such contract or arrangement shall be expressly conditioned upon the reserved power of the Commission to revise and amend the terms and conditions thereof, if, when and as necessary to protect and promote the public interest.

Transfers Act

The Transfers Act provides in part as follows:

> 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….[16]

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….[17]

Amos 3 and Mitchell

The Company has established that it has a need for additional generation capacity; no participant effectively challenged this conclusion.[18] We find that the Company has not, however, shown that such need should be fulfilled under the statute by acquiring *both* Amos 3 and Mitchell. Specifically, based on the evidence in this case, the Commission is only "satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized,"[19] and that the public interest will be served,[20] if APCo acquires Amos 3 and not Mitchell.

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[14] *Id*. at 6.

[15] *Id.*

[16] Va. Code § 56-89.

[17] Va. Code § 56-90.

[18] *See, e.g.,* Staff's July 2, 2013 Post-Hearing Brief at 5-6.

[19] Va. Code § 56-90.

We consider it relevant and important that APCo already owns Amos units 1 and 2, and one-third of Amos unit 3. APCo has operated and maintained all three Amos units since they were constructed and placed in service in the early 1970s.[21] APCo has performed maintenance and implemented environmental retrofits for these units.[22] APCo's past ownership and operation of Amos units 1, 2, and 3 should also inform its understanding of the potential future risks associated with these units.[23] APCo, along with Virginia ratepayers, already has a connection to the Amos units that does not exist with Mitchell. Virginia ratepayers already have made substantial investments in the Amos units.

In addition, APCo proposes to assume both known and unknown pre-purchase liabilities of the transferred units.[24] We find that the risks associated therewith are greater for Mitchell than for Amos 3. As explained by Staff, "[s]ince APCo already owns most of the Amos generating plant, including an interest in Amos [unit] 3, the assumption of [unknown pre-purchase] liabilities is likely not as significant as it is for Mitchell, which the Company has not owned or operated."[25] For example, APCo would have to assume new potential unknown future liabilities associated with Mitchell's Fly Ash Impoundment Agreement that we find are not justified under the Affiliates Act and the Transfers Act.[26]

Mitchell also comes with other contractual risks not shared by Amos 3. APCo would have to assume from Ohio Power the obligations and risks related to hundreds of contracts associated with the operation of Mitchell.[27] Indeed, the Company did not expect to identify all such contracts until the actual transfer of assets at the end of 2013.[28] Conversely, since APCo already operates (and owns most of) Amos, the assumption of such new obligations and risks does not come with the transfer of Amos 3.

Next, the transfer of *both* Amos 3 and Mitchell would preclude the Company from further diversifying its generation portfolio. The transfer of both facilities would fill APCo's current capacity need and would continue to fill such need through 2024.[29] If both facilities are transferred, the Company estimates that by 2015 coal would represent 68% of its capacity and 73% of its energy, with the energy percentage increasing to 87% by 2017.[30] We are not satisfied that filling the entire need herein with both of these coal plants (i) will serve the public interest, and (ii) will not impair or jeopardize adequate service to the public at just and reasonable rates.[31] Eliminating the possibility for additional fuel diversity at this time unreasonably increases customers' risks related to coal. Those risks include, for example, the price impacts on customers, decreases in the supply of coal, and – as discussed below – the likelihood of increased federal regulation of carbon dioxide emissions from existing coal plants.[32]

In addition to the fuel price and supply risks that may be caused by eliminating the potential for further fuel diversity, we find that the risks attendant to acquiring both facilities are too great given the uncertainty regarding future regulation of carbon dioxide emissions at the federal level. Indeed, a recent Presidential Memorandum directed the EPA to "issue proposed carbon pollution standards, regulations, or guidelines, as appropriate, for modified, reconstructed, and *existing* power plants by no later than June 1, 2014."[33] As discussed above, however, APCo and Virginia ratepayers have an historical and long-standing stake in the Amos units, which currently represent a reasonably priced source of capacity.[34] Capital investment in all three Amos units has

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[20] *See, e.g., Roanoke Gas Co. v. State Corp. Comm'n*, 217 Va. 850, 853, 234 S.E.2d 302, 304 (1977) ("[T]he Affiliates Act imposes upon a public service company a burden … to demonstrate that the proposed transactions with affiliated companies will serve the public interest.").

[21] *See, e.g.,* Ex. 61 (LaFleur rebuttal) at 11.

[22] *See*, *e.g.*, Ex. 28 (LaFleur direct) at 8.

[23] *See*, *e.g.*, Ex. 78 (Patton rebuttal) at 8.

[24] *See*, *e.g.*, Ex. 37 (Ellis) at 13-14.

[25] Staff's July 2, 2013 Post-Hearing Brief at 23.

[26] *Id.* at 23-27. The Impoundment Agreement involves, among other things, impoundments that hold wet-handled coal combustion residuals, and the United States Environmental Protection Agency ("EPA") has assigned a high hazard potential rating to the fly ash impoundment area at Mitchell. *Id.* at 23-24. Contrary to Mitchell, as the operator and majority owner of Amos, APCo is already involved in potential impoundment issues associated therewith.

[27] *See, e.g.,* Ex. 2 (Application) at 10-11; Staff's July 2, 2013 Post-Hearing Brief at 18-19.

[28] *See, e.g.,* Ex. 61 (LaFleur rebuttal) at 9.

[29] Ex. 52 (Stevens) at 8-9.

[30] *See*, *e.g.*, Ex. 28 (LaFleur direct) at 5; Ex. 30.

[31] Va. Code § 56-90; *Roanoke Gas Co.*, 217 Va. at 853, 234 S.E.2d at 304.

[32] Moreover, we find that the results of APCo's modeling efforts, which include assumptions that respondents have effectively questioned, also do not require approval for the transfer of both coal facilities.

[33] *Presidential Memorandum of June 25, 2013, Power Sector Carbon Pollution Standards*, 78 Fed. Reg. 39535 (2013) (emphasis added). *See also* July 2, 2013 post-hearing briefs of APCo (23-25), Staff (Appendix A at 6-7), Consumer Counsel (19-21), and CPV Smyth (36-37). The Commission takes judicial notice of this Federal Register publication to the extent necessary.

[34] For example, at the approved purchase price below of $565 million for 867 MW, the capacity cost for the remaining two-thirds of Amos unit 3 is approximately $652/kW. *See, e.g.,* Ex. 19 (Norwood) at SN-2; Ex. 51 (Carr) at 14.

been a significant component of APCo's rates, including the recovery of environmental compliance costs pursuant to Virginia statutes.[35] The carbon risks already apply to the Amos units, and Virginia ratepayers already have an interest in preserving the benefits afforded by those units.

Next, while we find that the Company did not provide compelling evidence regarding market alternatives, APCo has met its statutory burden with respect to Amos 3 for the reasons set forth herein.[36] In addition, the transfer of Amos 3, given APCo's past ownership and operation of the Amos units, is unlike the typical affiliate arrangement to which the Commission's lower of cost or market analysis is traditionally applied. Moreover, the Commission has previously provided Affiliates Act approval to APCo for a generating facility without the typical application of such analysis.[37] We find that the Company has met its burden – with respect to Amos 3 – under the Transfers Act and Affiliates Act based on the record developed in this proceeding.

Finally, we find that the "price at which APCo proposes to acquire the units is overstated by approximately … $53,421,290 for Amos 3."[38] We conclude that the per book balance of accumulated depreciation for Amos 3, which has not been maintained by Ohio Power on a traditional regulatory basis, has resulted in an under-accrual of depreciation (*i.e.*, a reserve deficiency).[39] This reserve deficiency shall be removed from the proposed purchase price for Amos 3.[40] Accordingly, we herein approve the transfer of Amos 3 at $565 million and deny the requested approval at $618 million.

We have considered the entire record in this case, including need, costs, reliability, fuel diversity, carbon and fuel risks, the history of both facilities, and market and other risks discussed by the participants, and conclude that the evidence supporting the transfer of Amos 3 satisfies the Transfers Act and the Affiliates Act subject to the requirements set forth herein.[41]

Wheeling Merger

Subject to the requirements below, the Commission finds that the Wheeling merger is in the public interest and will not jeopardize or impair adequate service at just and reasonable rates.[42] APCo's proposal to implement several significant supply changes at the same time as the Wheeling merger complicates efforts to isolate the rate impact expected from the merger.[43] The record, however, identifies potential impacts of the merger, including a reduction in Virginia jurisdictional allocation factors, which the Company expects to benefit Virginia ratepayers.[44] For example, the Company states that the merger should lower the amount of APCo's base rate costs – including such costs associated with Amos 3 – that are allocated to the Company's Virginia jurisdiction.[45]

The Company acknowledges, however, that the merger's base rate benefits for Virginia customers, including those identified above, will be delayed until the completion of APCo's "next biennial review case in early 2015, at which point the Virginia allocation factors would be reduced, reflecting

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[35] *See, e.g., Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to §56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rept. 477, Final Order (Nov. 30, 2011); *Application of Appalachian Power Company, For a statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00030, 2010 S.C.C. Ann. Rep. 308, Final Order (July 15, 2010); *Application of Appalachian Power Company, For an increase in electric rates,* Case No. PUE-2008-00046, 2008 S.C.C. Ann. Rep. 547, Final Order (Nov. 17, 2008); *Application of Appalachian Power Company, For an increase in electric rates,* Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rep. 321, Final Order at 5 (May 15, 2007). *Petition of Appalachian Power Company, For approval of a rate adjustment clause, E-RAC, to recover costs incurred in complying with state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e*, Case No. PUE-2011-00035, 2011 S.C .C. Ann. Rept. 474, Order Approving Rate Adjustment Clause (Nov. 30, 2011), *aff'd in part, rev'd in part sub nom. Appalachian Power Co. v. State Corp. Comm'n*, 284 Va. 695 (2012); *Application of Appalachian Power Company for adjustment to capped electric rates pursuant to § 56-582 B (vi),* Case No. PUE-2005-00056, 2006 S.C.C. Ann. Rept. 333, Final Order (Nov. 20, 2006); *Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case No. PUE-2007-00069, 2007 S.C.C. Ann. Rept. 474, Final Order (Dec. 13, 2007); *Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case No. PUE-2008-00045, 2008 S.C.C. Ann. Rept. 543, Final Order (Oct. 15, 2008); *Application of Appalachian Power Company, For recovery of environmental and reliability costs*, Case No. PUE-2009-00039, 2010 S.C.C. Ann. Rept. 324, Order Approving Surcharge (Jan. 14, 2010).

[36] The Commission has also explained, albeit in a different context, as follows: "[T]he applicant must decide whether it will attempt to prove its case and obtain Commission approval of a proposed generating facility with – or without – evidence resulting from a competitive bid process." *Application of Virginia Electric and Power Company, Notification to the Commission of election to abandon the Company's bidding program and application to revise its cogeneration tariff pursuant to PURPA Section 210*, Case No. PUE-2008-00078, 2010 S.C.C. Ann. Rept. 297, 299, Final Order (May 18, 2010).

[37] *See Application of Appalachian Power Company, AEP Generating Company, and American Electric Power Company, Inc., For authority to enter into affiliate transactions under Title 56, Chapter 4 of the Code of Virginia*, Case No. PUE-2011-00023, 2011 S.C.C. Ann. Rept. 452, Order Granting Authority (July 20, 2011) (acquisition of the Dresden Generating Station).

[38] Staff's July 2, 2013 Post-Hearing Brief at 28 (citation omitted).

[39] *See*, *e.g.*, Staff's July 2, 2013 Post-Hearing Brief at 27-29; Ex. 42 (Armstrong); Tr. 574-81 (Armstrong); Ex. 51 (Carr) at 13-14.

[40] This reduces the purchase price from approximately $618 million to $565 million.

[41] Because the transfer of Mitchell does not satisfy the requirements of the Affiliates Act and the Transfers Act, the Mitchell Operating Agreement is similarly denied.

[42] No case participant has suggested that the Wheeling merger would affect, in any way, the adequacy of APCo's service.

[43] *See, e.g.*, Staff's July 2, 2013 Post-Hearing Brief at 35-36; APCo's July 2, 2013 Post-Hearing Brief at 55-56, 61.

[44] *See, e.g.*, Ex. 51 (Carr) at 11; Ex. 19 (Norwood) at 6; Ex. 34 (Bosta) at 3.

[45] *Id.*; Tr. 1169-70 (Bosta).

the positive impact of the Wheeling merger."[46] We find that the $3.3 million surcredit proposed by the Company is necessary to address this timing concern.[47] In addition, APCo emphasized that the "Wheeling load should have a favorable impact on Virginia customers both over the short and long terms…."[48] Thus, as a requirement of our approval of the Wheeling merger, the Company shall implement the $3.3 million surcredit. In addition, we direct the Company, in its next biennial review and fuel factor proceedings, to provide evidence of the total rate impacts of the merger.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Order, the Application is granted in part and denied in part as set forth herein.

(2) This case is dismissed.

[46] APCo's July 2, 2013 Post-Hearing Brief at 61.

[47] *See Id.*

[48] Ex. 75 (Martin rebuttal) at 4.

CASE NO. PUE-2012-00142
DECEMBER 16, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to establish a renewable generation pilot program pursuant to § 56-234 of the Code of Virginia

FINAL ORDER

On December 20, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") filed with the State Corporation Commission ("Commission") an application for approval to establish a Renewable Generation Pilot Program ("Application") pursuant to § 56-234 of the Code of Virginia ("Code"). In its Application, the Company seeks approval to establish a Renewable Generation Pilot Program ("RG Pilot Program" or "Program"), including a new experimental and voluntary tariff, Rate Schedule RG – Renewable Energy Supply Service ("Rate Schedule RG").

Dominion Virginia Power states that it created the proposed Program: (1) in response to requests by customers to purchase a larger portion of their energy requirements from renewable energy resources than they currently receive from the Company's existing generation mix, and (2) to further promote the development of renewable energy in the Commonwealth of Virginia ("Commonwealth").[1]

The Company states that the Program will only be available to non-residential customers served under Rate Schedule GS-3 or GS-4 with (1) demands greater than 500 kilowatts; and (2) individual account planned purchases of renewable energy between 1,000,000 kilowatt-hours ("kWh") and 24,000,000 kWh annually (as determined by the customer).[2] The Program, as proposed, will have a three-year enrollment period, subject to a limitation of planned deliveries of 240,000,000 kWh annually, in aggregate, or 100 customers, whichever limit may be reached first.[3] The Company states that the purchase price under Rate Schedule RG will represent energy and its associated renewable attributes only, and the remainder of the customer's energy requirements, as well as its capacity requirements, will continue to be provided under Rate Schedule GS-3 or GS-4, as applicable.[4]

Under the proposed Program, the participating customer may request a specific type of renewable energy resource, provided it meets the definition of "renewable energy" in § 56-576 of the Code and otherwise satisfies Program requirements.[5] The customer also may request that the Company purchase the customer's renewable energy under Rate Schedule RG from a specific facility as long as that facility meets certain Program requirements.[6] As proposed in the Program, qualifying renewable energy resources may be located outside of the Company's service territory but must be within the geographic scope of the PJM wholesale market and interconnected with PJM.[7]

[1] Ex. 2 (Application) at 1 and 3.

[2] *Id.* at 4 and 8.

[3] *Id.* at 3 and 8.

[4] *Id.* at 4. The Company states that the customer's additional purchase of renewable energy under the Program will substitute for the equivalent amount of undifferentiated energy (*i.e.*, energy having no identifiable attributes) that the customer would have otherwise purchased under its principal rate schedule. *Id*.

[5] *Id.* at 5-6.

[6] *Id.* at 6. *See* Ex. 8 (Muchhala Direct), for an explanation of these requirements.

[7] Ex. 2 (Application) at 5.

The Company states in the Application that it will use commercially reasonable efforts to negotiate and execute agreements to obtain electric generation from renewable energy facilities from which participating customers desire to purchase renewable energy.[8] Ultimately, however, the Company proposes that it will make the final selection of renewable energy suppliers from whom the renewable energy is purchased under Rate Schedule RG.[9] The agreement between the Company and renewable energy supplier is called a renewable energy purchase and sales agreement ("REPSA"), in which the participating customer will be recognized and identified as a third-party beneficiary.[10]

A second contract between the Company and the participating customer ("customer contract") will define the terms and conditions of the customer's renewable energy purchases, including the assignment of all risks for such purchases under Rate Schedule RG to the customer.[11] The Company states that both the customer and the renewable energy supplier must agree to the negotiated terms of the customer contract and the REPSA, and both agreements will hold the Company harmless.[12]

The Company proposes that the renewable energy to be provided under the Program will be authenticated by Renewable Energy Certificates ("RECs").[13] Each such REC equals one megawatt-hour of electricity.[14] Once the RECs are entered in the renewable energy supplier's PJM Generation Attribute Tracking System ("GATS") account, the REPSA requires the supplier to transfer the certificates to the Company.[15] The renewable energy will be deemed delivered to participating customers once the REC (or RECs) is transferred to the Company's PJM GATS account.[16] As ultimately determined and directed by these customers, the Company will then either retire the RECs on behalf of the customers or transfer them to the customers.[17] If transferred, the customers can either retire the RECs or "transfer, sell or take other action consistent with [their] ownership."[18]

Company witness Swanson testified that the Company would retire the RECs on the customer's behalf, if directed by the customer, but would not sell them on the customer's behalf.[19] Company witness Corsello testified that, although it is unlikely, if the customer wished to sell the RECs back to the Company, it would be an option for the customer.[20] Ms. Corsello further testified that in that event, the Company could then count such RECs toward its renewable energy portfolio standard goals; however, the energy supplied by the renewable generator pursuant to a REPSA would no longer be considered "renewable energy" delivered to the customer under this Program.[21]

As proposed by the Company, the customer will be responsible for all costs associated with its purchases of renewable energy under Rate Schedule RG, including a monthly administrative charge of $500.[22] The Company asserts that there will be no impact regarding the allocation of fixed costs to either the Virginia jurisdiction or the participant's customer class, outside of fuel accounting.

The Application specifically asks the Commission to: (1) approve the Company's proposed RG Pilot Program, including its associated experimental rate schedule, Rate Schedule RG – Renewable Energy Supply; and (2) provide such further relief as deemed necessary or appropriate.

The Commission issued an Order for Notice and Hearing in this case on January 11, 2013, which, in part, ordered Dominion Virginia Power to provide notice of its Application to the public; provided interested parties an opportunity to comment on or participate in the case; set a public hearing date; and established dates for the filing of pre-filed and rebuttal testimony. Notices of participation were filed by MeadWestvaco Corporation, Collegiate Clean Energy, LLC ("Collegiate"), Iberdrola Renewables, LLC, Mr. Michel A. King ("Mr. King"), and the Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"). On March 19, 2013, Mr. King filed testimony on his own behalf, and Collegiate filed the direct testimony of Charles J. Packard. On April 9, 2013, the Commission Staff ("Staff") filed the testimony of Allison F. Samuel. On April 23, 2013, Dominion Virginia Power filed the rebuttal testimony of Diane O. Corsello.

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[8] *Id.* at 6.

[9] *Id.*

[10] *Id.* In order to manage Program costs and avoid multiple REPSAs for one customer, each participating customer is permitted to select only one renewable resource. *Id*.

[11] *Id.*

[12] *Id.* at 7.

[13] Ex. 8 (Muchhala Direct) at 5.

[14] *Id.*

[15] *Id*.

[16] Tr. 144 (Muchhala).

[17] Ex. 8 (Muchhala Direct) at 5.

[18] *Id.* at 5-6.

[19] Tr. 234 (Swanson).

[20] Tr. 315 (Corsello).

[21] Tr. 319 (Corsello).

[22] Ex. 2 (Application) at 6-9.

A public hearing was held on May 7, 2013. Counsel for Dominion Virginia Power, Collegiate, the Environmental Respondents, and Staff were present at the hearing. Mr. King also appeared *pro se* at the hearing. One public witness, Anthony Smith, appeared and testified on behalf of Secured Futures, Inc. Following the hearing, the parties and the Staff were permitted to file post-hearing briefs.

The Environmental Respondents requested that the Commission approve the proposed Program subject to the following modifications: (1) include a mechanism allowing for an increase of the Program cap (above 240,000,000 kWh or 100 customers) if the cap is met before the expiration of the three-year pilot period;[23] (2) prioritize contracting with eligible clean, renewable energy suppliers sited within the Commonwealth;[24] and (3) require the Company to provide clear information to the customer (relative to purchase price and other factors) before and during the REPSA negotiation process.[25]

Mr. King requested, among other things, that the Commission require the Company to retire RECs used to authenticate the renewability of the energy supplied under the Program.[26] Mr. King also requested that the Commission's final order include a provision prohibiting the Company from rebundling undifferentiated energy from the grid with RECs and marketing the product as renewable energy.[27]

Collegiate recommended that the Commission approve the Program only under certain conditions. Specifically, Collegiate asserted that the Commission should require that: (1) the Company advise customers that energy purchased under the Program does not constitute 100% renewable energy under § 56-577 A 5 of the Code (*i.e.*, the energy supplied has both a renewable component and non-renewable component and is distinct from wholly renewable energy that consists of both renewable supply and capacity);[28] (2) Dominion advise customers that there are alternative renewable energy supply options (providing both renewable energy and renewable capacity);[29] and (3) Dominion be prohibited from imposing unreasonable requirements on non-Program suppliers and non-Program customers purchasing wholly renewable supply pursuant to § 56-577 A 5 a of the Code.

In its rebuttal testimony, the Company responded to Collegiate's testimony regarding the relevance of § 56-577 A 5 of the Code to the proposed Program; specifically, the provision of 100% renewable energy pursuant to that Code section. The Company asserted that "the Commission needs to provide a framework or additional guidance on what constitutes 100% renewable energy to be offered by both utilities and competitive service providers . . . in order to comply with Va. Code § 56-577 A 5."[30] The Company requested that the Commission initiate a rulemaking proceeding to provide that framework and additional guidance.[31]

Staff does not object to the Company's proposed RG Pilot Program but expressed some concerns, specifically about whether the Program will actually stimulate the development of Virginia-based renewable energy (as the Company claims) and whether this Program "is necessary to acquire information which is or may be in the furtherance of the public interest," as required by § 56-234 of the Code.[32] Staff acknowledged, however, that the information the Company plans to collect and provide to the Commission on an annual basis[33] "may be in the furtherance of the public interest in that it may help to assess whether this type of program does indeed result in the further development and use of renewable energy in the Commonwealth."[34] Staff therefore recommends certain reporting requirements.[35]

Staff also expressed concerns about the potential impact of the Program on the Company's fuel factor, despite the Company's representations that this pilot is a "self-contained program" and that the participating customers will be responsible for the price of the renewable energy delivered to them.[36] The Staff recommended certain reporting requirements in order to track the effect of the RG Pilot Program on the Company's fuel factor.[37]

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[23] Post-Hearing Brief of Environmental Respondents at 3, 4-7.

[24] *Id.* at 3, 7-9.

[25] *Id.* at 3, 9-11.

[26] Ex. 19 (King Direct) at 2-3.

[27] Post-Hearing Brief of Michel A. King at 6.

[28] Ex. 21 (Packard Direct) at 13; Post-Hearing Brief of Collegiate Clean Energy, LLC at 7.

[29] Tr. 301 (Packard).

[30] Ex. 23 (Corsello Rebuttal) at 4.

[31] Ex. 23 (Corsello Rebuttal) at 5; Post-Hearing Brief of Virginia Electric and Power Company at 29-32.

[32] Ex. 22 (Samuel Direct) at 11.

[33] Ex. 2 (Application) at 7; Ex. 3 (Corsello Direct) at 9.

[34] Ex. 22 (Samuel Direct) at 11.

[35] Post-Hearing Brief of the Staff of the State Corporation Commission ("Staff Brief") at 8.

[36] Ex. 2 (Application) at 6; Tr. 58, 67 (Corsello). Company witness Swanson testified that when a customer under the Program receives power from a renewable generator, the Company's fuel expenses will go down – the result of the Company "backing down [its] generation" by the equivalent amount of kWh delivered to a customer under Schedule RG. Tr. 250-251 (Swanson). Conversely, as Mr. Swanson testified, if a renewable generator who has contracted to provide power under the Program produces less power than it contracted to produce, the Company will be required to supply the customer's remaining power needs, thereby increasing the Company's fuel expenses. Tr. 251-252 (Swanson).

[37] Staff Brief at 10.

Staff also recommended that the Company be required to include, in its annual Program reports, the actual costs associated with its administration of the Program in order to determine whether the $500 administrative fee is, and remains, proportionate to its actual administrative expenses.[38] In addition, since the renewable energy to be provided under the Company's proposed RG Pilot Program will be authenticated by RECs, Staff recommended that if the Commission approves the Program, the Company be required to provide, in its annual reports, certain information regarding the RECs registered under the Program.[39]

In its post-hearing brief, Staff proposed that each customer contract under the Program "contain a 'regulatory out' provision excusing customers from further performance under these contracts, if and when the Commission eliminates Schedule RG, a voluntary and experimental tariff."[40] Staff asserted that its proposal recognizes the Commission's statutory authority to modify or discontinue any experimental rate established pursuant to § 56-234 of the Code. Staff further asserted that the proposed "regulatory out" provision is proposed as a contractual remedy to protect customers from the obligation of holding harmless or indemnifying the Company for the purchase of renewable power that the customers could not lawfully obtain in the event the Commission terminated Rate Schedule RG.[41]

According to Dominion Virginia Power, the proposed "regulatory out" provision may cause suppliers to require a higher price or other concessions to enter into contracts to provide renewable energy. Further, the Company asserts that contracts or customer participants under other Commission-approved pilot programs or other experimental rate schedules routinely run longer than the explicit term of the associated pilot or experiment itself. Moreover, the Company believes that the proposed "regulatory out" provision would limit pilot participation by potential providers as well as interested customers and thereby potentially reduce many of the intended benefits of the program.[42]

On July 17, 2013, the Hearing Examiner issued her Report in this proceeding. The Hearing Examiner generally recommended approval of the proposed RG Pilot Program and adopted Staff's reporting recommendations.[43] The Hearing Examiner also recommended that several key constraints concerning the Program be articulated in the Commission's final order. These recommended constraints would prohibit the Company from: (i) contracting with affiliates for the purchase of renewable energy in connection with the Program; (ii) utilizing RECs associated with the Program to meet the Company's RPS goals; and (iii) representing that the proposed Rate Schedule RG constitutes a tariff for customer purchase of electric energy provided 100% from renewable energy within the meaning of § 56-577 A of the Code.[44] The Report also recommended that the Commission's order emphasize that if Program customers sell the RECs issued in connection with renewable energy purchased under the Program, the power purchased is no longer renewable energy for purposes of this Program.[45] The Hearing Examiner did not recommend that the customer contracts include a "regulatory out" provision, as proposed by Staff.[46] Finally, the Hearing Examiner recommended that the Commission initiate a rulemaking proceeding relative to the application of § 56-577 A of the Code.[47]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

The Company seeks approval to establish its RG Pilot Program under § 56-234 B of the Code, which provides in pertinent part:

> [N]o provision of the law shall be deemed to preclude voluntary rate or rate design tests or experiments, or other experiments involving the use of special rates, where such experiments have been approved by order of the Commission after notice and hearing and a finding that such experiments are necessary in order to acquire information which is or may be in the furtherance of the public interest.

We adopt the findings and recommendations of the Hearing Examiner as modified herein, including the Hearing Examiner's recommended reporting requirements. In addition, the Commission adopts the constraints and clarifications recommended by the Hearing Examiner and mentioned herein.[48] At this time, however, we find that it is not necessary to initiate a rulemaking proceeding regarding § 56-577 A of the Code, as requested by the Company and recommended by the Hearing Examiner.

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[38] *Id*. at 11.

[39] *Id*. at 13.

[40] *Id*.

[41] *Id.* at 14-15.

[42] Dominion Virginia Power Post-Hearing Brief at 28-29.

[43] Hearing Examiner's Report at 20-21.

[44] *Id*. at 21-22.

[45] *Id*. at 22.

[46] *Id*. at 23.

[47] *Id*.

[48] *See* Hearing Examiner's Report at 21-22. By this Order, we do not, however, approve the sample REPSA and customer contract attached to the Company's Application or any of their illustrative provisions. As the Company clearly noted in both its Application and at the hearing of this matter, the actual REPSAs and customer agreements utilized in the Program will be individually negotiated on a customer-by-customer basis. Thus, no term or condition of the sample agreements attached to the Application should be deemed to have any approval or endorsement of this Commission.

Further, the Commission does not adopt the Environmental Respondents' recommendation that the Program include a mechanism whereby the Company may increase the Program cap should the Program become fully subscribed prior to the expiration of the three-year pilot period. Dominion, *sua sponte*, may make a request to expand the parameters of the Program if or when appropriate.

With regard to Collegiate's request for consideration of issues relating to the application of § 56-577 A of the Code, we agree with the Hearing Examiner's conclusion that this is not the appropriate forum to address such issues. Collegiate's issues are more relevant to a proceeding instituted pursuant to § 56-577 A of the Code rather than in this proceeding—a docket established to review the Company's application for a renewable generation pilot program.

The Commission will not require customer contracts under this program to incorporate a "regulatory out" provision as proposed by the Staff. The Commission also shares the concern articulated by the Hearing Examiner that the "regulatory out" provision could result in higher prices for renewable energy sold under the RG Pilot Program and will not adopt such a provision on this record.

Finally, Mr. King's Request for Leave to File Comments on the Hearing Examiner's Report Out-of Time is denied for the reasons provided in the Company's response to Mr. King's request.[49]

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted, subject to the reporting requirements recommended by the Hearing Examiner and adopted herein.

(2) Upon implementation of the RG Pilot Program, the Company shall file with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance its experimental Rate Schedule RG – Renewable Energy Supply.

(3) This matter is continued.

[49] *See* Response of Virginia Electric and Power Company to Michel A. King's Request for Leave to File Comments on the Hearing Examiner's Report Out-of Time, dated September 25, 2013.

CASE NO. PUE-2013-00002
DECEMBER 9, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Brambleton-Beaumeade 230 kV transmission line in Loudoun County

FINAL ORDER

On January 17, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of electric transmission facilities pursuant to §§ 56-46.1 and 56-265.1 *et seq*. of the Code of Virginia ("Code") to relocate an approximately 0.8 mile segment of its existing 230 kV Brambleton-Beaumeade Line #2095 in Loudoun County ("Application").[1] Dominion Virginia Power's customer, DuPont Fabros Development, LLC ("DuPont Fabros"), requested this line relocation.[2]

Currently, this 0.8 mile segment of Line #2095 is located east of the Company's Greenway Substation in Loudoun County (the "Existing Facilities").[3] The Company proposes to remove this 0.8 mile segment and replace it with an approximately 1.2 mile segment located south of the Existing Facilities entirely on the property of DuPont Fabros or property over which Dominion Virginia Power currently holds an easement or other property interest (the "Relocated Facilities"). The removal of the Existing Facilities and construction of the Relocated Facilities (collectively, the "Relocation Project") also affect installation of the Company's new 230 kV BECO-Brambleton Line #2137.

In Case No. PUE-2011-00129,[4] the Commission authorized the Company, among other things, to install conductors for 230 kV BECO-Brambleton Line #2137 ("Approved Line #2137 Facilities") on the currently vacant side of the Existing Facilities. In conjunction with the Relocation Project, the Company proposes to install the Approved Line #2137 Facilities on the Relocated Facilities, rather than on the Existing Facilities.[5]

[1] Dominion Virginia Power originally constructed Line #2095 pursuant to the Commission's Final Order in Case No. PUE-2001-00154, issued on June 12, 2003.

[2] Application at 1-2.

[3] *Id.* at 2.

[4] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of electric facilities: Waxpool 230 kV Double Circuit Transmission Line, Brambleton-BECO 230 kV Transmission Line and 230-34.5 kV Waxpool Substation*, Case No. PUE-2011-00129, 2012 S.C.C Ann. Rept. 353, Final Order (Dec. 28, 2012), *aff'd, Loudoun Land Bay D, LLC, v. State Corporation Commission, et al., Record No. 130674, Memorandum Opinion* (Oct. 18, 2013).

[5] Application at 2.

Dominion Virginia Power states that DuPont Fabros requested the electric facilities proposed in its Application. The Company proposes to coordinate construction of such facilities with construction of the Approved Line #2137 Facilities, which are necessary so that the Company can continue to provide reliable electric service to its customers, consistent with North American Electric Reliability Corporation Reliability Standards for transmission facilities and the Company's planning criteria.

In its Application, the Company states that the in-service date for the proposed Relocation Project is November 2013.[6] The estimated total cost of the Relocation Project is approximately $5.4 million, for all transmission work, which DuPont Fabros will pay.

On March 4, 2013, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; directed the Company to provide notice of the Application; and established a schedule for the filing of notices of participation and the submission of written comments and requests for hearing.

As noted in the Procedural Order, the Staff of the Commission ("Staff") requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed Relocation Project by state and local agencies and file a report on the review. On April 5, 2013, the DEQ filed its report ("DEQ Report") with the Clerk of the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following recommendations to Dominion Virginia Power regarding the Relocation Project. The Company should:

Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;

- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Division of Natural Heritage of the Department of Conservation and Recreation ("DCR") regarding its recommendation to protect the aquatic ecosystem, as well as check for updates to the Biotics Data System database if a significant amount of time passes before the Relocation Project is implemented;
- Coordinate with the Department of Game and Inland Fisheries ("DGIF") regarding its general recommendations to protect wildlife resources;
- Coordinate with the Virginia Outdoors Foundation on its recommendation to conduct an additional consultation if the Relocation Project changes or does not commence within 24 months;
- Coordinate with the Department of Forestry on its recommendations to protect trees not proposed for removal and to implement best management practices during construction activities;
- Coordinate with the Department of Historic Resources ("DHR") regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Virginia Department of Transportation on its recommendation for coordination with Loudoun County to ensure the Relocation Project does not affect the development of planned roadways;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Loudoun County as applicable as the Relocation Project progresses.

On May 9, 2013, Mr. H. Christopher Antigone filed comments on behalf of TAB I Associates, L.L.C., and Dulles Gateway Associates, L.L.C., opposing the Relocation Project, and DuPont Fabros filed a notice of participation. No one filed a request for hearing in this proceeding.

On June 13, 2013, Staff filed its report summarizing the results of its investigation of the Company's Application. Staff recommended that the Commission approve the Relocation Project.[7]

On June 20, 2013, Dominion Virginia Power filed rebuttal comments with the Clerk of the Commission supporting the Staff's conclusions and responding to the DEQ Report and public comment. The Company advised that it concurs with the recommendations set forth in the DEQ Report except those recommendations regarding: (1) possible time of year restrictions on construction activities; (2) the Company's evaluation of identified historic and archaeological resources as requested by DHR; and (3) the Company's ongoing coordination with Loudoun County, in addition to the procurement of any necessary local permits and approvals. Dominion Virginia Power addressed several issues raised in the public comment, including the status of the Loudoun County rezoning process, the proximity of the Relocation Project to adjacent properties, and an underground alternative for the Relocation Project.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Relocation Project as proposed in the Company's Application. Further, the Commission finds that it should issue a certificate of public convenience and necessity authorizing the Relocation Project.

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[6] *Id.* at 3.

[7] Staff Report at 6.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> 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 . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

We find that the Company's proposed Relocation Project is needed. The Company introduced testimony and exhibits demonstrating that the Relocation Project is needed to allow its customer DuPont Fabros to develop its property, which currently is bisected by the Existing Facilities.

Economic Development

We find that the proposed Relocation Project will promote economic development in the Commonwealth of Virginia by allowing DuPont Fabros to develop its property to its fullest potential.

Routing and Right-of-Way

The Company indicates that DuPont Fabros is willing to grant a new easement for the Relocation Project at no cost to the Company and that the Company is willing to relinquish its easement rights to the Existing Facilities' right-of-way.

Scenic Assets and Historic Districts

We find that the Relocation Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code.

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed Relocation Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Relocation Project by state agencies concerned with environmental protection.

We find that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Relocation Project. We therefore find that, as a condition to our approval herein, the Company must comply with all of DEQ's recommendations as provided in the DEQ Report, subject to the following exceptions. The Company should not be required to: (1) adhere to possible time of year restrictions on construction activities, but the Company is permitted to coordinate with DGIF, DCR, and the Virginia Marine Resources Commission to the extent appropriate in construction of the Relocation Project; (2) evaluate the identified historic and archaeological resources as requested by DHR; however, in the unlikely event that the impact to these identified sources is later deemed unavoidable, the Company will coordinate with DHR in advance of any such impacts in order to subject the sites to additional evaluation and reasonably minimize disturbance; and (3) coordinate with Loudoun County other than the Company's procurement of any necessary local permits and approvals.

HB 1319

In 2008, The Virginia General Assembly established a pilot program for four qualifying transmission lines to be built underground in whole or in part ("HB 1319").[8] We find that the evidence demonstrates that the Relocation Project does not meet the criteria set forth in HB 1319 for inclusion as a pilot project.

[8] Chapter 799 of the 2008 Virginia Acts of Assembly. During the 2011 legislative session, the General Assembly passed HB 2027, which extended the ending date for underground pilot projects to July 1, 2014. (2011 Va. Acts ch. 244.)

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the Relocation Project, and to install the Approved Line #2137 Facilities on the Relocated Facilities, rather than on the Existing Facilities, as proposed in the Company's Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Relocation Project and to install the Approved Line #2137 Facilities on the Relocated Facilities, rather than on the Existing Facilities, is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act,[9] the Company is issued the following certificate of public convenience and necessity:

> Certificate No. ET-91w, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Loudoun County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2013-00002, cancels Certificate No. ET-91v, issued to Virginia Electric and Power Company on August 15, 2013, in Case No. PUE-2013-00004.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate issued in Ordering Paragraph (3) with the detailed map attached.

(5) The Relocation Project approved herein must be constructed and in service by May 31, 2016. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) The Final Order shall be placed in the case jacket of Case No. PUE-2011-00129.

(7) As there is nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

[9] Va. Code Ann. § 56-265.1 *et seq*. (Supp. 2011).

CASE NO. PUE-2013-00003
JANUARY 30, 2013

JOINT PETITION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY
and
PARAMONT ENERGY, LC

For Approval of Transfer of Utility Assets

ORDER

On January 10, 2013, Appalachian Natural Gas Distribution Company ("ANGDC") and Paramont Energy, LC ("Paramont") (collectively, "Joint Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission") requesting, "to the extent required by Chapter 5 of Title 56 of the Code of Virginia ('Transfers Act')," authority to "transfer to ANGDC from Paramont two natural gas pipelines [(the "Assets")] utilized currently by Paramont to provide non-utility natural gas service to 23 customers in Wise County, Virginia, including 22 commercial customers and the University of Virginia College at Wise (the 'Transfer')."[1]

The Joint Petitioners state that "[a]pproval under the Transfers Act is not, however, required because the General Assembly has granted ANGDC a statutory right to acquire the Assets under Va. Code § 56-265.4:5 B, which does not require Commission approval."[2] Virginia Code § 56-265.4:5 B states as follows:

> In the event a gas utility is issued a certificate to serve the area where customers to whom service is being provided pursuant to this section are located, the gas utility shall have the right, subject to existing contracts regarding gas service to such customers and to the gas utility's effective transportation tariff, to acquire any facilities installed to serve such customers, at a price to be mutually agreed upon, or if not so agreed, at a price to be determined by the Commission.

The Joint Petitioners assert that since the Transfer falls under the above statute, "a filing under the Transfers Act is not necessary to consummate the proposed Transfer."[3] Alternatively, the Joint Petitioners state that "[i]f, however, the Commission deems that such a filing is necessary, the parties have satisfied the criteria set forth in § 56-90 and request[] that the Commission approve the Transfer."[4]

[1] Joint Petition at 1.

[2] *Id.* at 6.

[3] *Id.* at 10.

NOW THE COMMISSION, having considered this matter, finds as follows.

Virginia Code § 56-265.4:5 B provides for the right to acquire certain facilities, subject to the conditions set forth therein. If the Transfer falls under that statute, as the Joint Petitioners assert, then Commission approval of the Transfer is not required. The absence of such requirement, however, does not displace other Commission authority – such as, but not necessarily limited to, the authority to approve just and reasonable rates[5] and to regulate such utilities in the performance of their public duties.[6]

Accordingly, IT IS SO ORDERED and this matter is dismissed.

[4] *Id.*

[5] For example, ANGDC has a rate case pending in Case No. PUE-2012-00011.

[6] *See, e.g.*, Va. Code § 56-35.

CASE NO. PUE-2013-00004
AUGUST 15, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities in Loudoun County: Pleasant View South Switching Station and 500 kV Connector Line

FINAL ORDER

On January 23, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and certification of electric facilities under §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia ("Code"). Dominion Virginia Power seeks approval to construct a new 500 kilovolt ("kV") switching station ("Pleasant View South Switching Station") and a new 500 kV transmission line ("500 kV Connector") in Loudoun County. The 500 kV Connector would connect the Company's existing Pleasant View 500 kV Switching Station ("Existing Switching Station") to the proposed Pleasant View South Switching Station. In addition to four breakers, a 500 kV 150 megavoltampere reactive ("Mvar") capacitor bank would be installed at the proposed Pleasant View South Switching Station.[1]

Dominion Virginia Power also seeks approval to reconfigure the Pleasant View-Brambleton 500 kV Line #558 ("Pleasant View-Brambleton Line") and the Pleasant View-Doubs 500 kV Line #543 ("Pleasant View-Doubs Line"), which currently connect to the Existing Switching Station, to connect to the new Pleasant View South Switching Station. The Company proposes to relocate the Pleasant View-Brambleton Line approximately 1,200 feet south of the Existing Switching Station, where it would terminate at the proposed Pleasant View South Switching Station. The Pleasant View-Doubs Line would be relocated approximately 800 feet south of the Existing Switching Station, where it would terminate at the Pleasant View South Switching Station.[2] The proposed line relocations, the 500 kV Connector, and the Pleasant View South Switching Station all would be built entirely on property owned by the Company.[3]

On February14, 2013, the Commission entered an Order for Notice and Comment that, among other things, docketed the Application, established a procedural schedule, and provided interested persons the opportunity to become a respondent, to file written comments, or to request a hearing.

On March 20, 2013, Dominion Virginia Power filed proof of service and publication of notice of the Application. The Commission received no notices of participation as a respondent and no requests for a hearing. Further, no written or electronic comments were filed.

As noted in the Commission's Order for Notice and Comment, the Commission Staff ("Staff") requested that the Department of Environmental Quality ("DEQ") coordinate a review of the Company's proposed project by state and local agencies and file a report on the review. On April 30, 2013, DEQ filed its report with the Clerk of the Commission ("DEQ Report").

On May 24, 2013, the Staff filed testimony and the Staff Report on the Application of Virginia Electric and Power Company Reconfiguration of Transmission Lines #543 and #558, Pleasant View South 500 kV Switching Station, and 500 kV Switching Station Connection Line in Loudoun County ("Staff Report"). Based on its analysis, the Staff recommended that the Commission issue a certificate of public convenience and necessity for the Proposed Project.[4]

[1] Application at 2.

[2] *Id.*; Direct Testimony of Robert J. Shevenock on Behalf of Virginia Electric and Power Company at 3.

[3] Application at 2. Collectively, the Company's proposal will be referred to hereafter as the "Proposed Project."

[4] Staff Report at 8.

On July 30, 2013, and August 5, 2013, the Company filed letters advising of the redesignation of the proposed switching station from Pleasant View South Switching Station to Goose Creek Switching Station. The 500 kV Connector between the switching stations also was redesignated as 500 KV Line #595 ("Pleasant View-Goose Creek Line").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application should be approved subject to the requirements set forth in this Order.

Code of Virginia

The statutory provisions governing the Company's Application are distributed among several sections of Title 56 of the Code. Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> 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 . . . .

As also required by § 56-46.1 A of the Code, the Commission also:

> (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

Public Convenience and Necessity

The Commission finds the public convenience and necessity requires the Proposed Project.

The Company and PJM Interconnection, LLC studies, which were verified by the Staff, show the need for installation of a 500 kV 150 Mvar capacitor bank to raise voltage, reduce power losses, and improve power factor. Additional studies established the need for a 500 kV breaker arrangement to prevent the overloading of one of the 500-230 kV transformers at the Company's Loudoun Substation.[5] The addition of these facilities is necessary to assure reliable power for major load concentrations in Northern Virginia.

The Company determined that there is insufficient space at the Existing Switching Station to accommodate the necessary additional facilities. To expand the Existing Switching Station would require relocating existing gas pipelines and an adjoining business.[6]

Dominion Virginia Power owns all property required for the proposed Goose Creek 500 kV Switching Station, the Pleasant View-Goose Creek Line, and the relocation of the Pleasant View-Brambleton Line and Pleasant View-Doubs Line.[7] While the Pleasant View-Goose Creek Line will cross the Washington & Old Dominion Trail, the Company expects limited disruption to the operation of this public recreational resource.[8]

Based on this record, the Commission finds that the Proposed Project will assure reliability of service to customers in Northern Virginia. Likewise, reasonable steps to assure a reliable supply of electricity will support the furtherance of economic development and job creation objectives as considered by § 56-46.1 A of the Code.

Environmental Impact

We also must consider environmental impact. The relevant 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, § 56-46.1 A of the Code, directs that the Commission "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."

DEQ coordinated an environmental review of the Proposed Project by a number of agencies and, based on this review, offered a number of recommendations. Specifically, the Company should:

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[5] *Id.* at 3-5; Direct Testimony of Peter Nedwick on Behalf of Virginia Electric and Power Company ("Nedwick Testimony") at 5-7.

[6] Staff Report at 4; Nedwick Testimony at 8.

[7] Direct Testimony of John B. Bailey on Behalf of Virginia Electric and Power Company at 3.

[8] *Id.* at 4.

> Follow the Department of Environmental Quality's (DEQ) recommendations to avoid and minimize impacts to wetlands and streams.
>
> Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable.
>
> Coordinate with the Department of Conservation and Recreation (DCR) Division of Natural Heritage regarding its recommendations to protect rare diabase glades as well as for updates to the Biotics Data System database if a significant amount of time passes before the project is implemented.
>
> Coordinate with the Department of Game and Inland Fisheries regarding its general recommendations to protect wildlife resources.
>
> Coordinate with the Department of Historic Resources regarding its recommendation to submit the 2012 cultural resources survey conducted by the College of William and Mary Center for Archaeological Research of the project area.
>
> Coordinate with the Northern Virginia Regional Park Authority regarding potential impacts to the Washington and Old Dominion Trail, per the Virginia Department of Transportation's recommendation.
>
> Follow the principles and practices of pollution prevention to the maximum extent practicable.
>
> Limit the use of pesticides and herbicides to the extent practicable.
>
> Coordinate with Loudoun County regarding its recommendations.[9]

We will direct Dominion Virginia Power to follow the DEQ recommendations to the extent practicable.

The Proposed Project is adjacent to an existing 500 kV switchyard, an existing 230-34.5 kV substation, and a major transmission corridor.[10] As noted above, industrial activity and gas pipelines are located in the immediate vicinity. Observing the DEQ recommendations listed above should reasonably minimize adverse environmental impacts.

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire June 1, 2014.[11] If the construction of the Proposed Project has not been completed, Dominion Virginia Power may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, as provided by §§ 56-46.1 and 56-265.1 *et seq.* of the Code, the Application is granted.

(2) The Company is granted approval to construct and operate in Loudoun County a new 500 kV switching station ("Goose Creek 500 kV Switching Station ") and a new Pleasant View-Goose Creek Line; to reconfigure the Pleasant View-Brambleton 500 kV Line #558 and the Pleasant View-Doubs 500 kV Line #543 to connect to the new Goose Creek 500kV Switching Station; and to construct and operate additional facilities as more fully described in the Application and discussed above.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

> Certificate No. ET- 91v, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Loudoun County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2013-00004, cancels Certificate No. ET- 91u, issued to Virginia Electric and Power Company in Case No. PUE-2011-00129 on December 28, 2012.

(4) The Commission's Division of Energy Regulation shall provide the Company a copy of the certificate issued by Ordering Paragraph (3) with the detailed map attached.

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[9] DEQ Report at 6-7 (cross-references omitted).

[10] Direct Testimony of Wilson O. Velazquez on Behalf of Virginia Electric and Power Company at 3.

[11] The Company and PJM have identified a need for a series of reactive projects, including the Proposed Project, to relieve violations of mandatory NERC Reliability Standards by June 1, 2014. *See* Application at 3; Nedwick Testimony at 5.

(5) The transmission line and associated substation work approved herein must be constructed and in service by June 1, 2014; provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Clerk of the Commission.

CASE NO. PUE-2013-00009
DECEMBER 17, 2013

PETITION OF
APPALACHIAN POWER COMPANY

For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant

FINAL ORDER

Pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") and the State Corporation Commission's ("Commission") Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*, on March 29, 2013, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the Commission for approval to continue, with modification, a rate adjustment clause ("RAC"). The RAC, designated the "G-RAC," is designed to recover the costs of its Dresden Generating Plant ("Dresden"), a 580 megawatt natural gas-fired combined cycle generating plant located in Dresden, Ohio, which went into service on January 31, 2012. The G-RAC became effective March 1, 2012, pursuant to the Commission's decision in Case No. PUE-2011-00036.[1]

In Case No. PUE-2012-00036, the Commission found that the then-current G-RAC rates should remain unchanged.[2] The Commission also found that the current return on equity ("ROE") of 11.4% should be used as a placeholder pending the Commission's determination of an appropriate ROE in the Company's 2013 biennial review proceeding.[3] The Commission also directed APCo to file a petition on or before March 29, 2013, to revise the G-RAC or to maintain the existing rates.[4]

In this proceeding, APCo forecasts an annual revenue requirement for the twelve months ending February 28, 2015, of approximately $28 million, which the Company calculated using the same overall ROE of 11.4% adopted in the December 2012 Order.[5] The Company also seeks recovery of an under-collection of G-RAC related costs of approximately $6.2 million for the period of February 1, 2012 through February 28, 2013, and projected under-recovery of approximately $3.7 million for the period of March 1, 2013 through February 28, 2014.[6] According to APCo, the proposed G-RAC factors, if approved, are expected to recover in total a revenue requirement of approximately $37.9 million, an increase of approximately $11.8 million above the revenue requirement of approximately $26.1 million reflected in the currently approved G-RAC factors,[7] which result in a rate increase to customers of approximately 0.9%.[8]

On April 26, 2013, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, *inter alia*, established a procedural schedule for this case, and directed the Company to provide public notice of its Petition. The Procedural Order also directed the assignment of a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed by the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the VML/VACo Steering Committee ("VML/VACo"), Steel Dynamics, Inc. ("Steel Dynamics"), and the Old Dominion Committee for Fair Utility Rates (the "Committee"). On July 24, 2013, the Commission Staff ("Staff") filed its witness testimony. The Company filed rebuttal testimony on August 7, 2013. No other testimony or exhibits was pre-filed in this case.

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[1] Petition of Appalachian Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia to recover the costs of the Dresden Generating Plant, Case No. PUE-2011-00036, 2012 S.C.C. Ann. Rept. 254, Final Order (Jan. 3, 2012) ("G-RAC Order").

[2] *Application of Appalachian Power Company, For approval of a rate adjustment clause: Rider G, Dresden Generating Plant*, Case No. PUE-2012-00036, 2012 S.C.C. Ann. Rept. 428, Final Order (December 20, 2012) ("December 2012 Order").

[3] *Id*. at 429. In the G-RAC Order, the Commission adopted the base ROE of 10.4% approved in the Company's 2011 Biennial Review proceeding (*See Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rept. 477, Final Order (Nov. 30, 2011) ("2011 Biennial Review Order")), and the 100 basis point ROE enhancement provided by § 56-585.1 A 6 for the first ten years of Dresden's service life, resulting in a total ROE of 11.4%.

[4] December 2012 Order at 429.

[5] Ex. 1 (Petition) at 3.

[6] *Id*. at 4. The Company is not seeking the recovery of carrying costs on any under-recovery balance in this case.

[7] *Id*.

[8] *Id*.

Michael D. Thomas, Hearing Examiner, convened an evidentiary hearing on August 28, 2013. Counsel for the Company, Consumer Counsel, VML/VACo, Steel Dynamics, the Committee, and Staff were present at the hearing. No public witnesses appeared at the hearing.

Prior to the hearing, APCo and the Staff entered into a Stipulation ("Stipulation") as a resolution of all issues between the Company and Staff.[9] The Company and Staff presented the Stipulation at the hearing for the Commission's consideration. The Stipulation included the following agreements between the Company and Staff:

> (1) The appropriate ongoing ("Base") revenue requirement in this G-RAC case is as follows: (a) if the proposed merger of Wheeling Power Company into APCo ("Proposed Merger")[10] occurs on or by January 1, 2014, the appropriate Base revenue requirement is $28,025,691; (b) if the Proposed Merger does not occur on or by January 1, 2014, the appropriate Base revenue requirement is $29,660,571.[11]
>
> (2) The true-up component ("True-up") of the G-RAC will be designed to recover an actual and projected under-recovery level as of February 2014 in the amount of $9,385,924 with the Proposed Merger, or $9,759,512 if the Proposed Merger does not occur.[12]
>
> (3) The actual consolidated capital structure used in the Company's last biennial review proceeding was used to determine the applicable stipulated revenue requirements; and the appropriate ROE in this case is 11.4%, comprised of the 10.4% base ROE ordered in the 2011 Biennial Review Order and the 100 basis point enhancement authorized by the Commission in Case No. PUE-2011-00036.[13]
>
> (4) The Company's projected G-RAC revenue requirement is not expected to vary significantly in the near term on a year-to-year basis. Consequently, the Company and Staff agree that a yearly G-RAC filing is unnecessary at this time, and the Base G-RAC factors shall continue until further order of the Commission. Further, the Company shall file its next G-RAC petition on March 31, 2016, except that the Company shall file a petition prior to that date if the cumulative over/under recovery level ("Cumulative Over/Under Recovery Position") exceeds $5 million for each month of two consecutive quarterly reporting periods.[14]
>
> (5) If the Cumulative Over/Under Recovery Position exceeds $5 million for each month of two consecutive quarterly reporting periods, the Company will file a G-RAC petition consisting, at a minimum, of two elements: (a) projected Base G-RAC revenue requirement and associated G-RAC Base factors; and (b) true-up G-RAC factors to recognize the actual and projected over/under recovery levels. The petition will be filed no later than 120 days from the date the second quarterly report was filed.[15]

Consumer Counsel, VML/VACo, Steel Dynamics, and the Committee were not signatories to the Stipulation. None of the respondents took the position that the total G-RAC revenue requirement is unreasonable or that the G-RAC fails to comply with the requirements of § 56-585.1 A 6 of the Code.[16] Each respondent did, however, object to the portion of the Stipulation that extends the filing date for the next G-RAC case from 12 months to not more than 36 months and took the position that the Company's next G-RAC case should be filed no later than March 31, 2015.[17] The respondents' concerns expressed at the hearing included the following: an early filing triggered by an over/under recovery balance exceeding $5 million in six consecutive months is unlikely;[18] three years is too long of an interval between G-RAC filings given the possibility that the Commission could lower the Company's ROE in the 2014 biennial review, which would not be reflected in the G-RAC rate until March 2017;[19] staggering the Company's biennial review and G-RAC filings would do more to promote efficient judicial administration and allow greater scrutiny of the G-RAC costs;[20] the Stipulation, if approved, could set an

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[9] *See* Ex. 6 (Stipulation).

[10] By Order of July 31, 2013, in Case No. PUE-2012-00141, the Commission found, subject to certain conditions, that the merger of Wheeling Power Company into APCo meets Virginia statutory requirements. *See Application of Appalachian Power Company, For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company*, Case No. PUE-2012-00141, Doc. Con. Ctr. No. 130730256, Final Order (July 31, 2013). The Proposed Merger is the subject of a proceeding pending before the Public Service Commission of West Virginia. The resulting revenue requirement for this G-RAC proceeding is, therefore, contingent upon whether the Proposed Merger occurs.

[11] Ex. 6 at 2.

[12] Ex. 6 at 2-3. The Stipulation incorporated Staff's calculations of the actual and projected true-up components of the G-RAC, as Staff had access to more recent operational data at the time Staff was investigating the Petition and preparing testimony. *See* Ex. 7 (Ellis direct) at 5; Tr. at 62-65.

[13] *See* n.3, *supra*; Ex. 6 at 3. The Company and Staff also acknowledged that the Company will be filing its next Biennial Review application in March 2014, the Commission will set a new base ROE during the 2014 Biennial Review, and the Commission will determine the effective date of the base ROE with respect to the G-RAC. Ex. 6 at 3.

[14] Ex. 6 at 3-4. In the Stipulation, the Company and Staff agree that the Company's first quarterly report will be due to the Commission's Division of Utility Accounting and Finance and the Division of Energy Regulation on June 30, 2014, for March, April, and May 2014 and continue thereafter until the filing of the next G-RAC petition.

[15] *Id*. at 4.

[16] *See* Report of Michael D. Thomas, Hearing Examiner, at 3 (Oct. 2, 2013).

[17] *Id*. at 3, 13.

[18] Tr. at 13.

[19] Tr. at 13-14, 20-21. *See also* Comments of the Old Dominion Committee for Fair Utility Rates on the Report of Michael D. Thomas, Hearing Examiner ("Committee Comments"), at 8.

[20] Tr. at 15, 21. *See also* Committee Comments at 14-16.

undesirable precedent for other RAC cases;[21] and given the relatively short amount of time that the facility has been in operation, its operational costs should be reviewed every two years rather than every three years.[22]

On October 2, 2013, the Report of Michael D. Thomas, Hearing Examiner ("Report"), was filed with the Commission. After reviewing the record, the Hearing Examiner recommended that the Commission adopt the Stipulation and approve the G-RAC revenue requirement stated therein.[23] The Hearing Examiner found that "the cumulative impact on any over-/under-recovery on residential customers is minimal on both a monthly and an annual basis."[24] The Hearing Examiner further found that because the Stipulation contains a rate case trigger, which would allow for a significant over-/under-recovery to be addressed prior to March 2016, the Stipulation "is reasonable and fairly balances the Company's need for rate stability and its customers' need for protection against a dramatic swing in the Company's G-RAC."[25] The Hearing Examiner also noted that the Stipulation promotes judicial economy and allows APCo's next G-RAC case to be heard the same year as APCo's 2016 biennial review, synchronizing the cases for the Commission's ROE determination in that biennial review.[26] Upon consideration of the factors described herein, the Hearing Examiner found that the Stipulation complies with the statutory requirements of § 56-585.1 A 6 of the Code.[27]

APCo filed its comments in support of the Hearing Examiner's recommendations on October 23, 2013. Consumer Counsel and the Committee also filed comments to the Hearing Examiner's Report, restating their objections to the extension of the filing date for the next G-RAC petition to March 31, 2016.

NOW THE COMMISSION, having considered the record, the Report, and the comments to the Report, is of the opinion and finds that the Petition, as modified by the Stipulation, should be granted. We adopt the Hearing Examiner's findings set forth above and approve the Stipulation as filed by the Company and Staff.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is granted, as modified by the Stipulation.

(2) The Stipulation is approved and ordered as set forth herein.

(3) On or before March 31, 2016, the Company shall petition the Commission to either revise the G-RAC or maintain the existing G-RAC for a rate year commencing March 1, 2017. If, however, the cumulative over/under recovery level exceeds $5 million for each month of two consecutive quarterly reporting periods, the Company shall file, within 120 days from the date the second such quarterly report was filed, a G-RAC petition setting forth, at a minimum: (i) projected Base G-RAC revenue requirement and associated G-RAC Base factors, and (ii) true-up G-RAC factors to recognize the actual and projected over/under recovery levels.

(4) This case is dismissed.

[21] Tr. at 15-16. *See also* Committee Comments at 9-11.

[22] Tr. at 20-21. *See also* Comments of the Office of the Attorney General, Division of Consumer Counsel, at 3-5.

[23] Report at 16.

[24] *Id*. at 15.

[25] *Id*.

[26] *Id*. at 16.

[27] *Id*.

CASE NO. PUE-2013-00010
NOVEMBER 25, 2013

PETITION OF
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause, E-RAC, to recover costs incurred in complying with state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e

FINAL ORDER

On March 29, 2013, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 5 e of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") a petition ("Petition") seeking approval of a rate adjustment clause, designated as Rider E-RAC, to recover costs associated with projects that, according to the Company, are necessary to comply with state and federal environmental laws and regulations.

APCo seeks to recover from its Virginia retail customers approximately $38.5 million that the Company indicates are Virginia jurisdictional environmental costs that it incurred in 2011 and 2012 but that the Company has not recovered through its rates.[1] APCo indicates that the recovery it requests

[1] Ex. 2 (Petition) at 1; Ex. 6 (Direct Pre-filed Testimony of A. Wayne Allen) at 10.

through the proposed E-RAC is consistent with prior rulings of the Commission and the Supreme Court of Virginia.[2] Based on these rulings, the Petition does not request inclusion in the E-RAC of any capacity equalization charges or internal labor costs but does request the recovery of unrecovered costs of projects that have previously been included in the Company's base rates.[3]

APCo requests that its requested recovery of $38.5 million be collected through the proposed rate adjustment clause over a one-year period beginning on or around February 1, 2014.[4] According to the Company, the proposed E-RAC, if approved, will increase a residential customer's monthly bill, based on 1,000 kilowatthours ("kWh") of usage per month, by $3.15.[5] The proposal also will affect non-residential customer bills.

APCo's first E-RAC, which was approved for the recovery of $36 million, expired on March 31, 2013. As filed, the Petition indicates that APCo is in the process of determining the amount it recovered under the expired E-RAC. If the Company determines that its recovery exceeded the $36 million authorized by the Commission, APCo indicated that it would file supplemental testimony requesting a credit be included in the final determination of a revenue requirement in this case.[6]

On April 18, 2013, the Commission issued an Order for Notice and Hearing that, among other things: established a procedural schedule for this case; directed APCo to provide public notice of its Petition; and assigned, pursuant to § 12.1-31 of the Code, a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

The following parties filed notices of participation in this proceeding: VML/VACo APCo Steering Committee ("Steering Committee"); Steel Dynamics, Inc. ("SDI"); the Old Dominion Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On July 31, 2013, the Commission Staff ("Staff") filed the testimonies and exhibits of its witnesses. The Company subsequently filed notice that it would not file rebuttal testimony.

The Hearing Examiner convened the public evidentiary hearing on August 29, 2013. At the hearing, APCo, Staff, Consumer Counsel, the Committee, SDI, and the Steering Committee ("Stipulating Participants") presented a Stipulation that resolved all of the issues in this proceeding. The Stipulating Participants agreed to several terms, including: (1) a stipulated revenue requirement of $37,565,772, which corresponds to the recommendations in the Staff testimony, including the rate of return on common equity ("ROE") for use in calculating the cost of equity capital between January 29, 2012, and December 31, 2012; (2) with the Commission's approval, the Company will implement the E-RAC within sixty (60) days after the date of this Order and it will be in effect for a period of twelve (12) months; (3) the stipulated revenue requirement corresponds to a monthly increase of $3.07 for a residential customer using 1,000 kWh per month; (4) the cost allocation and rate design methodologies used to recover the stipulated revenue requirement, as recommended in the Staff testimony, will be as described in Company witness Sebastian's testimony; and (5) in a subsequent proceeding or proceedings, the Company will incorporate any over- or under-recovery resulting from the E-RAC surcharge factors approved in this proceeding (in addition to any resulting from the prior factors approved in Case No. PUE-2011-00035).[7]

On September 25, 2013, the Hearing Examiner issued a report ("Hearing Examiner's 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. Specifically, the Hearing Examiner found "that the proposed E-RAC, as modified by the Stipulation, is consistent with § 56-585.1 A 5 e of the Code as it is designed to recover the costs of projects that are necessary to comply with state and federal environmental laws for generation facilities used to serve the Company's jurisdictional load."[8] The Hearing Examiner recommended that the Commission adopt the Stipulation and grant the Company an E-RAC designed to recover a revenue requirement of $37,565,772.[9]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

APCo seeks approval of its proposed E-RAC pursuant to § 56-585.1 A 5 e of the Code, which allows a utility to petition the Commission for approval of a rate adjustment clause for the recovery of the following costs:

> e. Projected and actual costs of projects that the Commission finds to be necessary to comply with state or federal environmental laws or regulations applicable to generation facilities used to serve the utility's native

[2] Ex. 2 (Petition) at 4. *Petition of Appalachian Power Company, For approval of a rate adjustment clause, E-RAC, to recover costs incurred in complying with state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e*, Case No. PUE-2011-00035, 2011 S.C.C. Ann. Rept. 474, Order Approving Rate Adjustment Clause (Nov. 30, 2011), *aff'd in part, rev'd in part sub nom. Appalachian Power Co. v. State Corp. Comm'n*, 2012 Va. LEXIS 202 (Nov. 1, 2012).

[3] Ex. 2 (Petition) at 4.

[4] *Id.* at 5.

[5] Ex. 7 (Direct Pre-filed Testimony of Jennifer B. Sebastian) at 9.

[6] *Id*. If, on the other hand, APCo determines that the expired E-RAC did not recover the amount authorized in Case No. PUE-2011-00035, the Company would address such under-recovery in a subsequent proceeding. *Id.* at 9-10. As reflected in the language in our discussion of the Stipulation below, APCo did not file supplemental testimony requesting that a credit be included in the final determination of a revenue requirement in this case.

[7] Stipulation at 2.

[8] Hearing Examiner's Report at 11.

[9] *Id.*

> load obligations. The Commission shall approve such a petition if it finds that such costs are necessary to comply with such environmental laws or regulations. . . .

We agree with the Hearing Examiner that the proposed Stipulation should be adopted. The proposed E-RAC, as modified by the Stipulation, is designed to recover a revenue requirement of $37,565,772, which corresponds to the recommendations in Staff's testimony, including that regarding the ROE for use in calculating the cost of equity capital between January 29, 2012, and December 31, 2012. This revenue requirement represents a monthly increase of $3.07 for a residential customer using 1,000 kWh per month.[10] The proposed E-RAC, as approved herein, also uses the cost allocation and rate design methodologies as recommended in the Staff testimony and described in Company witness Sebastian's testimony.[11]

With our approval herein, the Company shall implement the E-RAC sixty (60) days after the date of this Order and it will be in effect for a period of twelve (12) months. In a subsequent proceeding or proceedings, the Company shall incorporate any over- or under-recovery resulting from the E-RAC surcharge factors approved in this proceeding (in addition to any resulting from the prior factors approved in Case No. PUE-2011-00035). As such, we find that the Stipulation is in the public interest. However, our acceptance of this Stipulation, based on the specific facts of this case, shall not be regarded as a precedent or any other principle in any future case.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is granted in part as set forth in this Order.

(2) The Company shall forthwith file a revised Schedule E-RAC with the Clerk of the Commission and with the Commission's Division of Energy Regulation, in accordance with this Order, effective for bills rendered on and after sixty (60) days from the date of this Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) The Company shall file its proposed true-up of the recovery approved herein on or before May 1, 2014.

(4) This matter is dismissed.

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[10] Stipulation at 2.

[11] *Id.*

CASE NO. PUE-2013-00010
DECEMBER 9, 2013

PETITION OF
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause, E-RAC, to recover costs incurred in complying with state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e

ORDER *NUNC PRO TUNC*

On November 25, 2013, the State Corporation Commission ("Commission") issued a Final Order ("Final Order") in this proceeding. Ordering Paragraph (3) of the Final Order contains an error, directing that Appalachian Power Company make a future filing under Va. Code § 56-585.1 A 5 e one year earlier than intended by the Commission.

NOW THE COMMISSION, upon consideration of the Final Order, is of the opinion and finds that an Order *Nunc Pro Tunc* should be entered to revise Ordering Paragraph (3) of the Final Order to correct this error.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (3) of the Commission's November 25, 2013 Final Order issued in this case is hereby amended, *nunc pro tunc*, to read as follows: "(3) The Company shall file its next E-RAC petition on or before May 1, 2015."

(2) All other portions of the Commission's November 25, 2013 Final Order in this docket shall remain unchanged.

(3) This matter is dismissed.

CASE NO. PUE-2013-00012
FEBRUARY 22, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of various agreements, arrangements and policies between Columbia Gas of Virginia, Inc., and Columbia Gulf Transmission, LLC

ORDER GRANTING APPROVAL

On January 30, 2013, Columbia Gas of Virginia, Inc. ("CGV"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of various agreements, arrangements and policies previously approved by the Commission as between CGV[1] and Columbia Gulf Transmission Company ("Columbia Gulf") under Chapter 4 of Title 56 of the Code of Virginia ("Code").[2]

CGV is a Virginia public service corporation that provides natural gas distribution service to approximately 250,000 customers in Central and Southern Virginia, the Piedmont region, most of the Shenandoah Valley, portions of Northern and Western Virginia, and the Hampton Roads region. Columbia Gulf is an interstate natural gas pipeline company and a "natural-gas company" as defined in the Natural Gas Act.[3] Columbia Gulf intends to convert, on or about March 1, 2013, from a corporation to a limited liability company ("LLC") pursuant to the laws of Delaware. Upon completion of this change, Columbia Gulf will become Columbia Gulf Transmission, LLC ("CGT LLC"). CGV and Columbia Gulf are wholly owned subsidiaries of Columbia Energy Group, which in turn, is a wholly owned subsidiary of NiSource, Inc.

CGV requests that the Commission reauthorize its current approved agreements, arrangements, and policies with Columbia Gulf ("Columbia Gulf Agreements") in the name of CGT LLC, effective upon the conversion of Columbia Gulf to a LLC. Specifically, CGV identified five FERC agreements, one mutual assistance and services agreement, two electronic data interchange and electronic contracting agreements, and two policies and procedures. These eight agreements and two policies and procedures were approved in eight different cases in Orders dating from 1988 through 2009 ("Prior CGV Orders").[4]

CGV represents that none of the terms, conditions, rates, liabilities, or obligations under any of the agreements, arrangements, or policies have been modified or amended, nor do they necessitate modification or amendment, as a consequence of Columbia Gulf's conversion to an LLC. However, Columbia Gulf's name change and entity conversion qualify as a change in terms and conditions of the Columbia Gulf Agreements, thereby triggering the regulatory requirement in the Commission's Prior CGV Orders directing CGV to seek approval of the Columbia Gulf Agreements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that reauthorization of the Columbia Gulf Agreements described herein is in the public interest and should be approved subject to the requirements set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, CGV hereby is granted approval of the Columbia Gulf Agreements, subject to the requirements set forth herein.

(2) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the Columbia Gulf Agreements.

(3) The notice, filing, and reporting requirements set forth in the Prior CGV Orders (see Footnote 4) shall apply to the Columbia Gulf Agreements approved herein.

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[1] A number of the agreements, arrangements, and policies were entered into in the name of Commonwealth Gas Services, Inc., which changed its name to Columbia Gas of Virginia, Inc., effective January 16, 1998.

[2] Va. Code § 56-76 *et seq.*

[3] Section 15 U.S.C. § 717 *et seq.*

[4] *Application of Columbia Gas of Virginia, Inc., For authority to participate in affiliate agreements,* Case No. PUA-1987-00060, 1988 S.C.C. Ann. Rept. 176, Order Granting Authority (Jan. 26, 1988); *Application of Commonwealth Gas Services, Inc., For approval of agreements with affiliates,* Case No. PUA-1995-00025, 1996 S.C.C. Ann. Rept. 118, Order Granting Approval (July 18, 1996); *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, 2004 S.C.C. Ann. Rept. 432, Order Granting Approval (Apr. 13, 2004); *Application of Columbia Gas of Virginia, Inc., For approval of firm transportation service, firm storage service, storage service transportation, and liquefied natural gas storage service agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2004-00073, 2004 S.C.C. Ann. Rept. 482, Order Granting Approval (Aug. 3, 2004); *Application of Columbia Gas of Virginia, Inc., For approval of a Schedule ITS-2 Service Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2004-00094, 2004 S.C.C. Ann. Rept. 506, Order Granting Approval (Oct. 22, 2004); *Application of Columbia Gas of Virginia, Inc., For approval of an Electronic Data Interchange Trading Partner Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2004-00107, 2004 S.C.C. Ann Rept. 519, Order Granting Authority (Nov. 30, 2004); *Application of Columbia Gas of Virginia, Inc., For a limited exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or, in the alternative, for approval of an amendment to an EDI Trading Partner Agreement,* Case No. PUE-2008-00020, 2008 S.C.C. Ann. Rept. 494, Order Denying Exemption and Granting Approval (May 7, 2008); *Application of Columbia Gas of Virginia, Inc., For approval of Master Auto PAL Agreements with Columbia Gas Transmission, LLC, and Columbia Gulf Transmission Company pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2009-00074, 2009 S.C.C. Ann. Rept. 514, Order Granting Approval (Oct. 15, 2009).

(4) CGV shall file a Report of Action ("Report") within thirty (30) days of Columbia Gulf's conversion to CGT LLC. Such Report shall include a copy of the instrument of entity conversion and the date the conversion took place.

(5) Separate Commission approval shall be required for any changes in the terms and conditions of the Columbia Gulf Agreements.

(6) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.

(7) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(8) CGV shall include all transactions under the Columbia Gulf Agreements in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline the UAF Director may extend administratively.

(9) In the event that rate filings are not based on a calendar year, then CGV shall include the affiliate information contained in its ARAT in such filings.

(10) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00013
NOVEMBER 25, 2013

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

For a general rate increase

FINAL ORDER

On April 1, 2013, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting a general increase in base rates pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq*.) of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq*. ("Rate Case Rules").

KU/ODP requested an increase in base rates in the amount of $6.5 million over present total operating revenues, or a 9.59% increase in its total operating revenues, including fuel.[1] According to the Company, the proposed rate increase would raise the monthly bill of a residential customer using 1000 kilowatthours ("kWh") of electricity from $91.77 per month to $101.34 per month, an increase of $9.57, or 10.43%. The proposed rate increase includes a $4 increase, from $10 to $14, in the monthly customer charge, in addition to a .557 cent per kWh increase in the energy charge, from the current rate of 5.198 cents per kWh to the proposed rate of 5.755 cents per kWh.[2]

KU/ODP's Application included proposed rate schedules reflecting an effective date of May 1, 2013, with the expectation that the Commission would suspend enforcement of the proposed rates, rules, and regulations until the Commission entered its Final Order in this proceeding, pursuant to § 56-238 of the Code.[3]

On April 30, 2013, the Commission issued an Order for Notice and Hearing that, among other things, (i) suspended the Company's proposed increase in rates until the Commission entered its Final Order in this proceeding; (ii) required the Company to provide notice of its Application; (iii) scheduled a local hearing for June 24, 2013, in the Town of Norton to receive the testimony of public witnesses; (iv) scheduled a public hearing for October 1, 2013, in Richmond; and (v) assigned this matter to a Hearing Examiner.

No one filed a notice of participation to become a respondent in this proceeding, and no one filed written comments on the Application. On June 24, 2013, four witnesses testified during the public hearing in Norton, Virginia.[4]

On September 16, 2013, the Staff of the Commission ("Staff") filed its testimony that, among other things, recommended an annual increase in rates for the Company to produce approximately $3.5 million, as compared to the $6.5 million KU/ODP requested.[5] The Staff's testimony also addressed issues of rate design; the Company's terms and conditions for tariffed service in Virginia;[6] return on equity ("ROE"); and overall cost of capital.[7]

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[1] Ex. 1 (Application) at 1-2.

[2] Ex. 2 (Staton Direct) at 10; Ex. 6 (Conroy Direct) at 9-10; Ex. 1 (Application) at Schedule 43.

[3] Ex. 1 (Application) at 9.

[4] *See* Report of Deborah V. Ellenberg, Chief Hearing Examiner (Nov. 14, 2013) at 2; Transcript at 8-19. Three public witnesses, including the Mayor of the Town of Big Stone Gap, testified opposing KU/ODP's proposed rate increase. The fourth public witness provided testimony regarding the use of solar panels by utility customers.

[5] Ex. 14 (Garmon Direct) at 27.

On October 7, 2013, the Staff and KU/ODP filed a Stipulation and Recommendation ("Stipulation")[8] and Joint Motion to Accept Stipulation. In the Stipulation, KU/ODP and the Staff recommended that the Commission approve increasing KU/ODP's operating revenues by $4.7 million (base rate revenues of $4,665,540), effective for service rendered on and after December 1, 2013, as a fair, just and reasonable resolution of KU/ODP's request for an increase in base rates in this case. KU/ODP and the Staff stated that this recommendation was the product of compromise and settlement between KU/ODP and the Staff based upon the evidence in the record and represents a "black-box settlement" through which KU/ODP and the Staff agreed to a specific revenue requirement but no specific determination of ROE, accounting adjustments, or ratemaking methodologies.[9]

The Stipulation also included a request from KU/ODP and the Staff for the Chief Hearing Examiner to consider the record in this case and recommend to the Commission a fair, just, and reasonable ROE for use in any earnings tests conducted pursuant to the Commission's review of rates pursuant to § 56-234.2 of the Code and the Commission's Rate Case Rules beginning with the calendar year 2013 and continuing thereafter until the Commission resets KU/ODP's ROE.

Additionally, the Stipulation included documentation for revenue allocation among rate classes and rates for each of the Company's rate schedules. Further, the Stipulation documented the agreed upon rates, terms and conditions for furnishing electric service by KU/ODP, including an increase in the residential basic service charge from $10 to $12 per month. In addition, per the Stipulation, deposits for customers not classified as "residential" or "general service" shall be retained for a period not to exceed two years, provided the satisfactory payment criteria set forth in KU/ODP's tariff have been met.[10]

According to the Stipulation, KU/ODP will submit a plan in its next base rate case to address gradually phasing out the grandfathering provisions in its General Service Rate Schedule, Power Service Rate Schedule, and Curtailable Service Rider in order to move grandfathered customers to the appropriate rate schedule. The Stipulation also provided that KU/ODP would comply with its currently approved Utility Services Agreement for Third-Party Vendor Costs ("Third-Party Vendor Costs Agreement") or would file an amended Third-Party Vendor Costs Agreement within 90 days of this Final Order.[11]

On November 14, 2013, the Chief Hearing Examiner issued her report in which she summarized the record, including the public witness testimony presented in Norton, Virginia, and the testimony, exhibits, and Stipulation presented by KU/ODP and the Staff ("Report").[12] The Chief Hearing Examiner found that based on the evidence received in this case:

(1) The Stipulation presents a reasonable resolution to those issues which it addresses, and should be adopted;

(2) An ROE of 10% is a fair, just and reasonable ROE for use in any earnings test conducted pursuant to the Commission's [Rate Case Rules], beginning with the calendar year 2013 and continuing thereafter until the ROE is reset by the Commission;

(3) An annual base revenue increase of $4,700,000 (base rate revenue of $4,665,540) effective for service rendered on and after December 1, 2013, as recommended in the Stipulation is justified and reasonable;

(4) The revenue allocation methodology recommended in the Stipulation is just and reasonable; and

(5) The rates, charges, and tariff provisions recommended in the Stipulation are just and reasonable.[13]

Accordingly, the Chief Hearing Examiner recommended that the Commission enter an Order that: (i) adopts the findings in her Report; (ii) adopts the Stipulation presented by KU/ODP and the Staff; (iii) approves an ROE of 10% as a fair, just, and reasonable ROE for use in any earnings test conducted pursuant to the Commission's Rate Case Rules, beginning with the calendar year 2013 and continuing thereafter until the ROE is reset by the Commission; (iv) grants the Company a revenue requirement increase of $4.7 million (base rate revenues of $4,665,540) effective for service rendered on and after December 1, 2013; and (iv) dismisses this case from the Commission's docket of active cases.[14]

On November 19, 2013, KU/ODP filed a response to the Report of the Chief Hearing Examiner. The Company indicated that although it disagrees with the finding in the Report that 10% is a fair, just and reasonable ROE, it does not take issue with the use of this value for the limited purpose of any earnings test conducted pursuant to the Commission's Rate Case Rules, beginning with the calendar year 2013 and continuing thereafter until the ROE is reset by the Commission. KU/ODP respectfully requested that the Commission enter an order by November 27, 2013, accepting the recommendations of the Chief Hearing Examiner.

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[6] *See generally,* Ex. 17 (Grant Direct).

[7] *See generally,* Ex. 15 (Gleason Direct).

[8] *See* Ex. 13 (Stipulation).

[9] *Id.* at 1-2.

[10] *Id*. at 2.

[11] *Id.* at 2-3.

[12] Report at 1-9.

[13] *Id.* at 10.

[14] *Id.*

On November 19, 2013, the Staff filed comments on the Report noting that the Chief Hearing Examiner determined that an ROE of 10% was a fair, just, and reasonable ROE for any prospective earnings tests, based in part on a risk adjustment of 50 basis points. In its pre-filed testimony, the Staff's analysis produced an ROE range of 8.8% to 9.8%, with a midpoint of 9.3%. Staff then added a risk adjustment of 20 basis points, creating its recommended midpoint of 9.5%. In its comments, the Staff stated that 9.3% should remain the starting point for adding any risk adjustment and that a 20 basis point risk adjustment was appropriate. However, given the Chief Hearing Examiner's risk adjustment of 50 basis points, the Staff recommended that the Commission adopt an ROE of no greater than 9.8%.

NOW THE COMMISSION, upon consideration of the Company's Application, the record herein, and the applicable statutes, is of the opinion and finds that it should adopt the findings and recommendations of the Chief Hearing Examiner. We find that the Stipulation satisfies the statutory requirements attendant to this case. Accordingly, we approve and adopt the Stipulation.[15] Further, we find that an ROE of 10.0% should be set for KU/ODP for use in any earnings test pursuant to § 56-234.2 of the Code and the Commission's Rate Case Rules, beginning with calendar year 2013, and continuing thereafter until reset by the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the November 14, 2013 Chief Hearing Examiner's Report hereby are adopted.

(2) The Stipulation presented by KU/ODP and the Staff hereby is approved.

(3) An ROE of 10.0% is set for use in any earnings test pursuant to § 56-234.2 of the Code and the Commission's Rate Case Rules, beginning with calendar year 2013 and continuing thereafter until KU/ODP's ROE is reset by order of the Commission.

(4) KU/ODP forthwith shall 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 service rendered on and after December 1, 2013. This shall include increasing the residential basic service monthly charge from $10 to $12 per month, as set forth in the Stipulation.

(5) KU/ODP shall comply with its currently approved Third-Party Vendor Costs Agreement and file within ninety (90) days of this Final Order an amended agreement that accurately reflects how costs under the agreement will be billed.

(6) KU/ODP shall file in its next base rate case a plan to address gradually phasing out grandfathering provisions in the Company's General Service Rate Schedule, Power Service Rate Schedule, and Curtailable Service Rider in order to move grandfathered customers to the appropriate rate schedules.

(7) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

[15] Ex. 13 (Stipulation).

CASE NO. PUE-2013-00015
JULY 3, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to amend its SAVE Plan pursuant to § 56-604 of the Code of Virginia

ORDER APPROVING AMENDED SAVE PLAN

On March 21, 2013, in accordance with 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure and § 56-604 of the Code of Virginia ("Code"), a provision of the Steps to Advance Virginia's Energy Plan Act, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application ("Application") with the Commission for approval of amendments to its SAVE Plan, which was approved by the Commission in Case No. PUE-2011-00049 ("Approved SAVE Plan").[1] In its Application for an amended SAVE Plan ("Amended SAVE Plan"), the Company proposed the following amendments to its Approved SAVE Plan:

(1) Creating an additional category of "eligible infrastructure . . . designed to enhance safety and reliability . . . at measurement and regulation stations ("M&R Stations").[2]

(2) Spending an additional $5 million annually for each of the next four years of the SAVE Plan and increasing the cap on total SAVE Plan expenditures from $100 million to $120 million to "increase the amount it is permitted to spend on SAVE eligible infrastructure replacements."[3]

[1] Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604, Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

[2] Application at 2.

[3] Id. at 3.

(3) Increasing its annual spending tolerance from 5% to 25%, and increasing its total SAVE Plan spending tolerance to 5%, capping expenditures at "105% of the total $120 million" requested in the Application.[4]

The Application stated that the addition of a new category of infrastructure for the replacement of aged M&R Station components would, among other things, result in a "distribution system with an enhanced level of safety" due to the "reduction or elimination of the highest risk/greatest leak rate or low frequency/high consequence segments" of CGV's system, resulting in a more reliable system for customers and helping to reduce the "risk of an uncontrolled release of natural gas," as well as reduce the potential for greenhouse gas emissions, giving the Company greater control over its distribution system.[5]

According to the Application, certain components of the M&R Stations "have been in service for many years and have begun to reach the end of their useful lives,"[6] and the Company anticipates that M&R Station replacements would be "prioritized based on the design and age of existing equipment" and "the number of downstream customers affected by a potential failure," among other things, while focusing on "enhancing safety and reliability and reducing greenhouse gas emissions."[7] Many of CGV's M&R Station facilities "lack redundancy, remote relief valves, telemetry, pipeline heaters, or gas filter/separator equipment."[8]

With respect to increasing annual expenses by $5 million, the Company's Application noted that a portion of the increase would go to the aforementioned M&R Station replacements, with the remaining funds to go towards costs that "have been greater than expected" for the Approved SAVE Plan and, if any funds are left, replacement of other "eligible infrastructure."[9]

Regarding the requested increase in annual spending tolerance to 25% and total tolerance to 5%, CGV seeks flexibility in its total spending, which would "allow the Company to focus on replacing infrastructure in accordance with risk, while allowing for the reality that some costs cannot be precisely predicted."[10]

On March 15, 2013, the Commission entered an Order for Notice and Comment herein which, among other things, permitted the filing of comments, requests for hearing, and notices of participation by interested persons; required the Commission Staff ("Staff") to file a Report; and permitted the Company to respond to the Staff Report, any comments, or requests for hearing. No requests for hearing were filed, and one public comment was filed. The Staff filed its Report on June 10, 2013.

In its Report, the Staff did not take issue with the Company's replacement of M&R Stations, the additional funds for those replacements, or the proposed revenue requirement of $3,911,012. However, the Staff did request that the Commission require CGV to:

> submit to the Division of Utility and Railroad Safety ("URS") a prioritized list of M&R Stations to be addressed using SAVE funds, within 60 days prior to the initiation of any SAVE-related work. This listing should be developed in accordance with the provisions of the Company's [Distribution Integrity Management Program] DIMP Plan. In addition, the Company should be required to submit quarterly reports to URS delineating the M&R Stations that the Company has taken corrective actions on and details of the corrective actions, including the equipment that was replaced or installed, until the program is complete.[11]

The Staff Report noted that the Staff does not oppose the Company's request for a $5 million increase in annual expenditures for each of the next four years[12] and, further, noted that the Staff agreed with CGV's allocation methodology and the resulting Amended SAVE Plan increase of approximately $0.60 to a typical residential annual bill.[13]

The Company filed its Comments to the Staff Report on June 14, 2013, in which CGV supported the Staff's recommendations and requested the Commission to approve the Amended SAVE Plan and include the Staff's reporting recommendations.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application to amended its SAVE Plan should be approved and should include the Staff's recommended requirements.

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[4] Id.

[5] Id. at 4; Huwar Direct Testimony at 3-4.

[6] Cote Direct Testimony at 7.

[7] Id.; Huwar Direct Testimony at 5.

[8] Cote Direct Testimony at 7.

[9] Id. at 9; Huwar Direct Testimony at 9-10.

[10] Cote Direct Testimony at 9; Huwar Direct Testimony at 9-10; Horner Direct Testimony at 13.

[11] Staff Report at 5.

[12] Id. at 7.

[13] Id. at 8-9.

Accordingly, IT IS ORDERED THAT:

(1) CGV's Application to amend its SAVE Plan, as permitted by § 56-603, *et seq*. of the Code, is approved, subject to the requirements set forth in this Order, and the Company shall comply with the directives herein.

(2) CGV shall submit to the Division of Utility and Railroad Safety ("URS") a prioritized list of M&R Stations to be addressed using SAVE funds, within 60 days prior to the initiation of any SAVE-related work. This listing shall be developed in accordance with the provisions of the Company's DIMP Plan. In addition, the Company shall be required to submit quarterly reports to URS delineating the M&R Stations that the Company has taken corrective actions on and details of the corrective actions, including the equipment that was replaced or installed, until the program is complete.

(3) This matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2013-00016
JUNE 18, 2013

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

Ex Parte: In the matter of amending regulations

ORDER AMENDING REGULATIONS

On March 13, 2013, the State Corporation Commission ("Commission") issued an Order Initiating Rulemaking Proceeding in this docket for the purpose of amending numerous regulations adopted by the Commission pursuant to § 12.1-13 of the Code of Virginia ("Code"), as well as various statutes in Title 56 of the Code. These regulations are codified in Title 20 of the Virginia Administrative Code ("VAC").

The Commission's Order Initiating Rulemaking Proceeding proposed amendments to the regulations to: (1) recognize certain internal organizational changes, effective November 16, 2011, which eliminated the Division of Economics and Finance as a separate division within the Commission and renamed the Division of Public Utility Accounting, which is now known as the Division of Utility Accounting and Finance, (2) correct out-dated references to statutes in the Code of Virginia ("Code") that have been renamed or repealed, as well as remove obsolete rules and schedules that are no longer required, and (3) bring the regulations into compliance with the Virginia Register Form, Style and Procedures Manual issued by the Virginia Code Commission. The regulations that the Commission proposed to modify included 20 VAC 5-10-20, 20 VAC 5-200-21, 20 VAC 5-200-40, 20 VAC 5-201-10, 20 VAC 5-202-10, 20 VAC 5-202-20, 20 VAC 5-202-30, 20 VAC 5-202-40, 20 VAC 5-202-50, 20 VAC 5-304-40, 20 VAC 5-312-20, 20 VAC 5-312-50, 20 VAC 5-312-90, 20 VAC 5-314-10, 20 VAC 5-320-10, 20 VAC 5-320-20, 20 VAC 5-403-50, and 20 VAC 5-403, Appendix A.

Interested persons were given the opportunity to comment or request a hearing on the proposed regulations. Appalachian Power Company ("APCo") filed a letter with the Commission on April 29, 2013, stating that it "has no comments on the specific changes" to the regulations proposed by the Commission. However, APCo further stated that its "silence on the proposed rule changes proposed in this docket should not be interpreted as waiving or withdrawing any comments [APCo] made in Case No. PUE-2012-00043."[1] No other person filed comments on the proposed changes to the regulations, nor did anyone request a hearing in this matter.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the proposed revisions to the regulations set forth in the Commission's Order Initiating Rulemaking Proceeding should be adopted with one minor modification. In 20 VAC 5-202-10, the word "implement" was pluralized to correct the grammar in the regulation. Otherwise, the Commission adopts the rules and regulations as published originally.

Accordingly, IT IS ORDERED THAT:

(1) The regulations appended hereto as Attachment 1 are hereby adopted effective July 1, 2013.

(2) A copy of this Order and the rules adopted herein shall be forwarded promptly to the Register of Regulations for publication in the Virginia Register of Regulations.

(3) 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.

NOTE: A copy of Attachment 1 entitled "Amend Utility 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.

[1] Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the rules of the State Corporation Commission governing utility rate applications by electric utilities subject to the Virginia Electric Utility Regulation Act, Case No. PUE-2012-00043, Doc. Cont. Cen. No. 120520119, Order Initiating Proceeding (May 10, 2012).

CASE NO. PUE-2013-00018
AUGUST 9, 2013

JOINT PETITION OF
AQUA VIRGINIA, INC.
and
B&J ENTERPRISES, L.C.

For approval of a transfer of utility assets pursuant to the Utility Transfers Act and for the amendment of a certificate of public convenience and necessity pursuant to the Utility Facilities Act

ORDER GRANTING APPROVAL

On February 15, 2013, Aqua Virginia, Inc. ("Aqua Virginia"), and B&J Enterprises, L.C. ("B&J") (collectively, "Joint Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") for approval of a transfer of utility assets pursuant to the Utility Transfers Act[1] and for the amendment of a certificate of public convenience and necessity ("CPCN") pursuant to § 56-265.3 D of the Utility Facilities Act ("Joint Petition").[2]

The Joint Petitioners seek authority for Aqua Virginia to acquire, and B&J to dispose of, utility assets located in Montgomery County, Virginia, which are used to provide sewer treatment and collection service to a residential community surrounding the Blacksburg Country Club.[3] The Blacksburg Country Club Wastewater Treatment Plant (the "System") currently serves approximately 159 residential customers and the Blacksburg Country Club.[4] Following the transfer, the Joint Petitioners state that Aqua Virginia "will be assigned the assets acquired in the transaction and will serve the customers on the System."[5] Aqua Virginia seeks to acquire the utility assets from B&J for a base purchase price of $135,000.[6] According to the Joint Petitioners, "the acquisition will help to insure that the customers served by those assets will receive adequate service at just and reasonable rates."[7] The Joint Petitioners also seek to transfer B&J's CPCN to Aqua Virginia and all other approvals within the Commission's jurisdiction appropriate to effect the transaction between Aqua Virginia and B&J.

On March 29, 2013, the Commission issued an Order for Notice and Comment ("Procedural Order") that provided for notice to the public of the Joint Petition and established a procedural schedule in this case.[8] Among other things, the Procedural Order allowed for interested persons to submit comments and request a hearing in this proceeding and directed the Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and present its findings in a Staff Report.

On May 30, 2013, the Blacksburg Country Club, Inc., the Blacksburg Country Club Estates Homeowners' Association, Mr. Robert A.S. Wright, and Dr. William G. Foster (collectively, the "Customers") filed comments on the Joint Petition in which they expressed concerns regarding the prior management of B&J; suggested that any investment in the System by Aqua Virginia should not result in a rate increase for at least five years; and argued that the Customers' rates should be reduced. The Customers stated that they support the Joint Petition.[9]

On June 14, 2013, the Staff Report was filed in which the Staff recommended that the Commission approve the proposed transfer of the System from B&J to Aqua Virginia; that Aqua Virginia's CPCN be amended to include the System's service territory; and that B&J's CPCN be cancelled. The Staff further recommended that the Commission's approval should be subject to the following requirements:

> 1) Within ninety (90) days of completing the proposed transfer, the Applicants should file a Report of Action with the Commission. Included in the Report of Action should be the date of the transfer, the actual sales price, and the actual accounting entries on Aqua [Virginia]'s books to reflect the transfer. Such accounting entries should be in accordance with the Uniform System of Accounts ("USOA"), which includes booking any difference between the purchase price and the verified net book value of the utility assets as an acquisition adjustment to Account 114.
>
> 2) B&J should be directed to provide all records related to the transferred assets to Aqua [Virginia] at closing, which should be directed to maintain them henceforth in accordance with the USOA.
>
> 3) Staff recommends that the Commission direct Aqua [Virginia] to keep separate accounting records for the System. Staff further recommends that Aqua [Virginia] be directed to file a System balance sheet, 12-month

[1] Va. Code § 56-88 *et seq*.

[2] Va. Code § 56-265.1 *et seq*.

[3] Joint Petition at 1.

[4] *Id*.

[5] *Id*. at 5.

[6] *Id*.

[7] *Id*. at 6.

[8] The Procedural Order subsequently was amended by Order entered May 1, 2013, in response to the Joint Petitioners' Motion for Amendment of Procedural Schedule and Request for Extension of Time.

[9] The Customers further stated that they "are willing to work with the petitioners and staff informally, but request a hearing if that effort is not successful." *See* Customers' Comments at 8.

income statement, and a rate of return statement within 90 days following the first full year of Aqua [Virginia] ownership. Staff should then review the financial statements, conduct an investigation of the reasonableness of the System's rates, and summarize its findings in a report filed with the Commission.

4) The Commission's Utility Transfers Act approval should have no ratemaking implications. In particular, the Commission's approval should not guarantee recovery of any costs directly or indirectly related to the transfer.

5) The Commission should direct that:

a) The quality of service in the B&J service territory should not deteriorate due to a lack of maintenance or capital investment;
b) The quality of service in the B&J service territory should not deteriorate due to a reduction in the number of employees providing services; and
c) Aqua [Virginia] should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Aqua [Virginia]'s timely response to Staff inquiries with regard to its provision of service in Virginia.[10]

Aqua Virginia did not file a response to the comments submitted by the Customers or the Staff Report.

NOW THE COMMISSION, having considered the Joint Petition, the Staff Report, the Customers' Comments, and the applicable law, is of the opinion and finds that the proposed transfer of assets will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved. We further find that B&J's CPCN should be terminated and that Aqua Virginia's CPCN should be amended to allow it to serve B&J's service territory.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, Aqua Virginia and B&J hereby are granted approval of the transfer of the System, as described herein.

(2) Aqua Virginia hereby is authorized to amend its CPCN pursuant to § 56-265.3 D of the Code to include B&J's service territory. B&J's CPCN to provide sewer treatment and collection service shall be terminated.

(3) Within ninety (90) days of completing the proposed transfer, the Joint 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, and the actual accounting entries on Aqua Virginia's books to reflect the transfer. Such accounting entries shall be in accordance with the USOA, which includes booking any difference between the purchase price and the verified net book value of the utility assets as an acquisition adjustment to Account 114.

(4) B&J shall provide all records related to the transferred assets to Aqua Virginia at closing and Aqua Virginia shall maintain them henceforth in accordance with the USOA.

(5) Aqua Virginia shall keep separate accounting records for the System. Aqua Virginia shall file a System balance sheet, a 12-month income statement, and a rate of return statement within ninety (90) days following the first full year of Aqua Virginia ownership.

(6) Staff shall review the financial statements, conduct an investigation of the reasonableness of the System's rates, and summarize its findings in a report filed with the Commission within six (6) months of receiving the information required by Ordering Paragraph (5).

(7) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the transfer.

(8) Aqua Virginia shall ensure that:

(a) The quality of service in the B&J service territory shall not deteriorate due to a lack of maintenance or capital investment;

(b) The quality of service in the B&J service territory shall not deteriorate due to a reduction in the number of employees providing services; and

(c) Aqua Virginia shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Aqua Virginia's timely response to Staff inquiries with regard to its provision of service in Virginia.

(9) The Applicants shall forthwith file revised tariff sheets incorporating the granting of the transfer of the System to Aqua Virginia with the Clerk of the Commission and the Commission's Division of Energy Regulation in accordance with this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(10) There appearing nothing further to be done in this matter, it hereby is dismissed.

[10] Staff Report at 10-12.

CASE NO. PUE-2013-00019
JULY 23, 2013

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 FUEL FACTOR

On March 1, 2013, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits proposing to decrease its fuel factor from $0.03137 per kilowatt-hour ("kWh") to $0.02979 per kWh, effective for service rendered on and after April 1, 2013 ("Application").[1] The Company's proposed fuel factor includes both an in-period factor and a correction factor. According to KU/ODP, the proposed in-period factor is designed to recover forecasted fuel expenses. The proposed correction factor is designed to recover the portion of fuel expenses from past periods not previously recovered from customers. The correction factor proposed by KU/ODP is lower than the correction factor approved for use last year, in part, because of an adjustment to the fuel deferral under-recovery balance to correct for errors in calculating the Virginia allocation of fuel expenses in past proceedings. According to KU/ODP, these errors are attributable to omissions in energy flow measurements through specific points of interconnection on the KU/ODP system. The Application also includes testimony on the business review and process improvements KU/ODP is implementing to ensure that such errors do not occur in the future.

On March 13, 2013, the Commission entered an Order Establishing 2013-2014 Fuel Factor Proceeding that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's Application for June 26, 2013; (3) required KU/ODP to provide public notice of its Application; and (4) directed the Company to place its proposed fuel factor into effect on an interim basis for service rendered on and after April 1, 2013.

On May 21, 2013, KU/ODP made a supplemental and amended filing to its Application which included testimony and exhibits supporting adjustments to its initial filing, and which resulted in a further reduction to the proposed fuel factor. As revised, the proposed fuel factor would be reduced to $0.02906 per kWh, if approved by the Commission. The adjustments described in this filing include increasing the proposed reduction to the fuel deferral under-recovery balance to account for past omissions of energy flow out of the KU/ODP service territory; updating certain forecasted expenses based on actual expenses incurred since the filing of the Application; and recalculating the proposed fuel factor to account for the effect of the interim decrease in the fuel factor ordered by the Commission that became effective April 1, 2013. KU/ODP's testimony also documented the Company's willingness to work with Staff to address the Staff's concerns with the manner in which KU/ODP has been calculating "Virginia Jurisdictional" figures to determine the Company's fuel factor.

On May 31, 2013, the Staff filed testimony in which it documented that the Staff had reviewed the Company's testimony and exhibits and concluded that the methodology and estimates appeared reasonable. Accordingly, the Staff recommended that the Commission approve the proposed fuel factor of $0.02906 per kWh for service rendered on and after August 1, 2013. Staff also recommended that KU/ODP make an accounting entry to its books to document the $2,820,000 reduction to the fuel deferral under-recovery balance attributable to the past omissions in energy flow calculations. The testimony reiterated Staff's concerns with the historic inclusion of certain non-jurisdictional Virginia customers in the "Virginia Jurisdictional" figures used to determine KU/ODP's fuel factor. KU/ODP, in consultation with the Staff, will address this issue going forward for future fuel factor proceedings and Fuel Monitoring System report filings. On June 6, 2013, the Company filed a letter indicating that it would not file rebuttal testimony or have cross-examination for the Staff witnesses.

The hearing on the Company's Application was convened on June 26, 2013, and counsel for KU/ODP and the Staff appeared. No public witnesses appeared, and no comments from the public have been received. Pursuant to an agreement of counsel, the Company's Application, testimony, and exhibits and the Staff's testimony and exhibits were entered into the record without cross-examination. On July 9, 2013, Hearing Examiner Michael D. Thomas issued a report that reviewed in detail the testimony and exhibits presented by KU/ODP and the Staff ("Report"). The Hearing Examiner found that the evidence in the record supported the proposed fuel factor of $0.02906 per kWh and recommended that the Commission approve the proposed fuel factor effective for service rendered on and after August 1, 2013.

On July 11, 2013, KU/ODP filed its response to the Hearing Examiner's Report advising that the Company would not file comments and requesting that the Commission issue an Order accepting the recommendations of the Hearing Examiner by July 30, 2013, so that the proposed reduction to the fuel factor could be made effective for service rendered on and after August 1, 2013. The Staff filed comments on July 11, 2013, supporting adoption of the Hearing Examiner's findings and recommendations. The Staff also recommended that the Commission direct KU/ODP to book a reduction to its fuel deferral under-recovery balance to document the recommended adjustment for the past omissions in energy flow calculations described in this case, and direct KU/ODP and the Staff to work together to revise the manner in which "Virginia Jurisdictional" figures are determined in future KU/ODP fuel factor proceedings and related filings.

NOW THE COMMISSION, upon consideration of the record in this case, the Report of the Hearing Examiner, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations should be adopted. Accordingly, we find that a decrease in the Company's fuel factor to $0.02906 per kWh is reasonable and appropriate. We further find that KU/ODP should be required to make the accounting adjustment to its books as recommended by the Staff. Finally, we find that KU/ODP and the Staff should be directed to work together to revise the manner in which "Virginia Jurisdictional" figures are calculated in future fuel factor proceedings and in related filings with the Commission or the Staff.

However, our approval of the fuel factor should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order Establishing Fuel Factor is final, as this matter is continued generally pending Staff's audit of actual fuel expenses and the Commission's entry of a Final Order addressing the Company's fuel recovery position. Should the Commission find that (1) any component of KU/ODP's actual fuel expenses or credits has been inappropriately included or excluded, or (2) KU/ODP has failed to make every reasonable effort to minimize fuel costs or has made decisions

[1] On February 25, 2013, the Commission issued an Order Granting Waiver granting KU/ODP's request for leave to file this Application by March 1, 2013.

resulting in unreasonable fuel costs, KU/ODP's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of KU/ODP's next fuel factor proceeding.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner hereby are adopted.

(2) The total fuel factor of $0.02906 per kWh, effective for service rendered on and after August 1, 2013, is approved.

(3) KU/ODP shall make the booking adjustment as recommended above by the Staff to its fuel deferral balance.

(4) KU/ODP, in consultation with the Staff, shall address the manner in which "Virginia Jurisdictional" figures are determined in future fuel factor proceedings and related filings.

(5) This case is continued generally.

CASE NO. PUE-2013-00020
NOVEMBER 26, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to 56-585.1 A of the Code of Virginia

FINAL ORDER

On March 28, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to Va. Code § 56-585.1 A and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* Pursuant to Va. Code § 56-585.1 A 8, "[t]he Commission's final order regarding such biennial review shall be entered not more than eight months after the date of filing, and any revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order."

On April 17, 2013, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed Dominion to provide public notice of this matter.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Fairfax County Board of Supervisors ("Fairfax County"); Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club; Department of the Navy on behalf of all Federal Executive Agencies ("FEA"); MeadWestvaco Corporation; Apartment and Office Building Association of Metropolitan Washington ("AOBA"); Chaparral (Virginia) Inc.; Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Wal-Mart"); The Kroger Co.; Utility Management Services, Inc. ("UMS"); and the Virginia Committee for Fair Utility Rates ("Committee").

The Commission held a public evidentiary hearing on the following days: September 17, 18, 19, 20, 25, 26, 27, and 30, 2013. The Commission received testimony from witnesses on behalf of the participants and admitted over 100 exhibits. The Commission also received testimony from public witnesses, in addition to written comments from the public in this case.

On or before October 29, 2013, the following participants filed post-hearing briefs: Dominion;[1] Fairfax County; AOBA; Wal-Mart; FEA; UMS; Committee; Consumer Counsel; and the Commission's Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, including all applicable legal requirements, is of the opinion and finds as follows.

This is Dominion's second biennial review under § 56-585.1 A and covers the 2011-2012 historical two-year period. Dominion's first biennial review was for 2009-2010.[2] In the first biennial review, the Commission: (1) determined that Dominion generated $201.8 million of excess earnings for 2009-2010, which was 141 basis points above the previously-determined fair rate of return on common equity ("ROE"); and (2) approved a new ROE of 10.9%, which was comprised of a market cost of equity of 10.4% plus 50 basis points previously required by statute for a renewable energy portfolio standard ("RPS") performance incentive.[3] These results from the first biennial review are relevant because: (1) the statute directs the Commission to reduce

[1] Dominion also filed a document titled "Voluntary Agreement of Virginia Electric and Power Company" on October 17, 2013.

[2] *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011) ("*2011 Biennial Review*"), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012) ("*VEPCO v. SCC*").

[3] *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 461, 464-465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693.

base rates under certain circumstances if Dominion earns more than 50 basis points above a fair ROE in two consecutive biennial reviews;[4] and (2) the 10.9% ROE determined in the first biennial review applies to the instant 2011-2012 biennial review period.[5]

"EARNED" RETURN

The Commission is required to determine whether the Company has, during the test period or periods under review, considered as a whole, "earned more than 50 basis points below [or above] a fair combined rate of return on its generation and distribution services . . . as determined in subdivision 2 . . . ."[6] Based on the ROE determined in Dominion's first biennial review, the fair combined rate of return for purposes of the 2011-2012 biennial review period is 10.9%, which results in a ±50 basis points earnings band of 10.4% - 11.4%.

In order to determine Dominion's earned return for 2011-2012, we must rule on contested earnings adjustments related thereto.[7] The Commission makes the findings listed below, which we conclude are reasonable and supported by evidence in the record.

1. *Chesapeake/Yorktown Plant Impairments*. We approve the Company's plant impairment charges of $182.4 million[8] as recorded per books by Dominion for financial reporting purposes. Section 56-585.1 A 8, pursuant to recent amendments, requires approval of these costs "as recorded per books by the utility for financial reporting purposes and accrued against income . . . ." Thus, since we find that Dominion's per books recording of these costs was reasonable for financial reporting purposes, such charges must be approved herein.[9] This finding rejects Staff's: (a) proposed decrease to depreciation expense for 2011 of approximately $22.8 million; and (b) proposed increases to rate base for 2011 and 2012 of approximately $14.0 million and $13.9 million, respectively.

2. *Generation Capacity Uprates*. In this instance and based on the particular facts in this record, we find that generation capacity uprate investments shall be included in rate base as proposed by the Company.[10] This finding rejects Consumer Counsel's: (a) proposed elimination of depreciation expense for 2011 of approximately $2.6 million; (b) proposed elimination of depreciation and property tax expense for 2012 of approximately $5.2 million; and (c) proposed reduction to rate base for 2011 and 2012 of approximately $55.8 million and $163.8 million, respectively.

3. *2011 Depreciation Study*. We find that the new depreciation rates from the 2011 Depreciation Study should be implemented as of the date of such study. Thus, as recommended by Staff, 2012 depreciation expense and accumulated depreciation shall be increased to reflect implementation of Dominion's 2011 Depreciation Study as of January 1, 2012, which is coincident with the date of such study.[11] This finding increases depreciation expense for 2012 by approximately $10.4 million and reduces rate base for 2012 by approximately $3.3 million.

4. *2006 Generation Depreciation Study*. The accumulated depreciation balance shall be increased, as recommended by Staff, for implementation of the 2006 generation depreciation study as of April 1, 2007, which is the date that the Company's generation function was reregulated.[12] This finding reduces rate base for 2011 and 2012 by approximately $13.3 million in each year.

5. *Capitalization of Generation Overhead Costs*. The earnings analysis shall be adjusted to reflect Staff's modified labor-based methodology for capitalization of generation overhead costs, which properly reflects the amount of overheads attributable to generation capital projects, and results in higher O&M expense and lower capital project costs than proposed by the Company effective January 1, 2012.[13] This finding increases O&M expense for 2012 by approximately $18.7 million and reduces rate base for 2012 by approximately $3.1 million.[14]

6. *Emissions Allowance Impairments*. We approve the Company's proposed emissions allowance impairment write-down in this instance. Although the specific federal pollution rule – for which this write-down was made – has been vacated, such action did not restore the market value of these purchased allowances.[15] This finding maintains the Company's impairment, as booked, of approximately $32.7 million. We reject Consumer Counsel's:

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[4] Va. Code § 56-585.1 A 8 (iii).

[5] *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693.

[6] Va. Code § 56-585.1 A 8 (i), (ii).

[7] In reaching the findings in this Final Order, the Commission reviewed and considered the extensive amount of evidence admitted in this proceeding, as well as the pleadings and briefs filed herein that (by themselves) comprise over 500 pages of this record.

[8] All amounts reflected in this order are on a Virginia jurisdictional basis unless otherwise noted.

[9] Section 56-585.1 D allows the Commission to determine the reasonableness of costs in connection with this proceeding: "Nothing in this section shall preclude the Commission from determining, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding."

[10] *See, e.g.*, Dominion's Post-Hearing Brief at 89-93.

[11] *See, e.g.*, Staff's Post-Hearing Brief at 48-51. The Company shall record an entry on its books to reflect this requirement.

[12] *See, e.g.*, Staff's Post-Hearing Brief at 51-53. The Company shall record an entry on its books to reflect this requirement.

[13] *See, e.g.*, Staff's Post-Hearing Brief at 53-59; Ex. 38 (Myers direct) at 17-18.

[14] The Company shall record an entry on its books to reflect this requirement and shall prospectively book generation overheads based on our approved methodology.

[15] *See, e.g.*, Dominion's Post-Hearing Brief at 102-103.

(a) proposed reduction to emissions allowances expense of $31.3 million in 2011 and a proposed increase of $14.8 million in 2012; and (b) proposed increases to rate base of $15.2 million and $23.7 million in 2011 and 2012, respectively.

7. *Long-Term Incentive Plan Costs*. The portion of the Long-Term Incentive Plan payout ratio that exceeds 100% in any given year (in this case, 2011) shall be excluded from Dominion's cost of service for the earnings analysis.[16] This finding reduces O&M expense for 2011 by approximately $2.3 million.

8. *Cash Working Capital*. First, for the purpose of this biennial review, we approve Dominion's proposal to maintain § 56-585.1 A 5 rate adjustment clause ("RAC") expenses as part of the income statement portion of the lead/lag study for cash working capital ("CWC") requirements.[17] This finding increases 2011 rate base by approximately $500,000 and decreases 2012 rate base by approximately $200,000. Second, we approve Staff's adjustments to the lead/lag study to disallow CWC on the generation plant and emissions allowance impairments booked in 2011.[18] We agree with Staff that these impairments reduce the net book value to zero and, thus, a return should not be earned on these impairments and they should not be included in CWC.[19] This finding reduces 2011 rate base by approximately $12.0 million. Third, the refund liability attendant to Case No. PUE-2011-00027 shall be included in Dominion's CWC allowance determination as proposed by Staff.[20] Contrary to the Company's assertion, this treatment does not impose interest on refunds; rather, such treatment is necessary so that customers are not required to pay a return on customer-supplied capital that is required by statute to be credited back to such customers. This finding reduces 2011 and 2012 rate base by approximately $79.0 million and $27.0 million, respectively.

9. *Advertising*. Advertising expenses related to the Company's "Every Day Restoration," "Every Day Reliability," and "Every Day Bakery" advertisements shall be removed from Dominion's 2011 and 2012 cost of service and earnings review as recommended by Staff.[21] This finding reduces O&M expense for 2011 and 2012 by approximately $1.6 million and $2.3 million, respectively.

10. *Lobbying*. Income tax expense related to lobbying expense shall be corrected as recommended by Consumer Counsel and accepted by the Company.[22] This finding reduces income taxes for 2011 and 2012 by approximately $95,000 and $87,000, respectively.

11. *Biennial Review Rate Credits*. As ordered in Case No. PUE-2011-00027, all costs of the refunds required by Case No. PUE-2011-00027 – not just incremental costs – shall be borne by the Company, which, as proposed by Staff, removes such expense from Dominion's cost of service and earnings review.[23] This finding reduces 2012 O&M expense by approximately $423,000 and reduces 2012 rate base by approximately $54,000.[24]

Based on our findings in this case, Dominion earned, on average, an ROE of approximately 10.25% during the 2011-2012 biennial review period.[25]

DEFERRED COSTS

Section 56-585.1 A 8 requires the Commission, under specific circumstances, to authorize deferred recovery of certain costs and to allow the utility to amortize and recover such deferred costs over future periods as determined by the Commission:

> In any biennial review proceeding, the following utility generation and distribution costs not proposed for recovery under any other subdivision of this subsection, as recorded per books by the utility for financial reporting purposes and accrued against income, shall be attributed to the test periods under review: costs associated with asset impairments related to early retirement determinations made by the utility prior to December 31, 2012, for utility generation plant; costs associated with severe weather events; and costs associated with natural disasters. Such costs shall be deemed to have been recovered from customers through rates for generation and distribution services in effect during the test periods under review unless such costs, individually or in the aggregate, together with the utility's other costs, revenues, and investments to be recovered through rates for generation and distribution services, result in the utility's earned return on its generation and distribution services for the combined test periods under review to fall more than 50 basis points

[16] *See, e.g.*, Staff's Post-Hearing Brief at 59-60; Ex. 60 (Smith direct) at 41.

[17] *See, e.g.*, Dominion's Post-Hearing Brief at 103-104.

[18] *See, e.g.*, Staff's Post-Hearing Brief at 62-63.

[19] *See, e.g.*, Ex. 33 (McLeod direct) at 14.

[20] *See, e.g.*, Staff's Post-Hearing Brief at 63-65.

[21] *See, e.g.*, Staff's Post-Hearing Brief at 65-67. We note that Dominion, during the course of the proceeding, agreed to the removal of expenses related to the "Every Day Bakery" advertisement from the Company's cost of service. *See id.* at 66, n.241.

[22] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 64.

[23] *See, e.g.*, Staff's Post-Hearing Brief at 67-68.

[24] The Company shall record an entry on its books to reflect this requirement.

[25] As explained by Staff, in determining "earned" return for 2011-2012 in this biennial review, we utilize the capital structure agreed to for this purpose in the Stipulation and Addendum adopted in the "going-in" rate case, which was uncontested in this proceeding. *See, e.g.,* Staff's Post-Hearing Brief at 12, n.31; Ex. 63 (Oliver direct) at 1.

> below the fair combined rate of return authorized under subdivision 2 for such periods . . . . In such cases, the Commission shall, in such biennial review proceeding, authorize deferred recovery of such costs and allow the utility to amortize and recover such deferred costs over future periods as determined by the Commission. The aggregate amount of such deferred costs shall not exceed an amount that would, together with the utility's other costs, revenues, and investments to be recovered through rates for generation and distribution services, cause the utility's earned return on its generation and distribution services to exceed the fair rate of return authorized under subdivision 2, less 50 basis points, for the combined test periods under review. . . . Nothing in this section shall limit the Commission's authority, pursuant to the provisions of Chapter 10 (§ 56-232 et seq.), including specifically § 56-235.2, following the review of combined test period earnings of the utility in a biennial review, for normalization of nonrecurring test period costs and annualized adjustments for future costs, in determining any appropriate increase or decrease in the utility's rates for generation and distribution services pursuant to clause (i) or (iii).

As discussed above, for the 2011-2012 biennial review period, the fair ROE is 10.9%, and the 50 basis-point range below that is 10.4%. We find that Dominion earned an ROE of 10.25% during this period, which is 15 basis points – or approximately $22.7 million – below 10.4%. The total costs "associated with asset impairments related to early retirement determinations made by the utility prior to December 31, 2012, for utility generation plant; costs associated with severe weather events; and costs associated with natural disasters" are over $400 million.[26] Thus, as required by this statute, we authorize deferred recovery of $22.7 million of these costs and direct the Company to amortize such costs over a one-year period beginning January 1, 2013, which we find reasonable in this instance.

FAIR RATE OF RETURN ON COMMON EQUITY

Section 56-585.1 A 2 requires the Commission to determine a fair ROE in each biennial review.[27] We follow a similar process in determining a fair ROE herein as we did in the Company's prior biennial review. First, we determine the market cost of equity under § 56-585.1 A 2. Next, we apply the statutory peer group ROE floor pursuant to § 56-585.1 A 2. Finally, the Commission may increase or decrease ROE based on consideration of the Company's performance under certain circumstances as provided in § 56-585.1 A 2 c.

Market Cost of Equity

Section 56-585.1 A 2 states that the Commission shall determine fair rates of return on common equity and "may use any methodology to determine such return it finds consistent with the public interest . . . ."[28] We find that a market cost of equity of 10.0% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We conclude that this return is supported by evidence in the record and results in a fair and reasonable return on common equity.[29] Conversely, we further find that Dominion's proposed cost of equity of 10.5% to 11.5% represents neither the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.

We conclude that a market cost of equity of 10.0% is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations. For example, we find that Dominion's DCF analysis uses unreasonably high growth rates that upwardly skew the Company's results,[30] and that its risk premium analysis is flawed, including a projected 30-year Treasury bond yield of 5.10%, which is demonstrably unreasonable based on the record in this case.[31] In sum, we conclude that a market cost of equity of 10.0% satisfies the following constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[32]

We note that the 50 basis-point RPS "adder" that was automatically added to the market ROE set in the most recent biennial review has been repealed by the General Assembly and, thus, will not be added to the market ROE determined herein. We further note the Company recovers construction costs for several major generation construction projects through RACs, and in those RACs the Commission has approved, as directed by statute, an "adder"

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[26] Va. Code § 56-585.1 A 8. *See also* Ex. 36 (Pate direct) at 6. These are total Company amounts and include amounts charged to both capital and expense including internal labor.

[27] In Dominion's first biennial review, we found that the ROE determined therein would be applied to the subsequent, *i.e.*, this instant, two-year biennial review. *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693. In 2013, the General Assembly codified this principle into § 56-585.1 A 8 as follows: "The fair combined rate of return on common equity determined pursuant to subdivision 2 in such biennial review shall apply, for purposes of reviewing the utility's earnings on its rates for generation and distribution services, to the entire two successive 12-month test periods ending December 31 immediately preceding the year of the utility's subsequent biennial review filing under subdivision 3." 2013 Va. Acts ch. 2.

[28] Va. Code § 56-585.1 A 2 a.

[29] *See, e.g.,* Staff's Post-Hearing Brief at 20-31; Fairfax County's Post-Hearing Brief at 2-9; FEA's Post-Hearing Brief at 12-26; AOBA's Post-Hearing Brief at 8-9, 14-18; Wal-Mart's Post-Hearing Brief at 3-7; Committee's Post-Hearing Brief at 14-34; Consumer Counsel's Post-Hearing Brief at 4-19; and Dominion's Post-Hearing Brief at 20-42. We also included in our analysis a broad range of economic factors addressed in the evidence.

[30] *See, e.g.*, Staff's Post-Hearing Brief at 23-25.

[31] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 7-10.

[32] Ex. 63 (Oliver direct) at 15.

of 100 basis points (200 basis points for biomass), which is added to the market ROE for the RACs, and these "adders" will continue for the period approved in each case.[33]

Statutory Peer Group Floor

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. Section 56-585.1 A 2 provides as follows:

> a. 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 subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.
>
> b. . . .In its final order regarding such biennial review, the Commission shall identify the utilities in such peer group it selected for the calculation of such limitation. For purposes of this subdivision, an investor-owned electric utility shall be deemed part of such peer group if (i) its principal operations are conducted in the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee, (ii) it is a vertically-integrated electric utility providing generation, transmission and distribution services whose facilities and operations are subject to state public utility regulation in the state where its principal operations are conducted, (iii) it had a long-term bond rating assigned by Moody's Investors Service of at least Baa at the end of the most recent test period subject to such biennial review, and (iv) it is not an affiliate of the utility subject to such biennial review.

The participants contest the specific composition of the statutory peer group. In this regard, we find that Kentucky Utilities Company and Louisville Gas and Electric Company satisfy the above requirements for inclusion in the peer group, but that Entergy Gulf States Louisiana, L.L.C., does not because the evidence fails to establish that "its principal operations are conducted in the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee . . . ."[34]

Next, in selecting the majority of the peer group utilities that will be used to calculate the statutory ROE floor, § 56-585.1 A 2 b directs as follows:

> In selecting such majority of peer group investor-owned electric utilities, the Commission shall first remove from such group the two utilities within such group that have the lowest reported returns of the group, as well as the two utilities within such group that have the highest reported returns of the group, and the Commission shall then select a majority of the utilities remaining in such peer group.

The participants differ on which utilities should comprise the "majority" to be selected by the Commission to determine the statutory floor. The majority that we select had, on average, a return on average equity close to the ROE found fair and reasonable herein.[35] This results in a statutory floor below the ROE of 10.0% determined above.[36]

As we discussed in Dominion's first biennial review, the above statute clearly leaves the selection of this "majority" to the Commission's discretion. There is no ambiguity in the statute; thus, we do not reach questions of legislative construction or intent.[37] If the General Assembly wanted the

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[33] Va. Code § 56-585.1 A 6. *See, e.g.,* Virginia City Hybrid Energy Center, Case No. PUE-2007-00066; Bear Garden Generating Station, Case No. PUE-2009-00017; Warren County Power Station, Case No. PUE-2011-00042; Brunswick County Power Station, Case No. PUE-2012-00128; Altavista, Hopewell and Southampton power stations (Biomass Conversions), Case No. PUE-2011-00073.

[34] Va. Code § 56-585.1 A 2 b. *See, e.g.,* Fairfax County's Post-Hearing Brief at 17, 19-22; Committee's Post-Hearing Brief at 34-41, 46-49; Consumer Counsel's Post-Hearing Brief at 24-26, 29-32; the Staff's Post-Hearing Brief at 17-18, 19 at n. 56; FEA's Post-Hearing Brief at 6-7; and AOBA's Post-Hearing Brief at 15-16.

[35] We find, on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

[36] Specifically, the statutory floor determined herein is 9.89% and is comprised of the following six companies: Progress Energy Carolinas, Inc., Duke Energy Carolinas, LLC, Mississippi Power Company, Entergy Mississippi, Inc., Florida Power & Light Company, and Gulf Power Company. (For a list of utilities, *see, e.g.,* Ex. 54 (Gorman direct) at Schedule 1.) In addition, the participants differ on whether Appalachian Power Company ("APCo") should be considered part of the peer group. The statutory floor majority, however, is comprised of the same six companies regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo as part of this proceeding. We also note this is consistent with our finding in Dominion's first biennial review.

[37] *See, e.g., Brown v. Lukhard*, 229 Va. 316, 321, 330 S.E.2d 84, 87 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it. . . . Therefore, when the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (citations omitted); *School Bd. of Chesterfield County v. School Bd. of the City of Richmond*, 219 Va. 244, 250, 247 S.E.2d 380, 384 (1978) ("Where 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." (citation omitted)); *Almond v. Gilmer*, 188 Va. 1, 14, 49 S.E.2d 431, 439 (1948) ("'The province of construction lies wholly within the domain of ambiguity.'" (citation omitted)).

Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not.[38] We continue to find – as we did in the *2011 Biennial Review* – that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The plain language of the statute giving the Commission the discretion to select a majority in no manner precludes such a result. Moreover, we do not, and need not, find that this is the only majority that is reasonable.[39] We conclude that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.

Performance Adjustment

Section 56-585.1 A 2 c states as follows:

> The Commission may, consistent with its precedent for incumbent electric utilities prior to the enactment of Chapters 888 and 933 of the Acts of Assembly of 2007, increase or decrease the utility's combined rate of return based on the Commission's consideration of the utility's performance.

This provision is discretionary. The General Assembly has given the Commission the discretion: (1) to apply, or not to apply, this performance adjustment; and (2) to decrease, as well as to increase, the otherwise fair rate of return on common equity. We decline to issue a performance adjustment under § 56-585.1 A 2 c – either positive or negative – based on the record in the current proceeding. Evidence in this record regarding generating unit performance and customer service indicates that Dominion is providing reliable and responsive service to its customers. The statute requires that an award of a performance "adder" to ROE be consistent with the Commission's past precedents. On the record before us in this case, we do not find that such an "adder" is justified based upon the statutory standard.[40] This ruling does not preclude a finding that a performance "adder" could be justified in a future biennial review.

Fair ROE

In sum, we conclude that the fair ROE for Dominion under § 56-585.1 A 2 is 10.0%. We find that this ROE is fair and reasonable to the Company within the meaning of the statute, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and supports the concept of gradualism in ROE determinations.[41] This ROE will, among other things, serve as the fair combined rate of return against which Dominion's earned return will be compared in its next biennial review proceeding, which will cover the 2013-2014 two-year period.[42]

BASE RATES

Section 56-585.1 A 8 directs as follows in the event Dominion – as we find it did here – earned more than 50 basis points *below* an ROE of 10.9% in this biennial review:

If the Commission determines as a result of such biennial review that:

> (i) The utility has, during the test period or periods under review, considered as a whole, earned more than 50 basis points below a fair combined rate of return on its generation and distribution services . . . , as determined in subdivision 2, without regard to any return on common equity or other matters determined with respect to facilities described in subdivision 6, the Commission shall order increases to the utility's rates necessary to provide the opportunity to fully recover the costs of providing the utility's services and to earn not less than such fair combined rate of return, using the most recently ended 12-month test period as the basis for determining the amount of the rate increase necessary. However, the Commission may not order such rate increase unless it finds that the resulting rates are necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return on both its generation and distribution services, as determined in subdivision 2, without regard to any return on common equity or other matters determined with respect to facilities described in subdivision 6, using the most recently ended 12-month

[38] Moreover, the lack of a particular evaluation methodology for selecting a "majority" directly contrasts with the very specific criteria prescribed by the General Assembly in other parts of § 56-585.1 A 2. *See also VEPCO v. SCC*, 284 Va. at 741, 735 S.E.2d at 691 ("[W]e presume that where the General Assembly has not placed an express limitation in a statutory grant of authority, it intended for the Commission, as an expert body, to exercise sound discretion.").

[39] Indeed, the statutory floor selected in this case is not necessarily the lowest, or the highest, that could be selected consistent with the statute.

[40] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 34-51.

[41] As required by statute, in setting ROE we have also considered and applied the requirements of Va. Code § 56-585.1 A 2 e, which mandates as follows:

> In addition to other considerations, in setting the return on equity within the range allowed by this section, the Commission shall strive to maintain costs of retail electric energy that are cost competitive with costs of retail electric energy provided by the other peer group investor-owned electric utilities.

In this regard, Staff witness Stevens presented comparisons of Dominion's rates to statutory peer group utilities. *See, e.g.,* Ex. 32 (Stevens direct) at 15-20 and Attachments.

[42] The fair ROE approved herein shall also apply to the Company's RACs under Va. Code §§ 56-585.1 A 5 and 6 effective November 30, 2013.

> test period as the basis for determining the permissibility of any rate increase under the standards of this sentence, and the amount thereof; . . . .

Thus, in this instance, the statute directs that: (1) the Commission "shall order increases to the utility's rates . . ."; and (2) the Commission "may not order such rate increase unless it finds that the resulting rates are necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return . . . ." In order to make such determination, we will rule on additional rate case issues raised in this proceeding and determine whether Dominion has a revenue deficiency.

Rate Case Adjustments

The Commission makes the following findings, which we conclude are reasonable and supported by evidence in the record. In addition, since certain of these issues were also raised for decision outside of whether current rates are sufficient under § 56-585.1 A 8, the findings below note the instances in which such requirements shall be implemented notwithstanding whether rates are increased under such section.

1. *Major Storm Damage Expense*. We find that major storm damage expense shall not be included as a normalized expense for ratemaking.[43] Section 56-585.1 A 8, as quoted above, allows Dominion to defer and recover costs associated with "severe weather events" under certain circumstances. Since the Company equates major storm damage expense to "severe weather events,"[44] the statute ensures that Dominion has an opportunity to recover these costs; thus, we find that a normalized expense is not required for ratemaking purposes. This finding reduces rate year O&M expense by approximately $61.3 million.

2. *Biomass O&M Expense.* O&M expenses associated with the operation of the Company's Altavista, Hopewell, and Southampton power stations (former coal-fired facilities converted to biomass) shall be allocated between base rates and Rider B based on a gross plant allocation methodology as presented by Staff.[45] The Company assigns the costs of (1) "legacy" facility assets and associated depreciation expense and property taxes to base rates, and (2) "major unit modification" facility assets and associated depreciation expense and property taxes to Rider B. Similarly, we find that it is likewise reasonable to allocate O&M expenses between "legacy" (base rates) and "major unit modification" (Rider B) facilities as presented by Staff.[46] This finding reduces rate year O&M expense by approximately $6.4 million.

3. *Discontinued Demand-Side Management Programs*. Base rates shall be reduced on a going-forward basis to account for three discontinued demand-side management ("DSM") programs as recommended by Staff.[47] Although the results of the *2011 Biennial Review* did not permit a rate change under § 56-585.1 A 8, the Commission increased base rates under § 56-585.1 A 3 in order to combine certain DSM RACs (former Riders C1 and C2) with base rates as required by that statute. Section 56-585.1 A 3, however, states that such RACs "shall be combined . . . *until* the amounts that are the subject of such [RACs] are *fully recovered*," and that "after such clauses are combined as herein specified, they shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings." (Emphases added.) Thus, under terms of this statute: (1) since the costs of the three discontinued DSM programs have been "fully recovered," they shall no longer be combined with base rates;[48] and (2) the remaining programs that have not been "fully recovered" (and are still being provided to ratepayers) shall "be considered part of the utility's costs, revenues, and investments for the purposes of [this] biennial review proceeding[]."[49] As a result, rate year revenues will be approximately $5.2 million lower, and O&M expenses will be approximately $2.7 million lower.

4. *Transmission Depreciation Rates*. The average service lives for the following transmission function accounts shall be extended as recommended by Staff effective January 1, 2012: Land Rights, Overhead Conductors, Underground Conduit, and Underground Conductors.[50] This reduces the annualized Transmission depreciation accrual by approximately $3.0 million. Since it relates to transmission, however, this finding does not impact the combined generation and distribution cost of service.

5. *Nuclear Refueling Outage Expense.* As recommended by Staff, we will use the 2013-2014 average projected refueling outage O&M expense as a reasonable basis for setting the normal level of refueling outage O&M expense for the rate year.[51] This finding reduces rate year O&M expense by approximately $6.3 million.

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[43] *See, e.g.*, Staff's Post-Hearing Brief at 78-79; Committee's Post-Hearing Brief at 72-75. Non-major storm damage expense remains as an O&M expense in cost of service.

[44] We do not direct the Company to change this practice at this time.

[45] *See, e.g.*, Staff's Post-Hearing Brief at 74-76.

[46] This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8.

[47] *See, e.g.*, Staff's Post-Hearing Brief at 72-74.

[48] Dominion does not contest that the costs of these three discontinued DSM programs have been fully recovered. *See, e.g.,* Ex. 86 (Schools rebuttal) at 54-59; Dominion's Post-Hearing Brief at 126-129.

[49] This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8, effective for usage on and after 60 days from the date of this Final Order.

[50] *See, e.g.*, Staff's Post-Hearing Brief at 46-48. This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8. The Company shall record an entry on its books to reflect this requirement.

[51] *See, e.g.*, Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 42-43.

6. *Warren County Power Station.* Capital expenditures related to the Warren County Power Station that were included in rate base in Dominion's 2009 "going-in" rate case should be removed eventually from rate base and reflected as though recovered in Rider W for rate year cost of service purposes. Since this change would result in a rate increase under Rider W, we agree with Consumer Counsel and the Committee that it is reasonable to make this change at a time when base rates are also adjusted.[52] For cost of service purposes, this would reduce rate base by approximately $25.9 million.

7. *Doswell Natural Gas Lateral Pipeline.* Lateral pipeline expenses associated with the Doswell non-utility generator should be reflected eventually for rate year purposes as though collected through the fuel factor. Similar to the finding immediately above, since this change would result in an increase to the fuel rate, we agree with the Committee that it is reasonable to make this change at a time when base rates are also adjusted.[53] For cost of service purposes, this would reduce O&M expense by approximately $7.7 million.

8. *Rider J.* Rider J provides a $4.00 monthly credit for allowing the Company to reduce load by interrupting water heater service, but enrollment therein has been closed since 1995, and the underlying technology no longer enables load interruption. We find that it is reasonable eventually to reflect the Company's proposed withdrawal of Rider J for rate year purposes. We also conclude that it is reasonable for the Company to withdraw Rider J when such change can be reflected in base rates. Similar to our two findings immediately above, since this change would result in a rate increase for certain customers without an offsetting decrease elsewhere, and costs are now collected through base rates, we agree with Consumer Counsel that it is reasonable to make this change at a time when base rates are also adjusted.[54] For cost of service purposes, the withdrawal of Rider J would represent an increase in revenues of approximately $2.8 million.

9. *Growth Adjustment*. We approve Staff's proposed revenue growth adjustment, which we find reasonably matches the rate year rate base adopted in this proceeding and the number of customers served by that investment.[55] This finding increases rate year revenues by approximately $58.3 million.

10. *Cost-Cutting Program*. The Company announced in 2013 that it is implementing a program to cut O&M expense, and we find that Staff's adjustment to reflect a rate year level of this initiative is reasonable.[56] This finding reduces rate year O&M expense by approximately $58.4 million.

11. *Rate Year Rate Base*. We find that Staff's proposed methodology for determining rate year rate base properly reflects what is reasonably predicted to occur during the rate year. Specifically, Staff's methodology: (1) uses a thirteen-month average of the Company's rate year projects (as opposed to the Company's June 30, 2014, point-in-time amount); (2) adjusts non-nuclear generation projects to a five-year actual spend average of 92.57%; (3) eliminates Allowance for Funds Used During Construction not recoverable in base rates; and (4) reflects anticipated rate year plant retirements.[57] This finding reduces rate year rate base for generation by approximately $145.8 million and increases rate year rate base for distribution by approximately $145.8 million.

Cost of Capital

Next, in order to determine whether the Company has a revenue deficiency, we must utilize a reasonable cost of capital.

1. *Return on Common Equity*. We find that the fair ROE of 10% found above is reasonable for rate purposes herein.

2. *Cost of Debt.* We find that the proposed test period cost of debt is reasonable as set forth by Staff and the Company, except as discussed immediately below.

3. *Cost of Equity.* As more fully explained below, we conclude that the Company's weighted cost of equity is unreasonable based on the percentage of common equity (as opposed to debt) in its capital structure. Specifically, we find that Dominion's proposed ratemaking test period capital structure as of December 31, 2012, which reflects a common equity percentage of 55.02% for ratemaking purposes, is neither reasonable nor prudent. We find below that a reasonable common equity percentage for such purpose is 50%.[58]

Revenue Sufficiency

Based on our findings herein, we conclude that: (1) the Company requires approximately $4.87 billion in annual revenues to recover its cost of service and earn a fair return; and (2) the Company's current rates are designed to produce approximately $5.15 billion in annual revenues. Thus, under the terms of § 56-585.1 A 8 (i), a base rate increase is not "necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return."

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[52] *See, e.g.*, Committee's Post-Hearing Brief at 69-71; Consumer Counsel's Post-Hearing Brief at 58.

[53] *See, e.g.*, Committee's Post-Hearing Brief at 69-71.

[54] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 62; Staff's Post-Hearing Brief at 85.

[55] *See, e.g.,* Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 33.

[56] *See, e.g.,* Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 44.

[57] *See, e.g.,* Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 46-47.

[58] In addition, in order to maintain the Company's total ratemaking capitalization and rate base investment at its current level, the decrease in the equity ratio shall be matched with a corresponding increase in the long-term debt ratio.

COST OF CAPITAL

As noted above, we find that for the purpose of setting rates, Dominion's proposed ratemaking cost of capital as of December 31, 2012, is not reasonable. In short, a utility's cost of capital is primarily comprised of its weighted (1) cost of debt, and (2) cost of equity, which incorporate the percentages of debt and equity in its capital structure, and the Company's customers must pay these costs. Since equity is typically more expensive than debt, an unreasonably high equity percentage results in an unreasonable cost of capital and an unreasonably high cost to ratepayers.[59] We conclude herein that Dominion's proposed equity percentage is unreasonably high, resulting in an unreasonable weighted cost of equity and, therefore, an unreasonable cost of capital.

Specifically, we find that Dominion's capital structure as of December 31, 2012, which reflects a proposed common equity percentage of 55.02% on a ratemaking basis, is neither reasonable nor prudent for the purpose of setting rates.[60] The Company's proposed 55.02% ratemaking equity ratio: (1) significantly exceeds the average equity ratio of its peers (including peers constructing nuclear plants); (2) is higher than necessary in order for Dominion to maintain reasonable credit ratings; (3) exceeds the Company's own financial targets; and (4) is higher than necessary for Dominion to raise capital on reasonable terms to meet its planned capital expenditures.[61] This unreasonably high equity percentage results in an unreasonable weighted cost of equity and an excessive cost of capital that will be borne by customers, and should be adjusted.[62] Based on the record, we find that a common equity percentage of 50% on a ratemaking basis is reasonable and prudent for the purpose of setting rates.[63]

The Company incorrectly suggests that the Commission has previously sanctioned its 55% equity percentage through prior financing orders. To the contrary, in providing Dominion prior financing approval, the Commission expressly:

- explained that "[a]n excessive percentage of equity in a capital structure could . . . result in unnecessary upward pressure on rates";[64]
- declared that "we anticipate and expect that [Dominion] will pursue the proper balance to avoid such results";[65]
- "direct[ed] our Staff to continue monitoring the elements which comprise the Company's capital structure to determine periodically whether this goal [of a proper balance between debt and equity] is being met";[66]
- did not direct any particular issuance of equity but, rather, approved financing authority so that Dominion would have "flexibility regarding the timing and amount of Common Stock issuances through 2010";[67] and
- emphasized that approval of such financing authority "does not represent a finding that any specific equity ratio is reasonable for subsequent ratemaking purposes."[68]

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[59] For example, equity capital can be two-to-three times as expensive as debt capital on a revenue requirement basis. *See, e.g.,* Committee's Post-Hearing Brief at 54; FEA Post-Hearing Brief at 7.

[60] In addition, Dominion's credit ratings are based on the consolidated credit profile of its parent, Dominion Resources, Inc. ("DRI"). In comparison to Dominion's 52.5% equity ratio as determined on a GAAP basis, DRI's consolidated equity ratio on a GAAP basis is 35%. *See, e.g.,* Consumer Counsel's Post-Hearing Brief at 10-11.

[61] *See, e.g.,* Ex. 63 (Oliver direct) at 8-14; Staff's Post-Hearing Brief at 7-15; Committee's Post-Hearing Brief at 53-55; Consumer Counsel's Post-Hearing Brief at 14-16; AOBA's Post-Hearing Brief at 10-14; Fairfax County's Post-Hearing Brief at 14-15; FEA's Post-Hearing Brief at 11. Further, the Company's GAAP-based equity ratio of 52.5% also exceeds these metrics. Staff also noted that "Company witness Hevert calculates an average GAAP equity ratio of approximately 51% for both Staff and the Company's proxy group," and that Dominion's "55% ratemaking equity ratio, and 52.5% GAAP equity ratio, are also much higher than the 48% average GAAP equity ratio of the statutorily defined peer group." Staff's Post-Hearing Brief at 8-9.

[62] In the instant case, Staff presented testimony supporting a 48% equity ratio, and other participants also asserted that Dominion's equity percentage is excessive. *See, e.g.,* Ex. 63 (Oliver direct) at 8-14; Staff's Post-Hearing Brief at 3-15, 86-89; Committee's Post-Hearing Brief at 52-61; Consumer Counsel's Post-Hearing Brief at 14-18; Fairfax County's Post-Hearing Brief at 14-16; AOBA's Post-Hearing Brief at 10-14, 23-25; FEA's Post-Hearing Brief at 12. Although not the basis for our determination herein, Consumer Counsel also noted that the North Carolina Utilities Commission lowered Dominion North Carolina Power's equity ratio in 2012 for ratemaking purposes. *See, e.g.,* Tr. at 1141-1142.

[63] Under the facts of this case, we have found that, at this time, a common equity percentage of 55% for ratemaking is unreasonably high, and that 50% is reasonable for such purpose.

[64] *Application of Virginia Electric and Power Company and Dominion Resources, Inc., For expedited approval of authority to issue up to $3 billion in common stock to parent under Chapters 3 and 4 of the Code of Virginia of 1950, as amended*, Case No. PUE-2009-00100, 2009 S.C.C. Ann. Rept. 538, 540, Order Granting Approval (Oct. 30, 2009).

[65] *Id.*

[66] *Id.* at 541.

[67] *Id.*

[68] *Id.*

Thus, in accordance therewith, we have found herein that Dominion did not exercise its financing flexibility to achieve a reasonable balance between debt and equity in its capital structure.

DOMINION'S PROPOSAL FOR RATE ADJUSTMENT CLAUSES

In order for the rates charged through Dominion's RACs under §§ 56-585.1 A 5 and 6 to be reasonable, such RACs must reflect a reasonable cost of capital. For this purpose, these RACs include a cost of capital (based on capital structure and cost rates), *i.e.*, financing costs, authorized by the Commission. Unlike base rates, RACs are trued-up after the fact – typically on a yearly basis – to reflect the reasonable costs incurred by the Company during the prior year. When a RAC is trued-up, Dominion uses the capital structure from the prior year to determine the reasonable financing costs incurred during that prior year.[69] Pursuant to this procedure, in four pending RAC proceedings, which include true-ups for 2012, Dominion proposed to use the equity ratio of 55.02%.[70] This would increase its financing costs in these RACs for 2012 and generate automatic rate increases for customers.

In the instant biennial review proceeding, however, Dominion filed a document titled "Voluntary Agreement of Virginia Electric and Power Company" in which it, among other things, proposed to use an equity ratio of 53.1% for the 2012 RAC true-ups in lieu of the Company's originally proposed ratemaking equity ratio of 55.02%.[71] Having found that a reasonable equity ratio for 2012 is 50%, not 53.1%, we reject the Company's proposal in this regard.

In addition, although Dominion proposed to lower the equity ratio for the 2012 RAC true-ups, the Company also asserted in this case that the Commission is statutorily prohibited from doing the same.[72] In this regard, we reject Dominion's claim that the General Assembly has authorized the Company to charge, and mandated that customers pay, unreasonable rates under the RACs unless the Company voluntarily agrees otherwise. To the contrary, the statute expressly permits the Commission to determine the reasonableness or prudence of *any* costs – incurred or projected to be incurred – sought to be charged to customers through the RACs. Specifically, § 56-585.1 D states in part as follows:

> *Nothing in this section* shall preclude the Commission from determining, during any proceeding authorized or required by this section, the reasonableness or prudence of *any* cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.). (Emphases added.)

The §§ 56-585.1 A 5 and 6 RACs are approved under "proceeding[s] authorized or required by this section" (*i.e.*, § 56-585.1). Thus, under the express terms above, nothing in § 56-585.1 shall preclude the Commission from determining "the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with" the RACs.[73]

Next, contrary to Dominion's assertion, we find that the Company's financing costs are "costs" under this statute. A utility's cost of capital, including its weighted cost of equity, is an actual cost recovered from ratepayers and is clearly a "cost incurred or projected to be incurred" by the utility.[74] Financing costs include the weighted cost of equity determined by the percentage of common equity in the utility's capital structure and the reasonable ROE approved by the Commission. The statute does not require unreasonable financing costs to be included in the RACs.[75]

We also reject Dominion's assertion that § 56-585.1 A 10 prohibits the Commission from determining whether the financing costs sought to be included in the RACs are reasonable. As previously explained by the Commission, the discretion set forth in this particular provision – to use something other than the "actual" cost of capital – is applicable to proceedings under "clauses (i) and (iii) of subdivision 8."[76] As noted above, however, this is not the only provision that gives the Commission discretion to determine the reasonableness of costs to be charged to consumers. That is, Dominion's argument

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[69] For example, in 2012, the calendar year 2011 revenue requirement for Rider S was trued-up based on the actual December 31, 2011 ratemaking capital structure. *See* Case No. PUE-2012-00071.

[70] *See* Case Nos. PUE-2013-00060, PUE-2013-00061, PUE-2013-00065, and PUE-2013-00072.

[71] *See* Dominion's October 17, 2013 Voluntary Agreement; Ex. 110.

[72] *See, e.g.,* Dominion's August 30, 2013 Legal Memorandum at 5-6.

[73] In addition, the determination of whether a utility's financing costs are reasonable is "consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.)." Va. Code § 56-585.1 D. Dominion does not assert that the Commission was prohibited – under Chapter 10 – from determining the reasonableness or prudence of its equity percentage and financing costs, and Chapter 10 clearly continues to allow such a determination.

[74] *See, e.g.,* Ex. 63 (Oliver direct) at 11; Staff's Post-Hearing Brief at 6-7; Committee's Post-Hearing Brief at 57-58.

[75] Indeed, Dominion acknowledges that its higher equity percentage results in additional financing costs (and higher rates) to consumers, and that it can be changed for the RACs. That is, Dominion also proposed to lower the financing costs for these RACs by applying a lower equity percentage. Specifically, as discussed above, Dominion requested the Commission to use 53.1% for 2012 in lieu of the Company's originally proposed ratemaking equity ratio of 55.02%, which Dominion states would result in $9.3 million *less* financing costs in rates being charged to customers under the RACs. *See* Dominion's October 17, 2013 Voluntary Agreement; Ex. 110.

[76] *See, e.g., Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, Order on Commission Staff's Motion *In Limine* at 4, n.2 (July 14, 2009); *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 462. These orders did not address Va. Code § 56-585.1 D.

requires the Commission to ignore the additional discretion explicitly provided by the General Assembly in § 56-585.1 D. Moreover, § 56-585.1 A 10 does not include restrictive language that could by any means nullify the plain language in § 56-585.1 D.

In short, Dominion argues that § 56-585.1 A 10 trumps § 56-585.1 D for the RACs. Based on the unambiguous plain language of the two provisions, however, this cannot be so. The introductory phrase of § 56-585.1 D could not be more clear: "*Nothing* in this section shall preclude the Commission from determining . . . ." (Emphasis added.) The General Assembly explicitly told us what has primacy. Section 56-585.1 D makes clear that nothing – "Nothing" – in § 56-585.1 (which includes § 56-585.1 A 10) shall prevent the Commission from determining the reasonableness, for this purpose, of costs in the RACs.

Dominion's argument – that the statute authorizes the Company to charge unreasonable rates in the RACs – relegates the General Assembly's use of the word "[n]othing" to mere surplusage and eviscerates the plain meaning of this provision. According to Dominion, "something" (in this instance, § 56-585.1 A 10) precludes the Commission from keeping unreasonable costs out of the RACs. The Company surprisingly argues that the General Assembly intended for customers to pay for *any* financing costs that Dominion chooses to include in the RACs, no matter how high or unreasonable. This not only re-writes the statute, it also fails to effectuate the intent of § 56-585.1 as a whole, which provides utilities with (at a minimum) a fair return, but also provides that customers do not have to pay, in this instance, for unreasonable or imprudent costs in the RACs.

TARIFFS

We find that the tariff requirements below are reasonable and supported by evidence in the record.[77]

1. *Participation in Demand Response Programs*. We approve Dominion's proposal to prohibit customers participating in Company-sponsored peak shaving, dynamic pricing, or curtailable service programs from simultaneously participating in PJM demand response ("DR") programs. We have considered the objections to such policy as set forth by UMS, but continue to conclude that allowing customers to participate in both Company- and PJM-sponsored DR programs improperly allows for a double, or overlapping, benefit, part of which is funded by other Dominion customers.[78] Thus, customers on Rate Schedules 10, CS, SG, DP-R, DP-1, and DP-2 shall not be permitted simultaneously to participate in any PJM DR program or Company-sponsored peak-shaving program.

2. *Closing Rate Schedules CS and LG*. We approve Dominion's proposal to close Rate Schedules CS and SG to new customers due to the limited number of customers taking service under these schedules, combined with the availability of the Company's Commercial Distributed Generation Program as an alternative tariff.[79]

3. *Revising Rate Schedule 10.* We find that the applicability and terms of contract proposals set forth by Dominion for Rate Schedule 10 are reasonable. We have considered the objections to this applicability change as set forth by UMS, but find that it is reasonable to make the peak demand applicability threshold for Schedule 10 consistent with that for Rate Schedules GS-3 and GS-4 since Schedule 10 is designed to be revenue neutral with GS-3 and GS-4.[80]

4. *Withdrawing Rate Schedule RTP*. We approve Dominion's request to withdraw Rate Schedule RTP. No customers currently take service under this tariff, and it is not available to new customers.[81]

5. *Combining Unbundled Rate Schedules.* We approve the Company's proposal to withdraw 21 unbundled rate schedules and to incorporate the provisions of such unbundled rate schedules into select bundled Rate Schedules 1, 5C, GS-1, GS-2, GS-3, GS-4, 27, and 28.[82]

6. *Terms and Conditions.* We approve the Company's proposed grammatical and other minor changes to Terms and Conditions as shown on Filing Schedule 41. None of these changes impact miscellaneous service charges or facilities charge percentages, and Staff does not oppose such changes.[83]

7. *Rate Schedule 5P*. We find that UMS's request to include all § 501(c)(3) organizations in Schedule 5P unreasonably expands the breadth of this schedule beyond the purposes for which the rate was designed.[84] In addition, if the Company and a customer disagree on whether the customer properly fits in this schedule, the Commission's Rules of Practice and Procedure provide both formal and informal processes to resolve such matters.

8. *Rate Schedule GS-2T*. UMS requests that the Commission "reconcile the current disparity between GS-2T, which has a 100% demand ratchet, and GS-2, which has no demand ratchet."[85] We continue to find, however, that the current demand ratchet for GS-2T sends reasonable price signals for this

[77] As requested by Dominion, such tariff changes shall become effective for usage on and after 60 days from the date of this Final Order. *See, e.g.,* Dominion's Post-Hearing Brief at 131.

[78] *See, e.g., id.* at 131-135.

[79] *See, e.g., id.* at 135-136.

[80] *See, e.g., id.* at 136-138.

[81] *See, e.g., id.* at 138. As discussed above, however, we reject Dominion's request to withdraw Schedule J at this time.

[82] *See, e.g., id.* at 139-140.

[83] *See, e.g., id.* at 141.

[84] *See, e.g., id.* at 141-143.

[85] UMS's Post-Hearing Brief at 15.

schedule, which "is a voluntary rate and was designed to track costs more accurately and provide better price signals than the standard Rate Schedule GS-2."[86]

9. *Line Extension Plan*. We approve Dominion's proposed reforms to its line extension policy, which include certain revisions proposed by Staff and are designed to have a positive impact on distribution system reliability and to reduce the annual impact on customers requesting underground service.[87]

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted in part and denied in part as set forth in this Final Order.

(2) The Company shall comply with the directives set forth in this Final Order.

(3) The Company shall forthwith file revised tariffs and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This case is dismissed.

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[86] Dominion's Post-Hearing Brief at 144. Although we decline to implement UMS's proposed changes based on this record or to convene a working group on this matter, such finding does not preclude UMS, or any interested party, in the future from pursuing, issuing discovery on, and/or proposing specific tariff revisions attendant to these, or other, rate schedules.

[87] *See, e.g., id.* at 144-146.

CASE NO. PUE-2013-00022
JUNE 11, 2013

APPLICATION OF
AQUA VIRGINIA UTILITIES, INC.

For an increase in rates and fees

ORDER FOR NOTICE AND HEARING

On or about March 1, 2013, Aqua Virginia Utilities, Inc. ("Aqua Virginia" or "Company"), notified its customers and the State Corporation Commission's ("Commission") Division of Energy Regulation ("Division") of its intent to increase rates and fees for customers receiving wastewater service in the Manakin Farms, Cedar Grove, Hillside Estates, and Manakin Woods subdivisions in Goochland County, Virginia. The increase would become effective for service rendered on and after April 15, 2013, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:l *et seq*. of the Code of Virginia ("Code").

The Company proposes to increase its wastewater rates and fees as follows:

Existing Rates:

1. Base Rate (2,667 gallons included)	$34.00
2. Metered Rate	$12.75
a. Per 1,000 gallons over 2,667	

Proposed Rates:

1. Residential:	
a. Base rate (0 gallons included)	$32.50
b. Metered rate per 1,000 gallons	$10.57
i. Based on actual usage	
ii. Max of 6,000 gallons per month	
2. Non-Residential Base Rate (zero gallons included):	
5/8 to 3/4 inch meter	$32.50
a. 1 inch meter	$125.00
b. 1.5 inch meter	$250.00
c. 2 inch meter	$300.00
d. 3 inch meter	$500.00
e. 4 inch meter	$800.00
f. 6 inch meter	$1,500.00
3. Non-Residential Metered Rate:	
a. Per 1,000 gallons based on actual usage	$14.25

As of April 9, 2013, the Division has received letters opposing the proposed rate increase from 77 of Aqua Virginia's 276 customers. The letters requested that the Commission fully review the proposed rate increase and proposed rate design. The number of customers objecting to the proposed rate increase represents approximately 28% of the Company's total customers.

On April 11, 2013, the Commission issued a Preliminary Order ("Preliminary Order") docketing the proceeding; suspending the proposed rate increase for 60 days, and thereafter making the proposed rates interim, subject to refund with interest; and requiring the Company to file certain financial information based on the Company's proposed test year.

As required by the Preliminary Order, on May 1, 2013, the Company filed certain financial information as well as sufficient evidence to show the percentage increase in annual revenues that the Company expects to result from the proposed rates. The information submitted by the Company showed that the proposed increase in rates and fees would result in an increase in annual revenue of less than 50%.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that it should schedule an evidentiary hearing and assign this matter to a Hearing Examiner to conduct all further proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(2) A public hearing shall be convened on October 10, 2013, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission Staff ("Staff").

(3) Aqua Virginia forthwith shall make a copy of the following documents available for public inspection during regular business hours at the Company's business office at 2414 Granite Ridge Road, Rockville, Virginia 23149, its proposed changes to its rates and fees, the Commission's Preliminary Order in this proceeding, the financial data filed with the Commission on May 1, 2013, and this Order for Notice and Hearing. Copies also may be obtained by submitting a written request to the President of the Company, Shannon V. Becker, President, Aqua Virginia, Inc., 2414 Granite Ridge Road, Rockville, Virginia 23149. In addition, interested persons may review copies 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 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(4) On or before July 10, 2013, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING
ON THE PROPOSED CHANGE IN
WATER RATES AND FEES OF
AQUA VIRGINIA UTILITIES, INC.
CASE NO. PUE-2013-00022

On or about March 1, 2013, Aqua Virginia Utilities, Inc. ("Aqua Virginia" or "Company"), notified its customers and the State Corporation Commission's ("Commission") Division of Energy Regulation ("Division") of its intent to increase rates and fees for customers receiving wastewater service in the Manakin Farms, Cedar Grove, Hillside Estates, and Manakin Woods subdivisions in Goochland County, Virginia. The increase would become effective for service rendered on and after April 15, 2013, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:l *et seq*. of the Code of Virginia ("Code").

The Company proposes to increase its wastewater rates and fees as follows:

Existing Rates:	
1. Base Rate (2,667 gallons included)	$34.00
2. Metered Rate	$12.75
a. Per 1,000 gallons over 2,667	
Proposed Rates:	
1. Residential:	
a. Base rate (0 gallons included)	$32.50
b. Metered rate per 1,000 gallons	$10.57
i. Based on actual usage	
ii. Max of 6,000 gallons per month	
2. Non-Residential Base Rate (zero gallons included):	
5/8 to 3/4 inch meter	$32.50
a. 1 inch meter	$125.00
b. 1.5 inch meter	$250.00
c. 2 inch meter	$300.00
d. 3 inch meter	$500.00
e. 4 inch meter	$800.00
f. 6 inch meter	$1,500.00

3. Non-Residential Metered Rate:
   a. Per 1,000 gallons based on actual usage $14.25

As of April 9, 2013, the Division has received letters opposing the proposed rate increase from 77 of Aqua Virginia's 276 customers. The letters requested that the Commission fully review the proposed rate increase and proposed rate design. The number of customers objecting to the proposed rate increase represents approximately 28% of the Company's total customers.

On April 11, 2013, the Commission issued a Preliminary Order ("Preliminary Order") docketing the proceeding; suspending the proposed rate increase for 60 days, and thereafter making the proposed rates interim, subject to refund with interest; and requiring the Company to file certain financial information based on the Company's proposed test year.

As required by the Preliminary Order, on May 1, 2013, the Company filed certain financial information as well as sufficient evidence to show the percentage increase in annual revenues that the Company expects to result from the proposed rates. The information submitted by the Company showed that the proposed increase in rates and fees would result in an increase in annual revenue of less than 50%.

The Commission also has issued an Order for Notice and Hearing scheduling a hearing on the proposed increase in rates and fees.

TAKE NOTICE that while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, the individual rates and charges approved by the Commission may be higher or lower than those proposed by the Company.

A public hearing before a Hearing Examiner is scheduled to commence on October 10, 2013, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence related to the proposed changes in rates and fees. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff. 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).

A copy of Aqua Virginia's proposed changes to its rates and fees, a copy of the Commission's Preliminary Order in this proceeding, a copy of the financial data filed with the Commission on May 1, 2013, and a copy of the Order for Notice and Hearing are available for public inspection during regular business hours at the Company's business office at 2414 Granite Ridge Road, Rockville, Virginia 23149. Copies also may be obtained by submitting a written request to the President of the Company, Shannon V. Becker, President, Aqua Virginia, Inc., 2414 Granite Ridge Road, Rockville, Virginia 23149. In addition, interested persons may review copies 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 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

On or before October 4, 2013, any interested person may file an original and fifteen (15) copies of any written comments on the proposed increase in rates and fees with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219. Interested persons desiring to submit comments electronically may do so on or before October 4, 2013, by following the instructions on the Commission's website: http://www.scc.virginia.gov/case.

Any interested person may participate as a respondent in this proceeding by filing, on or before August 16, 2013, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested persons should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent.

All written communications to the Commission concerning Aqua Virginia's proposed increase in rates and fees shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, shall refer to Case No. PUE-2013-00022, and shall simultaneously be served on the President of Aqua Virginia at the address set forth above.

AQUA VIRGINIA UTILITIES, INC.

(5) On or before July 10, 2013, the Company shall serve a copy of this Order for Notice and Hearing 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 the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(6) On or before August 9, 2013, the Company shall file with Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (4) and (5) herein.

(7) On or before July 19, 2013, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits that the Company intends to present at the public hearing.

(8) On or before October 4, 2013, any interested person may file an original and fifteen (15) copies of any written comments on the Company's proposed changes in its rates and fees with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219. Any interested person desiring to submit comments electronically may do so on or before October 4, 2013, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Interested persons shall refer in their comments to Case No. PUE-2013-00022.

(9) Any interested person may participate as a respondent in this proceeding by filing, on or before August 16, 2013, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). A copy simultaneously shall be served on the President of the Company, Shannon V. Becker, at the address set forth in Ordering Paragraph (3) above. Pursuant to Rule of Practice and Procedure 5 VAC 5-20-80 B, *Participation as a respondent*, 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-2013-00022.

(10) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order, a copy of the Commission's Preliminary Order in this proceeding, a copy of the financial data filed with the Commission on May 1, 2013, and a copy of the proposed changes to its rates and fees, unless these materials have already been provided to the respondent.

(11) On or before August 16, 2013, each respondent may file with the Clerk of the Commission, 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. Each respondent shall serve copies of the testimony and exhibits on the president of Aqua Virginia and on all other respondents.

(12) On or before September 20, 2013, the Staff shall investigate the Company's proposed increase in rates and fees and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation and shall promptly serve a copy on the president of Aqua Virginia and all respondents.

(13) On or before September 27, 2013, the Company may file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on the Staff and all respondents.

(14) The Company and all respondents shall respond to interrogatories and requests for production of documents within seven (7) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice and Procedure.

(15) This matter is continued generally.

CASE NO. PUE-2013-00023
JULY 22, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

FINAL ORDER

On May 2, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") submitted an application, with supporting testimony and filing schedules, to the State Corporation Commission ("Commission") pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code") for approval of a rate adjustment clause ("RAC") designated as Rider T1 ("Application"). Subsection A 4 allows Virginia's investor-owned electric utilities to recover, with Commission approval, certain transmission-related costs through a RAC. Subsection A 4 further deems to be prudent the "costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member" and "costs charged to the utility that are associated with demand response programs approved by the Federal Energy Regulatory Commission and administered by the regional transmission entity of which the utility is a member."

Dominion Virginia Power seeks to recover its transmission costs through a combination of base rates and a revised increment/decrement RAC, designated as Rider T1.[1] Rider T1 is designed to recover the increment/decrement between revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the rate year of September 1, 2013, through August 31, 2014 ("Rate Year"),[2] during which the Company's proposed Rider T1 would be effective for usage.[3]

[1] The Commission has previously approved the recovery of Subsection A 4 costs through a RAC designated as Rider T in: Application of Virginia Electric and Power Company, For approval of rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia, Case No. PUE-2009-00018, 2009 S.C.C. Ann. Rept. 422, Final Order (June 29, 2009); Application of Virginia Electric and Power Company, For approval to revise its Rider T rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia, Case No. PUE-2010-00006, 2010 S.C.C. Ann. Rept. 449, Final Order (June 29, 2010); and Application of Virginia Electric and Power Company, For approval of rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia, Case No. PUE-2011-00044, 2011 S.C.C. Ann. Rept. 496, Final Order (July 19, 2011).

[2] Consistent with the Commission's November 30, 2011 Final Order in the Company's first biennial review, Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011), and § 56-585.1 A 3 of the Code, Dominion Virginia Power combined its existing 2011 Rider T rates into the Electricity Supply Service portion of base rates. Subsequently, in 2012,

Specifically, the Company has proposed a Rider T1 that, if approved, would produce a total transmission revenue requirement for the Rate Year of $404,390,704.[4] This represents an annual revenue increase of $21,708,898 over the revenues projected to be produced during the Rate Year by the combination of the transmission component of base rates and the Rider T1 rates currently in effect.[5] The Company proposed that revised Rider T1 use the same cost allocation and rate design methodologies as previously approved in the 2012 Rider T1 case.[6]

On May 10, 2013, the Commission issued an Order for Notice and Hearing that established a procedural schedule for this case, provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation, scheduled an evidentiary hearing, and directed the Company to provide public notice of its Application. This Order also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and the Virginia Committee for Fair Utility Rates ("Virginia Committee") filed notices of participation in this proceeding. On June 14, 2013, the Commission Staff ("Staff") filed the testimonies and exhibits of its witnesses. No other testimony or exhibits were pre-filed in this case.[7]

As explained in Staff's pre-filed testimony, both the Company and Staff used the same methodology as that adopted by the Commission in the 2012 Rider T1 case. Staff agreed with the Company's total proposed revenue requirement for transmission costs, in the amount of $404,390,704 for the Rate Year. Staff also agreed with the Company's proposed Rider T1 decrement in the amount of $80,967,667.[8]

Additionally, Staff had no objection to the Company's cost allocation and rate design and believes that the Company's approaches continue to be appropriate, as there have been no recent developments that would require modification.[9]

Deborah V. Ellenberg, Chief Hearing Examiner, convened an evidentiary hearing in this docket on June 27, 2013. Hearing participants included the Company, Consumer Counsel, and the Staff. The Virginia Committee did not participate in the hearing. The Company's Application, filing schedules, and all supporting testimony, as well as the testimony and exhibits of Staff's witnesses, were admitted into the record without cross-examination.

Thereafter, on July 10, 2013, the Hearing Examiner's report in this matter ("Report") was filed with the Clerk of the Commission. After summarizing the evidence, the Report concluded that "the proposed Rider T1 revenue requirement of ($80,967,667) is reasonable and justified for recovery through the Company's updated Rider T1," and recommended approval of the updated Rider T1 for implementation in rates for the Rate Year.[10] On July 12, 2013, the Company filed comments supporting the findings and recommendations in the Report and asking the Commission to approve the proposed Rider T1. No other comments were filed concerning the Report.[11]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds in this proceeding that Rider T1 is approved in the amount proposed by the Company and the Staff.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted as set forth herein.

(2) Within thirty (30) days from the date of this Final Order, the Company shall file, with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, the updated tariff sheets for Rider T1 as approved herein.

(3) Rider T1 as approved herein shall become effective for service rendered on and after September 1, 2013.

(4) This matter is dismissed.

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the Commission approved implementation of Rider T1 as an increment/decrement rider. See Application of Virginia Electric and Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia, Case No. PUE-2012-00052, 2012 S.C.C. Ann. Rept. 458, Final Order (Aug. 2, 2012) ("2012 Rider T1 case").

[3] Ex. 2 (Application) at 1, 10.

[4] Id. at 10. The Company forecasts collection of $485,358,371 through the transmission component of base rates and proposes a ($80,967,667) revenue requirement through Rider T1. Thus, the net transmission revenue requirement is $404,390,704. See Ex. 3 (Wilkinson Direct) at 2; Ex. 5 (Rice Direct) at 5.

[5] Ex. 2 (Application) at 10; Ex. 3 (Wilkinson Direct) at 2. The Company's 2012 Rider T1 rates were designed to recover an annual revenue requirement of $372,900,596, for costs projected to be incurred during the period September 1, 2012, through August 31, 2013. Ex. 2 (Application) at 9.

[6] Ex. 2 (Application) at 10.

[7] The Company filed correspondence with the Clerk of the Commission on June 20, 2013, advising that it did not intend to file rebuttal testimony or associated exhibits in this proceeding.

[8] Ex. 7 (Ellis Direct) at 2-3.

[9] Ex. 8 (Hoyt Direct) at 7.

[10] Report at 8.

[11] The Staff filed correspondence with the Clerk of the Commission on July 11, 2013, advising that it did not intend to file comments concerning the Report.

CASE NO. PUE-2013-00024
JUNE 4, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For reauthorization of gas supply and other supply related agreements with affiliates

ORDER GRANTING APPROVAL

On March 8, 2013, Columbia Gas of Virginia, Inc. ("CGV"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting that the Commission reauthorize certain gas supply agreements ("Base Contracts") with Columbia Gas of Kentucky, Inc. ("CKY"), Columbia Gas of Maryland, Inc. ("CMD"), Columbia Gas of Ohio, Inc. ("COH"), Columbia Gas of Pennsylvania, Inc. ("CPA"), Northern Indiana Public Service Company ("NIPSCO"), Bay State Gas Company, which operates as Columbia Gas of Massachusetts ("CMA"), and EnergyUSA-TPC Corp. ("TPC") (collectively, "NiSource Affiliates"), pursuant to Chapter 4 of Title 56 ("Affiliated Interests Act") of the Code of Virginia ("Code").[1] CGV also requests continuing approval to execute prospective gas supply agreements with future regulated affiliated distribution companies ("Future LDC Affiliates"), without further approval of the Commission, to be effective through the five-year authorization period requested.

CGV is a Virginia public service corporation that provides natural gas distribution service to approximately 250,000 customers in Central and Southern Virginia, the Piedmont region, most of the Shenandoah Valley, portions of Northern and Western Virginia and the Hampton Roads region. CGV is a wholly owned subsidiary of the Columbia Energy Group ("Columbia Energy"), which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

CKY, CMD, COH, and CPA, wholly owned subsidiaries of Columbia Energy, are natural gas distribution companies that serve customers in their respective states. NIPSCO and CMA, wholly owned subsidiaries of NiSource, are natural gas distribution companies that serve customers in their respective states. TPC, a wholly owned subsidiary of EnergyUSA, Inc., which is a wholly owned subsidiary of NiSource, is an energy marketing company that is engaged in the business of selling, purchasing, and exchanging natural gas commodity and other related services.

Since CGV and the NiSource Affiliates share the same senior parent company, NiSource, the companies are considered affiliated interests under § 56-76 of the Code. As such, CGV and the NiSource Affiliates must obtain approval from the Commission pursuant to the Affiliated Interests Act prior to entering into any contract or arrangement between the companies to provide or receive services.

CGV's Base Contracts are intended to facilitate gas purchases, sales, and other gas supply transactions, such as an exchange of natural gas, between CGV and the NiSource Affiliates. A Base Contract creates a contractual framework within which the parties can enter into one or more individual gas supply transactions 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 of the transaction. CGV represents in its Application that the Base Contract allows the parties to quickly execute market orders and avoid unnecessary delays that may result from contract negotiations for specific sales and purchases.

The Commission has granted limited duration approval of similar CGV requests in four prior cases.[2] CGV represents that the Base Contracts with the NiSource Affiliates, which are included as Attachments C and D to the Application, have not changed since they were approved in the PUE-2008-00038 Order.

CGV's Gas Supply Policy ("GSP"),[3] approved by the Commission in Case No. PUE-2003-00219, describes the procedures under which CGV will enter into specified gas supply transactions with its affiliates and is intended to ensure that CGV obtains a reliable supply of gas at the least cost possible. The GSP also governs CGV's gas supply transactions with the NiSource Affiliates. CGV represents that under the GSP, in non-emergency situations, CGV purchases gas from the NiSource Affiliates only if the offer price is at or below prevailing market prices. When entering into a gas supply transaction in which CGV is the seller, CGV will use market information to obtain the highest price for its gas sales. CGV represents that during an emergency or critical situation, CGV's relationships with the NiSource affiliates gives it access to a larger supply of gas than it would have as a stand-alone utility.

The GSP uses the language of "at or above current market prices" and "at or below current market prices" for describing the pricing of gas supply transactions depending on whether CGV is the seller or buyer. CGV represents the natural gas commodity purchased or exchanged has been, and will continue to be, priced at market or competitive rates.

CGV also requests continuing approval to enter into Base Contracts with Future LDC Affiliates, which are unidentified regulated distribution companies that could, at some point in the future, become affiliates of CGV as defined by § 56-76 of the Code. CGV represents that the form Base Contract

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[1] Va. Code § 56-76 *et seq.*

[2] *Application of Columbia Gas of Virginia, Inc., For approval of gas supply and other related supply arrangements,* Case No. PUA-2001-00068, 2002 S.C.C. Ann. Rept. 173, Order Granting Approval (Feb. 19, 2002); *Application of Columbia Gas of Virginia, Inc., For approval of gas supply and other related supply arrangements pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2003-00219, 2003 S.C.C. Ann. Rept. 516, Order Granting Approval (Aug. 13, 2003); *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, 2005 S.C.C. Ann. Rept. 441, Order Granting Approval (Aug. 10, 2005); *Application of Columbia Gas of Virginia, Inc., For approval of gas supply and other supply related agreements with affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2008-00038, 2008 S.C.C. Ann. Rept. 530, Order Granting Approval (July 3, 2008) ("PUE-2008-00038 Order").

[3] See Attachment B to the Application.

with Future LDC Affiliates, submitted as revised Attachment E to the Application on May 1, 2013, has been updated to reflect the standard terms and conditions established by the North American Energy Standards Board, Inc., effective September 5, 2006, as well as CGV's special provisions.

CGV represents that, while the gas supply related transactions between CGV and its affiliates have been relatively infrequent over the past thirteen years, they have been beneficial in supplementing CGV's gas supply needs in a reliable and cost effective manner.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that reauthorization of the Base Contracts with the NiSource Affiliates, the Base Contracts with Future LDC Affiliates, and the GSP described herein are in the public interest and should be approved subject to the requirements as outlined below.[4]

We will subject any Future LDC Affiliates to the same pricing and reporting requirements that apply to CGV's Base Contracts with the NiSource Affiliates. We will also require CGV to submit to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") an executed copy of any Base Contract with a Future LDC Affiliate prior to engaging in any transactions pursuant to the approval granted in this case.

In previous cases, we mitigated the GSP's atypical pricing policy by specifically ordering that:

> [Base Contract transactions may occur] at the prevailing market price so long as such price is the delivered market price. CGV shall also bear the burden of proving, in any Annual Informational Filing or rate proceeding, that gas supply purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that sales to the NiSource Affiliates or Future LDC Affiliates were made at the highest possible price. CGV shall maintain records necessary to show that, at any particular time, gas purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that gas sales to the NiSource Affiliates or Future LDC Affiliates were made at the highest possible price.[5]

We reiterate this pricing directive for the current case.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, CGV is hereby granted approval to enter into the proposed gas supply agreements with the NiSource Affiliates, to execute Base Contracts (as defined herein) with Future LDC Affiliates, and for the Gas Supply Policy, subject to the requirements set forth herein.

(2) The approval granted herein shall be limited to five (5) years from the date of this Order. Should CGV wish to continue the Base Contracts and the GSP thereafter, further Commission approval shall be required.

(3) CGV shall submit to the UAF Director an executed copy of any Base Contract with a Future LDC Affiliate prior to engaging in any transactions pursuant to the authority granted herein.

(4) CGV is granted approval to enter into Base Contracts and execute individual Transaction Conformations with the NiSource Affiliates and Future LDC Affiliates at the prevailing market price so long as such price is the delivered market price. CGV shall also bear the burden of proving, in any Annual Informational Filing or rate proceeding, that gas supply purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that sales to the NiSource Affiliates or Future LDC Affiliates were made at the highest possible price. CGV shall maintain records necessary to show that, at any particular time, gas purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that gas sales to the NiSource Affiliates or Future LDC Affiliates were made at the highest possible price.

(5) Commission approval shall be required for any changes in the terms and conditions of the Base Contracts, Transaction Confirmations, and GSP including, but not limited to, any changes in the types of gas transactions, pricing practices, and any successors or assigns.

(6) 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.

(7) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the Base Contracts.

(8) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approvals granted herein.

(9) CGV shall maintain a log of all transactions pursuant to the gas supply agreements and GSP approved herein. The log shall, at a minimum, note the dates of individual transactions, provide a description of each transaction including the reasons underlying the transaction, explain the basis for the market price ascribed to each transaction, and, in instances where CGV is selling gas to an affiliate, note CGV's actual cost of gas resold. The log shall be summarized into an annual report and included with CGV's Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on or before May 1 of each year, which deadline may be extended administratively by the UAF Director.

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[4] Although CGV did not specifically ask for approval of the GSP, CGV did ask for "such further relief as the Commission deems appropriate." The Commission is of the opinion that further approval of the GSP is required to facilitate CGV's management of its gas supply in connection with the Base Contracts presented in this matter.

[5] See Ordering Paragraph 4 of the PUE-2008-00038 Order.

(10) 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 its ARAT in such filings.

(11) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00027
JUNE 21, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For approval of modifications to its Economic Development Rider

ORDER APPROVING MODIFICATIONS

On March 20, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application seeking expedited approval of modifications to its Optional Economic Development Rider ("Application").

Dominion Virginia Power's Economic Development Rider, which the Commission first approved in 1998,[1] provides certain reductions in billing demands to qualifying new and existing commercial and industrial retail customers.[2] In its Application, the Company explains that it continues to see interest in its Economic Development Rider even though it now is fully subscribed. For this reason, and to continue to incentivize investment and job creation in the Commonwealth, the Company asks for approval of modifications to the terms of its Economic Development Rider to expand the number of customers it serves.[3]

Dominion Virginia Power seeks to make the following modifications to its Economic Development Rider: (1) increase the total load for all customers served to allow enrollment of new customers; (2) increase the required minimum amount of incremental load for new customers; (3) increase the maximum amount of load per customer that is subject to the demand discount; (4) offer customers an alternative to the current discount percentage rates; (5) provide the Company with the option of approving or disapproving new customers; and (6) modify the current energy efficiency standard set forth in the Economic Development Rider to a more general requirement that would allow the Company to decide if a new incremental load meets the applicable energy efficiency standards.[4]

Dominion Virginia Power indicates that it seeks expedited treatment of its Application because it is aware of three companies considering new locations in the Commonwealth in the near term. The Company further indicates that expedited treatment of the Application would be appropriate because the modifications in its proposal do not affect the fundamental characteristics of the Economic Development Rider.[5]

On April 3, 2013, the Commission issued an Order for Notice and Comment that, among other things, docketed the Application, directed Dominion Virginia Power to publish notice of the Application, provided interested persons and the Staff of the Commission ("Staff") with the opportunity to comment or request a hearing on the Application, and provided the Company with the opportunity to respond to any such comments or requests for hearing.

On May 7, 2013, the Virginia Committee for Fair Utility Rates (the "Committee") filed comments ("Comments") and a request for hearing in this proceeding. In its Comments, the Committee expressed two concerns: (i) Dominion Virginia Power should not have the discretion to make the Economic Development Rider available at its option, and (ii) the Company did not explain how it would recover the costs of the Economic Development Rider.

On May 23, 2013, the Staff filed its report ("Staff Report"). The Staff Report reviewed the Application and Comments and recommended eliminating language in the proposed Economic Development Rider that would make the rider available only at the option of the Company.

On May 30, 2013, Dominion Virginia Power filed its response to the Staff Report and Comments ("Response"). In its Response, the Company provided its rationale for making the Economic Development Rider available at its option. The Company also indicated that the costs associated with the Economic Development Rider would be absorbed through existing rates until such time as the next rate case or biennial review and that such costs would be allocated across all Virginia jurisdictional classes. Further, Dominion Virginia Power explained that it had discussed these issues with counsel for the Committee, who authorized the Company to represent in its Response that the Committee agrees with the proposal to allocate costs across all customer classes in a class cost of service study in a future rate case or biennial review. In addition, the Company represented that although the Committee opposes making the Economic Development Rider available at the Company's option, both the Company and the Committee agree that the Commission can resolve this issue without a hearing based on the pleadings in the case.[6]

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[1] *Application of Virginia Electric and Power Company, 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 Company*, Case Nos. PUE-1996-00036 and PUE-1996-00296, 1998 S.C.C. Ann. Rept. 322, Final Order (Aug. 7, 1998).

[2] Application, Exhibit C at 1.

[3] *Id.*

[4] Application at 5-6.

[5] *Id.* at 6.

[6] The Committee authorized the Company to state in its Response that the Committee has withdrawn its request for hearing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should approve the modifications to Dominion Virginia Power's Economic Development Rider as proposed in its Application, subject to the provisions set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power's Application for modifications to its Economic Development Rider is approved subject to the provisions set forth herein, effective as of the date of this Order.

(2) The Company shall remove the proposed language in the "Applicability and Availability" section of the Economic Development Rider that makes it available only at the option of the Company.

(3) The Company forthwith shall file a revised Economic Development Rider with the Clerk of the Commission and with the Commission's Division of Energy Regulation, in accordance with this Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This matter is dismissed.

CASE NO. PUE-2013-00028
MAY 15, 2013

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of and authority to enter into financial derivative instruments in connection with future issuances of securities

ORDER GRANTING AUTHORITY

On March 25, 2013, Atmos Energy Corporation ("Atmos" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56[1] of the Code of Virginia ("Code") requesting approval of and authority to enter into financial derivative instruments in connection with present and future issuances of securities ("Application"). By Commission Order dated April 19, 2013, the case was extended an additional 30 days. The Company paid the requisite fee of $250.

Atmos seeks authority to enter into financial derivative transactions in the form of forward-starting interest rate swaps, treasury lock, or other cash flow hedges with similar characteristics ("Swap Transactions") on future issuances of debt securities. These Swap Transactions, in essence, will fix the cost of the U.S. Treasury yield component of anticipated issuance of Atmos debt and can lessen Atmos' exposure to interest rate volatility. Settlement of these Swap Transactions does not typically take place until the time of the debt issuances. The notional amounts of the Swap Transactions are comparable to the planned issuance face amount. Gains and losses on the Swap Transactions are booked in compliance with Generally Accepted Accounting Principles.

Atmos has existing Commission authority to issue up to $1.75 billion[2] in debt and equity securities through April 1, 2016, and in order to take advantage of favorable market conditions, Atmos entered into Swap Transactions associated with anticipated issuances in 2015 and 2017.

According to the Application, during recent discussions with the Staff of the Commission ("Staff"), Atmos was made aware of the June 1, 1999 advisory issued by the Commission's Division of Economics and Finance stating that financial derivative instruments were considered securities under Chapter 3 of the Code and advising utilities to obtain prior approval for any such transactions. Atmos states that, to its knowledge, it had not previously been aware of this requirement. Atmos is filing this Application for approval of financial derivative transactions recently entered into by Atmos as well as to request authority to enter into other financial derivative transactions in the future.

By letter dated May 8, 2013, Atmos submitted a response to the Staff's Action Brief in which it indicated that "Atmos was not aware of the Commission's interpretation of §§ 56-56 and 56-57 of the Code that interest rate swaps and other financial derivative transactions are securities as defined in Chapter 3 of Title 56 of the Code." Once informed by the Commission Staff of this requirement, Atmos caused to be filed the instant Application to comply with the Commission's findings that appeared in the Orders issued in Case Nos. PUF-1997-00019[3] and PUF-1996-00015.[4]

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that approval of present and future Swap Transactions by the Company will not be detrimental to the public interest. While we have concluded to take no further action in this instance, we note that continued and ongoing compliance by Atmos with all Commission Orders, rules, directives, and the Code is expected and that any future violations by Atmos may result in enforcement actions, including fines, as allowed under §§ 56-71 and 12.1-13 of the Code.

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[1] Va. Code § 56-55 *et seq*.

[2] *Application of Atmos Energy Corporation, For authority to implement a universal shelf registration*, Case No. PUE-2012-00140, Order Granting Authority (Jan. 30, 2013). Atmos also had Commission authorization to issue up to $1.3 billion in securities in Case No. PUE-2009-00115 from November 13, 2009, through March 31, 2013.

[3] In the matter of Virginia Electric and Power Company, Interest rate swap agreements, Case No. PUE-1997-00019, 1997 S.C.C. Ann. Rept. 469, Order (Nov. 24, 1997).

[4] *Application of Washington Gas Light Company, For authority to issue debt securities, preferred stock, and common stock,* Case No. PUF-1996-00015, 1999 S.C.C. Ann. Rept. 528, Dismissal Order, (May 18, 1999).

ACCORDINGLY, IT IS ORDERED THAT:

(1) Atmos hereby is authorized to enter into present and future Swap Transactions from the date of this Order through April 1, 2016, under the terms and conditions and for the purposes set forth in the Application.

(2) Atmos shall submit a report of action directly with the Commission's Division of Utility Accounting and Finance within ten (10) days after the execution of any Swap Transaction which shall include the date, the type of Swap Transaction, the notional amount of the securities hedged, any fixed or floating interest rate or index selected, and the anticipated maturity date of the Swap Transaction.

(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.

CASE NO. PUE-2013-00031
JULY 22, 2013

JOINT PETITION OF
LAKESHORE TERRACE CORPORATION
and
MICHAEL AND KARI HAMILTON

For approval of the acquisition and disposition of utility common stock

ORDER GRANTING APPROVAL

On April 23, 2013, Lakeshore Terrace Corporation ("Lakeshore") and Michael and Kari Hamilton (the "Hamiltons") (together, the "Joint Petitioners") completed a joint petition with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval of the disposition and acquisition of the common stock of Lakeshore.

Lakeshore provides potable water to 69 connections in the Lakeshore Terrace Subdivision located in Hardy, Franklin County, Virginia.[2] Joseph E. Penick is the sole shareholder, officer, and director of Lakeshore. In April 2007, Mr. Penick hired Kari Hamilton to process the invoicing for Lakeshore. In 2009, Mr. Penick became physically incapable of maintaining the water system and Michael Hamilton began maintenance duties and Kari Hamilton assumed more administrative responsibilities.

The Joint Petitioners request Commission approval for the transfer of all of Lakeshore's common stock from Joseph E. Penick to the Hamiltons ("Proposed Transaction"). Specifically, pursuant to a Purchase and Sale of Stock agreement dated February 27, 2013, all 2,000 shares issued by Lakeshore will be sold to the Hamiltons for $25 a share, in total $50,000. The Joint Petitioners represent that they do not anticipate any improvements or upgrades to the system or a change in rates. Customers were provided notice of the Proposed Transaction, and no comments were received.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Joint Petitioners hereby are granted approval of the transfer of stock and control of Lakeshore to the Hamiltons.

(2) The Joint Petitioners shall file a Report of Action ("Report") with the Commission's Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall reference Case No. PUE-2013-00031 and shall include the date the Proposed Transaction was completed and all legal documentation supporting the Proposed Transaction.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[1] Va. Code § 56-88 *et seq.*

[2] Lakeshore was incorporated on March 5, 1968, and falls under the grandfathering clause in § 13.1-620 G of the Code, which exempts water companies incorporated before January 1, 1970, from the requirement to reorganize as public service corporations.

CASE NO. PUE-2013-00033
MAY 6, 2013

APPLICATION OF
NORTHERN NECK ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On April 10, 2013, Northern Neck Electric Cooperative ("Northern Neck" 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 CoBANK, ACB ("CoBank"). Applicant paid the requisite fee of $250.

Applicant is seeking authority to borrow up to $2,199,648 from CoBank. The proceeds will be used to refinance short-term debt borrowed under a line of credit facility. The line of credit borrowings were incurred when Northern Neck's Board of Directors decided to prepay a pension contribution to the National Rural Electric Cooperative Association's ("NRECA") Retirement and Security Pension Plan ("R&S Plan") in exchange for lower future R&S Plan billing rates. There is no prepayment penalty associated with the early retirement of the short-term debt. The new CoBank loan will have a 12-year maturity and will bear a fixed interest rate set at the date of issuance. According to an analysis conducted by CoBank and provided to the Commission Staff under separate cover, Northern Neck expects to save over $1.2 million on a net present value basis as a result of the prepayment to NRECA and the lower R&S Plan billing rates.

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 hereby is authorized to borrow up to $2,199,648 from CoBank, 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 CoBank, Northern Neck shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount the loan, the interest rate, 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 hereby is dismissed.

CASE NO. PUE-2013-00034
JULY 9, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of modifications to LNG related agreements with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On April 11, 2013, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") to request approval to modify two agreements between CGV and its affiliate, Columbia Gas Transmission, LLC ("TCO")[1], pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[2]

CGV is a Virginia public service corporation that provides natural gas distribution service to approximately 250,000 customers in Central and Southern Virginia, the Piedmont region, most of the Shenandoah Valley, portions of Northern and Western Virginia, and the Hampton Roads region.

TCO is an interstate natural gas company with natural gas pipelines stretching from the Gulf Coast through the Midwest to New England. TCO's services and operations, including its rates and charges, are regulated by the Federal Energy Regulatory Commission ("FERC").

TCO owns and operates a liquefied natural gas ("LNG") plant located in Chesapeake, Virginia ("Chesapeake LNG Facility"). All of the capacity of the Chesapeake LNG Facility is fully contracted under three agreements with the City of Richmond, Virginia, Virginia Natural Gas, Inc., and CGV. The Applicant states that the Chesapeake LNG Facility, which was constructed in 1972, is in need of facility upgrades to extend its life and to ensure its safe operation. TCO intends to invest approximately $30 million to modernize the facility and to ensure its continued safe and reliable operation over the next 15 to 20 years.

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[1] On December 9, 2008, Columbia Gas Transmission Corporation converted to Columbia Gas Transmission, LLC.

[2] Va. Code § 56-76 *et seq*.

We previously have approved a Liquefied Natural Gas Storage Service agreement ("X-132 Agreement") between CGV and TCO,[3] which provides CGV with 32,110 Dekatherms ("Dths") per day of city-gate capacity and 312,450 Dths of total seasonal upstream capacity from the Chesapeake LNG Facility. The rates charged under the X-132 Agreement are regulated by FERC.

We also have approved an LNG Truck Loading Agreement between CGV and TCO that specified the circumstances, timing, structure, conditions, and reimbursement provisions under which CGV may physically withdraw a portion of its available LNG inventory from the Chesapeake LNG facility.[4]

In the instant Application, the Applicant proposes to amend the X-132 Agreement and the LNG Truck Loading Agreement. The amendments to the X-132 Agreement include: (1) a 15-year term extension; (2) a Levelized LNG Rate Adder to fund the $30 million modernization at the Chesapeake LNG Facility; and (3) a provision to revise the Levelized LNG Rate Adder if actual costs of the modernization are less than $30 million. The amendment to the LNG Truck Loading Agreement expands the period during which CGV may withdraw LNG from the Chesapeake LNG Facility from seven months per year to year-round.

CGV represents that the peaking capacity under the X-132 Agreement is critical to the operation of its peak day supply function. CGV further represents that the capacity provided under the X-132 Agreement is available in the most highly constrained area of its system and replacement capacity would be significantly more expensive to obtain, assuming that replacement capacity were available or could be constructed, and recognizing that construction would require considerable lead time. The LNG Truck Loading Agreement facilitates CGV's physical withdrawal of a portion of its available inventory of LNG at the Chesapeake LNG Facility.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the amendments to the X-132 Agreement and the LNG Truck Loading Agreement described herein are in the public interest and should be approved through January 31, 2029, subject to certain regulatory requirements.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the amendments to the X-132 Agreement and the LNG Truck Loading Agreement as described herein, are hereby approved, consistent with the findings set out above and effective as of the date of the entry of this Order Granting Approval.

(2) The approval granted in this case shall have no ratemaking implications. Specifically, the approval granted herein does not guarantee the recovery of any costs directly or indirectly related to either the amended X-132 Agreement or the amended LNG Truck Loading Agreement.

(3) Commission approval shall be required for any change in the terms and conditions of either the amended X-132 Agreement or the amended LNG Truck Loading Agreement, including successors or assigns.

(4) CGV shall maintain records to demonstrate that the services provided under the amended LNG Truck Loading Agreement are cost-beneficial to Virginia ratepayers. For any services provided by TCO where a market may exist, CGV shall investigate whether alternative service providers are available and, if they exist, CGV shall compare the market price to CGV's costs and pay the lower of cost or market. CGV shall bear the burden, in any rate proceeding, of demonstrating that the services provided by TCO under the amended LNG Truck Loading Agreement were priced at the lower of cost or market where a market exists.

(5) The duration of our approval of the amended LNG Truck Loading Agreement shall match the term of the amended X-132 Agreement, which terminates on January 31, 2029.

(6) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(7) 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 the Commission.

(8) CGV shall continue to include the transactions covered under the amended X-132 Agreement and the amended LNG Truck Loading Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of the Commission's Division of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline may be extended administratively by the UAF Director.

(9) In the event that CGV's annual informational filings or general or expedited rate case filings are not based on a calendar year, then CGV shall include the affiliate information contained in its ARAT in such filings.

(10) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[3] *Application of Commonwealth Gas Services, Inc., For approval of agreements with affiliates,* Case No. PUA-1995-00025, 1996 S.C.C. Ann. Rept. 118, Order Granting Approval (July 18, 1996). The Commission further authorized an extension of this approval in *Application of Columbia Gas of Virginia, Inc., For approval of firm transportation service, firm storage service, storage service transportation, and liquefied natural gas storage service agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00073, 2004 S.C.C. Ann. Rept. 482, Order Granting Approval (Aug. 3, 2004).

[4] *Application of Columbia Gas of Virginia, Inc., For approval of a LNG Truck Loading Agreement with Columbia Gas Transmission, LLC,* Case No. PUE-2011-00120, 2012 S.C.C. Ann. Rept. 333, Order Granting Approval (Jan. 20, 2012).

CASE NO. PUE-2013-00035
JUNE 6, 2013

APPLICATION OF
HESS ENERGY MARKETING, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On April 22, 2013, Hess Energy Marketing, LLC ("HEM" or "Company") completed an application with the State Corporation Commission ("Commission") for a license to act as a competitive service provider ("CSP") for natural gas service ("Application") 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's application seeks authority to serve commercial and industrial customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("Columbia Gas"). HEM attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Retail Access Rules.

On April 26, 2013, the Commission entered an Order for Notice and Comment ("Notice Order") which, among other things, docketed the case; required HEM to give notice to WGL, Columbia Gas, and other interested persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report. On May 16, 2013, the Company filed a motion to accept a late filing of the proof of notice[1] required in the Commission's Notice Order.

The Commission received a letter from Columbia Gas on May 20, 2013, advising the Commission that Columbia Gas will not be filing any comments. WGL also filed a letter on May 20, 2013, noting that before HEM can provide natural gas CSP service to WGL customers, HEM will need to comply with all provisions of Rate Schedule No. 9 (Firm Delivery Service Gas Supplier Agreement). The WGL letter also stated that WGL will not be filing any additional comments on HEM's Application.

On May 21, 2013, the Staff filed its Report which summarized HEM's proposal and evaluated its technical fitness and financial condition. The Staff recommended that HEM be granted a license to conduct business as a CSP of natural gas service to commercial and industrial customers in the service territories of WGL and Columbia Gas, subject to any applicable legal limitations on retail access existing in the Code of Virginia or Commission regulations. Staff did not oppose the granting of HEM's motion for late filing of its proof of notice. HEM did not file a response to the Staff Report.

NOW UPON CONSIDERATION of the Application, participant comments, the Staff Report, and applicable law and our Retail Access Rules, the Commission finds that HEM's Application for a license to conduct business as a CSP of natural gas service to commercial and industrial customers in the service territories of WGL and Columbia Gas should be granted, subject to the conditions set forth below, and that this case should be continued to accommodate the consideration of any subsequent amendments or modifications to the license granted herein.

Accordingly, IT IS ORDERED THAT:

(1) Hess Energy Marketing, LLC, hereby is granted License No. G-35 to conduct business as a competitive service provider of natural gas service to commercial and industrial customers in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. This license to act as a competitive service provider for natural gas service is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(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] Due to an administrative oversight, HEM acknowledged that it did not provide the proof of notice by the May 10, 2013 deadline. HEM did provide notice to WGL and Columbia Gas on May 15, 2013.

CASE NO. PUE-2013-00037
MAY 22, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish an inter-company credit agreement

ORDER GRANTING AUTHORITY

On April 12, 2013, Virginia Electric and Power Company ("Dominion 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 requests authority to continue to participate in a $1 billion inter-company credit agreement ("Credit Agreement") with its parent, Dominion Resources, Inc. ("DRI").[1] Loans under the Credit Agreement

[1] By Order Granting Authority issued in Case No. PUE-2003-00222, the Commission approved the Credit Agreement through May 31, 2005. By Order Extending Authority dated May 25, 2005, the Commission extended the authority through May 31, 2007. In Case No. PUE-2009-00027, in its Order Granting Authority, the Commission extended authority through May 31, 2013.

will be in the form of short-term demand notes with maturities of less than 365 days. Under the terms of the Credit Agreement, Virginia Power can borrow from Dominion but the Credit Agreement does not allow for borrowings by DRI from Dominion Virginia Power. The amount of short-term debt proposed in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicant paid the requisite fee of $250.

Dominion Virginia Power states in its application that on occasion, DRI has cash available for use by its subsidiaries. On a DRI-consolidated basis, the best use of this available cash may be to pay off outstanding debt at Dominion Virginia Power. Continued participation in the Credit Agreement will provide one means to execute such a transaction. The proposed Credit Agreement will have a termination date of May 1, 2018. The interest rate or cost to Dominion Virginia Power will be equal to or less than its displaced borrowing cost. Interest will accrue daily at a rate no greater than the average rate of Dominion 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.

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 funds from DRI through the $1 billion credit agreement with its parent, DRI, under the terms and conditions and for the purposes set forth in the application through May 1, 2018.

(2) On or before June 30, 2014, 2015, 2016, 2017, and 2018, Applicant shall file a report 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.

(3) 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.

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.

The authority granted herein shall have no implications for ratemaking purposes.

This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2013-00038
SEPTEMBER 18, 2013

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On April 12, 2013, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-235.2 of the Code of Virginia ("Code") and 20 VAC 5-310-10 of the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive ("Special Rate Rules"), wherein it requested approval of a special contract for gas transportation service to James Hardie Building Products ("James Hardie") at its industrial facility in Pulaski, Virginia. Additionally, the Company filed a Motion for Protective Order pursuant to 5 VAC 5-20-170 of the Rules of Practice and Procedure and the Special Rate Rules.

In its Application, the Company states that on April 2, 2013, Atmos and James Hardie (collectively, "Parties") entered into a "Firm Natural Gas Transportation Agreement" ("Contract") to transport gas to James Hardie's industrial facility in Pulaski, Virginia, and that the Contract confirms and memorializes a letter of intent entered into between the Parties on August 25, 2005 ("LOI").[1] The Company further states that at the time James Hardie was constructing its industrial facility in 2005, it was a potential by-pass customer that was contemplating the installation of its own natural gas line connecting directly to an East Tennessee Natural Gas Company pipeline.[2] Atmos, however, was able to negotiate service conditions to avoid the by-pass.[3] In its Application, the Company asserts that as a result of a significant contribution in aid of construction made by James Hardie[4] to keep the rates competitive in the long run and to avoid the by-pass, the agreement was structured to apply a then-current rate to the service requirements of James Hardie and to insulate James Hardie from any rate increases that potentially would be applicable to the rate in the future.[5]

[1] Ex. 2 (Application) at 2.

[2] *Id.*

[3] *Id.*

[4] James Hardie paid a contribution in aid of construction toward the installation of delivery facilities for James Hardie and other improvements to Atmos' distribution system in Virginia. *Id*. at 3, 5.

[5] *Id.* at 3.

According to the Company, the Contract requires Atmos to receive, transport, and deliver James Hardie's full natural gas requirements up to a specified maximum daily quantity. Atmos is obligated to transport and redeliver to James Hardie all confirmed volumes received for James Hardie at a specified point of receipt on a non-interruptible basis.[6] The term of the agreement extends to March 31, 2016.[7] Additionally, the Company states that the Contract caps the customer charge and monthly rate at a tariffed rate that was in effect as of August 25, 2005, the date of the LOI, and agrees that should the rate be adjusted lower than those set forth in the agreement, James Hardie will be charged the lower rate.[8]

The Company further states that the Contract promotes the public interest by ensuring that James Hardie remains a customer, remains in Virginia, and continues to provide economic benefits to the region.[9] In its Application, Atmos asserts that there are no similarly situated customers that would be unreasonably prejudiced by the approval of the Contract.[10] Atmos also asserts that reliable service to other customers is not jeopardized by providing service to James Hardie.[11]

On May 9, 2013, the Commission issued an Order for Notice and Hearing that, *inter alia*, established a procedural schedule for this case and directed the Company to provide public notice of its Application. This Order also directed the assignment of a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

No notices of participation were filed in this proceeding. On July 8, 2013, the Commission Staff ("Staff") filed its testimony. No other testimony or exhibits were pre-filed in this case.

On July 25, 2013, Atmos and Staff offered a Stipulation as a resolution of all issues in this proceeding. In the Stipulation, the Company and Staff agreed as follows:

(1) The special contract between James Hardie and Atmos Energy attached to the Application as **Confidential** Exhibit B is not contrary to the public interest, has not and will not unreasonably prejudice or disadvantage any customer or class of customers in Virginia, will not jeopardize the continuation of reliable natural gas service, and thus should be approved pursuant to § 56-235.2 of the Code of Virginia;

(2) Atmos Energy will continue to assign revenues to James Hardie in its annual Virginia SAVE Rider calculation . . . however, any revenues not collected from James Hardie shall not be included in the annual true-up contemplated therein; and

(3) In any future rate case filed in the Commonwealth of Virginia, Atmos Energy will perform a fully adjusted Class Cost of Service ("COS") Study which allocates costs to each existing rate class including James Hardie as a separate rate class. Additionally, the Class COS Study will include a calculation of the rate of return on rate base for each rate class.

Alexander F. Skirpan, Jr., Senior Hearing Examiner, convened an evidentiary hearing in this docket on July 30, 2013. Hearing participants included the Company and the Staff. No public witnesses appeared at the hearing. The Company's Application, exhibits, and all supporting testimony, as well as Staff's testimony, were admitted into the record without cross-examination.

On August 16, 2013, the Hearing Examiner issued a Report that summarizes the pre-filed testimony and Stipulation and concludes with the following findings: (1) the Contract protects the public interest; (2) the Contract will not unreasonably prejudice or disadvantage any customer or class of customers; and (3) the Contract will not jeopardize the continuation of reliable natural gas service. The Hearing Examiner recommends that the Commission adopt the Stipulation and approve the special contract between Atmos and James Hardie.[12] The Company and Staff waived comments to the Hearing Examiner's Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Contract between Atmos and James Hardie protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable natural gas service, as required by § 56-235.2 of the Code. We adopt the Hearing Examiner's findings and approve the Stipulation as filed by the Company and Staff.

However, the Commission is concerned with the Company's failure to seek prior approval of the Contract with James Hardie pursuant to § 56-235.2 of the Code, as well as the Company's failure to file with the Commission a schedule showing the rates and charges applicable to James Hardie, pursuant to § 56-236 of the Code.[13] Although Staff recommended approval of the Contract, Staff noted that because of the Company's failure to seek approval of the Contract when it entered into the LOI with James Hardie in August 2005, Atmos "has provided service to James Hardie for over seven years in violation of its tariff and with a rate that has not been approved by the Commission."[14]

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[6] *Id.* at 4.

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] *Id.* at 5.

[11] *Id*. at 5-6.

[12] Hearing Examiner's Report at 7.

[13] Section 56-236 of the Code states that "[u]nless the Commission determines otherwise, every public utility shall be required to file with the Commission and to keep open to public inspection schedules showing rates and charges . . . ."

[14] Ex. 6 (Abbott Direct – Public Version) at 3.

Section 12.1-13 of the Code provides, in part:

> Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed $10,000.

Therefore, the Company is directed to file a response within ten (10) days of the date of the issuance of this Order stating why the Company should not be found in violation of §§ 56-235.2 and 56-236 of the Code and fined pursuant to § 12.1-13 of the Code (or any applicable law) for failing to obtain prior approval of the Contract and rate charged to James Hardie pursuant to same.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted as set forth herein.

(2) The Stipulation is approved and ordered as set forth herein.

(3) The Company shall file a response within ten (10) days of the date of the issuance of this Order stating why the Company should not be found in violation of §§ 56-235.2 and 56-236 of the Code and fined pursuant to § 12.1-13 of the Code.

(4) The Company shall forthwith file a special tariff showing the rates charged to James Hardie under the Contract with the Commission's Division of Energy Regulation in accordance with this Order Granting Approval.

(5) This case is continued pending further Order of the Commission.

CASE NO. PUE-2013-00038
OCTOBER 18, 2013

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia

FINAL ORDER

On April 12, 2013, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-235.2 of the Code of Virginia ("Code") and 20 VAC 5-310-10 of the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive, wherein it requested approval of a special contract for gas transportation service to James Hardie Building Products ("James Hardie") at its industrial facility in Pulaski, Virginia.

In its Application, the Company states that on April 2, 2013, Atmos and James Hardie (collectively, "Parties") entered into a "Firm Natural Gas Transportation Agreement" ("Contract") to transport gas to James Hardie's industrial facility in Pulaski, Virginia, and that the Contract confirms and memorializes a letter of intent entered into between the Parties on August 25, 2005 ("LOI").[1] The Company further states that at the time James Hardie was constructing its industrial facility in 2005, it was a potential by-pass customer that was contemplating the installation of its own natural gas line connecting directly to an East Tennessee Natural Gas Company pipeline.[2] Atmos, however, was able to negotiate service conditions to avoid the by-pass.[3] In its Application, the Company asserts that as a result of significant contributions in aid of construction made by James Hardie to keep the rates competitive in the long run and to avoid the by-pass, the agreement was structured to apply a then-current rate to the service requirements of James Hardie and to insulate James Hardie from any rate increases that potentially would be applicable to the rate in the future.[4]

The Company states that the Contract promotes the public interest by ensuring that James Hardie remains a customer, remains in Virginia, and continues to provide economic benefits to the region.[5] The Company further asserts that there are no similarly situated customers that would be unreasonably prejudiced by the approval of the Contract, and that reliable service to other customers is not jeopardized by providing service to James Hardie.[6]

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[1] Ex. 2 (Application) at 2.

[2] *Id.*

[3] *Id.*

[4] *Id.* at 3.

[5] *Id*. at 4.

[6] *Id*. at 5-6.

On July 25, 2013, Atmos and the Commission Staff offered a Stipulation as a resolution of all issues in this proceeding. In the Stipulation, the Company and Staff agreed as follows:

> 3. The special contract between James Hardie and Atmos attached to the Application as **Confidential** Exhibit B is not contrary to the public interest, has not and will not unreasonably prejudice or disadvantage any customer or class of customers in Virginia, will not jeopardize the continuation of reliable natural gas service, and thus should be approved pursuant to § 56-235.2 of the Code of Virginia.
>
> 4. Atmos Energy will continue to assign revenues to James Hardie in its annual Virginia SAVE Rider calculation . . . ; however, any revenues not collected from James Hardie shall not be included in the annual true-up contemplated therein.
>
> 5. In any future rate case filed in the Commonwealth of Virginia, Atmos Energy will perform a fully adjusted Class Cost of Service ("COS") Study which allocates costs to each existing rate class including James Hardie as a separate rate class. Additionally, the Class COS Study will include a calculation of the rate of return on rate base for each rate class.

On September 18, 2013, the Commission issued an Order Granting Approval and Directing Response ("Order"), which (1) granted approval of the Company's Application and approved the Stipulation,[7] and (2) directed the Company to file a response stating why the Company should not be found in violation of §§ 56-235.2 and 56-236 of the Code and fined pursuant to § 12.1-13 of the Code for failing to obtain prior approval of the Contract.

Section 56-235.2 provides, in part:

> . . . 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.

Section 56-236 of the Code states that "[u]nless the Commission determines otherwise, every public utility shall be required to file with the Commission and to keep open to public inspection schedules showing rates and charges . . . ."

Section 12.1-13 of the Code provides, in part:

> Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by an entity other than an individual a fine in an amount not to exceed $5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed $10,000.

On September 26, 2013, the Company filed a response ("Response") acknowledging that although the Company "has been providing service to James Hardie under a rate that does not conform to any filed tariff rate, . . . [t]he rate paid by James Hardie pursuant to the LOI was a then-current tariff rate, although the terms of service to James Hardie were different from the terms available under that tariff rate."[8] The Company stated further in the Response that "[t]he failure to seek approval of the rate charged to James Hardie, prior to the Application filed in this proceeding, was an unintentional oversight and Atmos certainly did not intentionally attempt to avoid Commission review of the favorable arrangement with James Hardie."[9] In addition, Atmos confirmed in the Response that the Company will seek prior approval for any subsequent contracts with James Hardie after the expiration of the current Contract, as well as any other special contract entered into by Atmos.[10]

In the Response, Atmos also described safeguards that it has put in place "to ensure that such an oversight does not occur again in the future."[11] These include: the requirement that any special rate entered into the billing system must first be approved by either the Vice President – Rates & Regulatory Affairs, or the Vice President – Finance of the division; and receipt of regulatory approval before billing any rate that is different from the tariff, as well as placement of copies of state regulatory approval orders with special contracts in Atmos' internal records to complete the file.[12]

NOW THE COMMISSION, upon consideration of the applicable law and the Company's Response, is of the opinion and finds that the Company should be, and hereby is, found in violation of §§ 56-235.2 and 56-236 of the Code and fined Ten Thousand Dollars ($10,000) pursuant to

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[7] In the Order Granting Approval and Directing Response, the Commission found that the Contract with James Hardie "protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable natural gas service, as required by § 56-235.2 of the Code." Order at 4.

[8] Response at 2-3.

[9] *Id.* at 3.

[10] *Id.* at 3-4.

[11] *Id.* at 4.

[12] *Id.*

§ 12.1-13 of the Code. The Commission further finds that the fine should be, and hereby is, suspended on the condition that the Company does not violate the aforementioned Code sections in the future.

Accordingly, IT IS ORDERED THAT:

(1) The Company hereby is assessed a fine of Ten Thousand Dollars ($10,000) pursuant to § 12.1-13 of the Code for violation of §§ 56-235.2 and 56-236 of the Code.

(2) This fine is suspended on the condition that the Company does not violate §§ 56-235.2 and 56-236 of the Code in the future.

(3) There being nothing further to come before the Commission, this matter is 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-2013-00039
OCTOBER 1, 2013

JOINT PETITION OF
AQUA VIRGINIA WATER UTILITIES, INC.,
and
ST. TAMMANY LANDING PROPERTY OWNERS ASSOCIATION, INC.

For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia.

ORDER GRANTING APPROVAL

On April 17, 2013, Aqua Virginia Water Utilities, Inc. ("Aqua"), and St. Tammany Landing Property Owners Association, Inc. ("St. Tammany") (collectively, "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") requesting approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] and an amendment to Aqua's certificate of public convenience and necessity ("CPCN") pursuant to § 56-265.3 D of the Code ("Petition").

Aqua is a Virginia public service company that owns and operates water systems in Virginia. Aqua is a wholly owned subsidiary of Aqua Virginia, Inc. ("Aqua Virginia"), which, in turn, is a wholly owned subsidiary of Aqua America, Inc. In Virginia, Aqua and Aqua Virginia serve approximately 28,679 customers as of January 2013.

St. Tammany is a Virginia corporation that owns and operates a water production and distribution system known as the St. Tammany Landing Public Water System (PWSID 5117831) (the "System"), which serves approximately 40 customers in the St. Tammany Landing Development located in Mecklenburg County, Virginia. St. Tammany does not own any other water systems.

Pursuant to an Assets Purchase Agreement ("Agreement") between the Petitioners dated March 8, 2013, Aqua will purchase from St. Tammany all of the assets that comprise the System, as defined in Section 1 of the Agreement.[2] Aqua will pay St. Tammany a base purchase price of $28,000 for the assets.[3] In connection with the transfer of utility assets, Aqua seeks to amend its CPCN to add the area served by the System to its certificated service territory.

The Petitioners represent that the current rates for St. Tammany customers are flat at $15 per month. The Petitioners represent that St. Tammany customers will migrate to Aqua's current tariff rates after the transfer of the System. Aqua's rates are currently $32.62 per month, flat rate, and $14.89 per month plus $4.93 per 1,000 gallons used for metered service. The Petitioners state that the flat rate change is expected to occur upon closing and that the migration to the metered rate would occur after the System is metered.

After the proposed transfer, Aqua will own and operate the System and will be the new service provider. St. Tammany will no longer provide any water service. The Petitioners represent that Aqua is able to provide quality service, effectively operate the System, and make capital upgrades to improve system safety and reliability. St. Tammany customers were provided notice of the proposed transfer and proposed rate increase on May 17, 2013, and no comments or complaints were filed.

NOW THE COMMISSION, upon consideration of this matter and the applicable law, is of the opinion and finds that the transfer of the System from St. Tammany to Aqua will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved subject to the requirements recommended in the Action Brief filed contemporaneously with this Order by the Staff of the Commission ("Staff") and noted herein. We further find that Aqua's CPCN should be amended to allow it to serve the St. Tammany Landing Development. Finally, we find that Aqua should be allowed to implement its proposed metered and unmetered water rates as set out herein on an interim basis, subject to

[1] Va. Code § 56-88 *et seq*.

[2] Petition at Exhibit A, pages 1-2.

[3] According to the Petition, St. Tammany will account for the transfer by debiting cash and removing plant and depreciation on its books. For Aqua, the initial purchase price of $28,000 (plus closing costs) will be recorded as a Utility Plant Acquisition Adjustment.

refund with interest. Following a year of operation and the filing of certain data by Aqua, Staff should conduct an investigation of the System's cost of service and the reasonableness of Aqua's proposed rates and file a report summarizing its findings.[4]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the transfer of the System, as described herein.

(2) Aqua hereby is authorized to amend its CPCN pursuant to § 56-265.3 D of the Code to include the System service territory.

(3) Within ninety (90) days of completing the proposed transfer, the Petitioners shall file a Report of Action with the Commission including the date of the transfer, the actual sales price, and Aqua's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA").

(4) St. Tammany shall provide all records related to the transferred assets to Aqua at closing, and Aqua shall maintain them henceforth in accordance with the USOA.

(5) Upon closing of the proposed transfer, Aqua may implement its proposed metered and unmetered rates on an interim basis, subject to refund with interest. Aqua shall keep separate accounting records for the System and file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and a federal tax return, if available, for the System within ninety (90) days following the first full year of Aqua's ownership of the System. Upon receiving such filing, Staff shall conduct an investigation of the System's cost of service and the reasonableness of Aqua's proposed metered and unmetered rates for the System and file a report with the Commission summarizing its findings.

(6) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of, or ratemaking treatment provided for, any costs or income directly or indirectly related to the transfer.

(7) Aqua shall ensure that:

(a) The quality of service in the service territory of the System shall not deteriorate due to a lack of maintenance or capital investment;

(b) The quality of service in the service territory of the System shall not deteriorate due to a reduction in the number of employees providing services; and

(c) It continues to maintain a high degree of cooperation with the Staff and shall take all actions necessary to ensure Aqua's timely response to Staff inquiries with regard to its provision of water service in Virginia.

(8) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

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[4] The Commission has directed similar procedures in previous cases. *See, e.g., Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., Fox Run Water Co., Inc., and Moseley-Nash Enterprises, Inc., For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates*, Case No. PUE-2011-00116, 2012 S.C.C. Ann. Rept. 325, Order (June 14, 2012).

CASE NO. PUE-2013-00041
NOVEMBER 1, 2013

APPLICATION OF
DALE SERVICE CORPORATION

For an Annual Informational Filing

ORDER CLOSING PROCEEDING

On April 23, 2013, Dale Service Corporation ("Dale Service" or "Company") filed its application for an Annual Informational Filing ("AIF") for the year ending December 31, 2012 with the Clerk of the State Corporation Commission ("Commission"). Dale Service provides sewer services to residential, commercial, and governmental customers in Dale City, Virginia.

In Case No. PUE-2009-00040, Dale Service's most recent rate case, the Commission approved a stipulation in its Final Order dated January 19, 2010 ("Stipulation"), providing that the Company's revenue requirement "shall be based on an authorized debt service coverage ("DSC") ratio of 1.20 times, and the Company shall continue to report a fully-adjusted DSC ratio each year with its AIF."[1] The Stipulation further states that "[i]f in any AIF Dale Service calculates a DSC, based on appropriately adjusted test year results, that exceeds 1.20, Dale Service agrees to reduce rates going forward as of the next quarterly billing to produce a 1.20 DSC."[2] In the AIF filed in this proceeding, Dale Service's exhibits reflected a DSC ratio of 1.20 times, based on the Company's adjustments.

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[1] *See Application of Dale Service Corporation, For an expedited increase in rates*, Case No. PUE-2009-00040, 2010 S.C.C. Ann. Rept. 327, Final Order (Jan. 19, 2010).

[2] *Id*.

On August 22, 2013, the Staff of the Commission ("Staff") filed its report ("Staff Report") on Dale Service's AIF, which included both financial and accounting analyses. In its financial review, the Staff noted that the Company's 2012 test year financial performance had improved over its 2011 performance and that operating revenues and operating expenses both decreased by 1.1% and 1.4% respectively. In its accounting analysis, Staff proposed various ratemaking adjustments that updated the Company's test year accounting information to June 30, 2013, where appropriate. In particular, Staff's accounting adjustments related to base rate revenues, capacity charges, chemical expense, general liability and flood insurance, lab testing expense, repairs and maintenance expense, bond issuance cost amortization, and interest expense.

In its review of the Company's principal payments, Staff noted that in 2012 Dale Service paid a total of $1,730,000 in mandatory principal payments on its three outstanding bonds and that, in calculating its fully adjusted DSC ratio, Dale Service proposed to include an additional discretionary payment of $150,000 toward the unhedged portion of its 2006 Series bond. Staff stated that the additional payment has not taken place and that it "does not believe that the additional [$150,000] voluntary payment should be included in the DSC calculation."[3] According to the Staff, inclusion of the discretionary principal payment in the DSC calculation is inconsistent with the Stipulation.

The Staff Report concluded that "[i]n order to achieve the allowed DSC ratio of 1.20, a reduction of revenues in the amount of $313,307 is necessary."[4] Staff recommended that Dale Service's annual revenues be reduced by $313,307, effective July 1, 2013.

On August 30, 2013, the Company, by counsel, filed a letter ("Response") in which it stated that "[t]he decision to 'pay down' the unhedged principal of the Series 2006 bonds was not intended to 'influence' the DSC but rather to manage actively the Company's level of unhedged, that is, fluctuating interest rate debt."[5] The Company further stated that it believes it is appropriate to include the $150,000 principal payment in the fully adjusted DSC.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Staff's recommendations and revisions to the Company's cost of service, including Staff's recommendation to disallow inclusion of the proposed discretionary $150,000 principal payment in the Company's fully adjusted DSC, are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the Staff's recommendations in its August 22, 2013 Staff Report, including Staff's accounting and earnings adjustments, are hereby adopted.

(2) Dale Service shall reduce its rates by $313,307, effective July 1, 2013, beginning with the January 2014 quarterly billing.

(3) The Company shall issue a one-time credit for any over-billings made between July 1, 2013, and the January 2014 quarterly billing. The credit for any over-billings shall be allocated among the Company's customer classes consistent with the methodology accepted by the Commission in its September 26, 2012 Order Adopting Recommendations and Closing Proceeding in Case No. PUE-2012-00055.

(4) Within sixty (60) days of the date of this Order, the Company shall file with the Commission's Division of Energy Regulation tariff sheets reflecting the new rates. The Company shall contemporaneously file documentation with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance detailing the calculation of the one-time credit described in Ordering Paragraph (3) above.

(5) Within sixty (60) days of completing its January 2014 quarterly billing, the Company shall file documentation with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance verifying the payment of the one-time credit described in Ordering Paragraph (3) above.

(6) 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.

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[3] Staff Report at 7.

[4] *Id*. at 8-9.

[5] Response at 1.

CASE NO. PUE-2013-00042
JUNE 27, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2013-2014 FUEL FACTOR

On May 2, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application"), written testimony, and exhibits requesting to increase its fuel factor from 2.706 cents per kilowatt-hour ("¢/kWh") to 2.942¢/kWh, effective for usage on and after July 1, 2013. The proposed fuel factor represents a 0.236¢/kWh increase from the

fuel factor approved in the Company's 2012 fuel factor proceeding, Case No. PUE-2012-00050.[1] According to the Company, its proposal would result in an annual fuel revenue increase of approximately $161.7 million when applied to the Company's projected kWh sales.[2]

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of both a current period factor and a prior period factor. Fuel Charge Rider A's proposed current period factor of 2.917¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately $2.0 billion for the period July 1, 2013, through June 30, 2014.[3] Fuel Charge Rider A's proposed prior period factor of 0.025¢ /kWh is designed to recover approximately $17.1 million in estimated Virginia jurisdictional fuel expenses, which represents the net of: (1) a projected $18.5 million under-recovery balance associated with recovery of fuel expenses incurred for the period July 1, 2012, through June 30, 2013; and (2) a projected over-recovery balance of $1.4 million associated with the recovery of the remaining portion of the July 1, 2011, through June 30, 2012 prior period expense.

The Application did not propose any modifications to the Commission's Definitional Framework of Fuel Expenses for Dominion Virginia Power.

On May 8, 2013, the Commission entered an Order Establishing 2013-2014 Fuel Factor Proceeding that, among other things: (1) established a procedural schedule for this matter; (2) required the Company to provide public notice of its Application; and (3) scheduled a public hearing on the Application.

The Virginia Committee for Fair Utility Rates ("Committee"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), and MeadWestvaco Corporation filed notices of participation in this case.

The Commission convened a public evidentiary hearing on June 18, 2013. Dominion Virginia Power, the Committee, Consumer Counsel, and the Commission's Staff ("Staff") participated in the hearing. The Commission received into evidence the pre-filed testimony from witnesses for the Company and the Staff.[4] All parties and Staff either supported or did not oppose the Company's proposed fuel factor rate. No public witnesses appeared at the hearing.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion Virginia Power's fuel factor approved herein shall be 2.942¢/kWh for usage on and after July 1, 2013.

Pursuant to § 56-249.6 of the Code of Virginia, Dominion Virginia Power is statutorily entitled to recover its prudently incurred fuel costs. Indeed, in describing this statutory provision over 20 years ago, the Commission explained that the fuel factor permits *dollar for dollar* recovery of prudently incurred fuel costs.[5] As also explained in prior fuel cases, approval of a fuel factor herein does not represent ultimate approval of the Company's actual fuel expenses. An audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted by the Staff after the close of the fuel year. The Commission subsequently determines what are, in fact, reasonable, prudent and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. For example, the Commission has previously described this review as follows:

> Should the Commission find in its Final Audit Order (1) that any component of the Company's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that the Company has failed to make every reasonable effort to minimize fuel cost or has made decisions resulting in unreasonable fuel cost, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position of the Company's next fuel factor. We reiterate that no finding in this order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.[6]

Likewise, while we find that the fuel factor approved herein shall be implemented for usage on and after July 1, 2013, no finding in this Order Establishing Fuel Factor is final, as this matter is continued generally, pending audit and investigation of the Company's actual fuel expenses.

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[1] *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2012-00050, 2012 S.C.C. Ann. Rept. 454, Order Establishing Fuel Factor (Sept. 19, 2012) ("2012 Fuel Factor Order").

[2] Ex. 6 (Application) at 2.

[3] *Id.*

[4] Proof of public notice of the Application was also received into the record. Ex. 1.

[5] *Commonwealth of Virginia, ex rel. State Corp. Comm'n, Ex Parte: In the matter of establishing Commission policy regarding rate treatment of purchased power capacity charges by electric utilities and cooperatives*, Case No. PUE-1988-00052, 1988 S.C.C. Ann . Rept. 346, 347 (Nov. 10, 1988) (describing the "fuel factor" as "a statutory adjustment mechanism through which all prudently incurred energy costs are recovered, *dollar for dollar*"

(emphasis added)). *See also Application of Kentucky Utils. Co., t/a Old Dominion Power Co., To revise its fuel factor pursuant to Virginia Code § 56-249.6*, Case No. PUE- 1 994-00043, 1995 S.C.C. Ann. Rept. 309, 310 (Jan. 6, 1995) ("*Kentucky Utils*.") (explaining that the "fuel factor mechanism . . . gives the Company *dollar for dollar* recovery for allowable fuel expenses" (emphasis added)).

[6] *Kentucky Utils*., 1995 S.C.C. Ann. Rept. 311.

Accordingly, IT IS ORDERED THAT:

(1) The Company's fuel factor shall be 2.942¢/kWh for usage on and after July 1, 2013.

(2) The Company's Fuel Charge Rider A, as approved herein, is accepted for filing and shall become effective for usage on and after July 1, 2013.

(3) This case is continued generally.

CASE NO. PUE-2013-00042
NOVEMBER 20, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to Va. Code § 56-249.6

ORDER MODIFYING FUEL FACTOR

On October 15, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company") filed with the State Corporation Commission ("Commission") a Voluntary Request to Reduce its Current Commission-Approved Fuel Factor Rate ("Voluntary Reduction"). The Voluntary Reduction requests the Commission enter an order decreasing the Company's fuel factor, Fuel Charge Rider A, from 2.942¢ per kilowatthour ("kWh") to 2.572¢/kWh, effective for usage on and after December 1, 2013. The Company's current fuel rate was approved by Order Establishing 2013-2014 Fuel Factor, entered on June 27, 2013 ("June 27, 2013 Order").

The Company's currently approved fuel factor represents the sum of: (i) a net under-recovery amount of two fuel deferral balances (0.025¢/kWh); and (ii) a current period factor (2.917¢/kWh) designed to recover the Company's estimated Virginia jurisdictional fuel expenses for the fuel year that began on July 1, 2013.[1]

Dominion Virginia Power states in its Voluntary Reduction that as a consequence of mild weather and lower than projected commodity prices from April 2013 through September 2013, the Company is currently in an over-recovery position for the 2013-2014 fuel year. Consequently, the Company desires to reduce its fuel rates to potentially minimize the size of any future change (upward or downward) that might otherwise be sought by the Company in its 2014 fuel factor filing.[2]

The Company proposes in is Voluntary Reduction to reduce the current period factor rate to 2.547¢/kWh; the prior period factor would remain the same. According to the Company, this fuel rate reduction would reduce by over $140 million the Company's current and projected fuel over-recovery position.[3] The Voluntary Reduction further states that if the Company's request herein is approved, the average weighted monthly bill for a typical residential customer using 1,000 kWh per month would decrease by $3.70, or 3.3%, during the period the new lower rate would be in effect.[4]

NOW THE COMMISSION, upon review and consideration of the Voluntary Reduction, hereby finds and determines that the Voluntary Reduction should be approved.

The Company's Voluntary Reduction seeks to more closely align its 2013-2014 fuel year revenues with corresponding fuel expenses in light of recent weather conditions and commodity prices. Authorizing the Company to reduce its current period factor in light of these developments is consistent with the Commission's statutory responsibilities under § 56-249.6 of the Code of Virginia ("Code") to continuously monitor utility fuel costs and to minimize abrupt changes in fuel charges to customers.[5]

Accordingly, IT IS ORDERED THAT:

(1) The Company's Voluntary Reduction is approved as provided herein.

(2) The Company's proposed modification to its Fuel Charge Rider A is accepted for filing and shall become effective for usage on and after December 1, 2013.

(3) This case is continued generally.

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[1] Voluntary Reduction at 2.

[2] *Id.* at 3.

[3] *Id.*

[4] *Id.* The Company also has requested, for administrative and billing purposes, that Commission approval of the Voluntary Reduction be provided by November 20, 2013, so that the lower rate can be implemented effective for usage on and after December 1, 2013.

[5] As the Commission noted in its June 27, 2013 Order, § 56-249.6 of the Code affords the Company *dollar for dollar* recovery of its prudently incurred fuel costs, subject to audit and investigation of the Company's actual booked fuel expenses. The Commission's approval of the Company's Voluntary Reduction does not alter that statutory requirement.

CASE NO. PUE-2013-00043
MAY 16, 2013

APPLICATION OF
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On April 25, 2013, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" 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 CoBANK, ACB ("CoBank"). Applicant paid the requisite fee of $250.

Applicant is seeking authority to borrow up to $714,280 from CoBank. The proceeds will be used to prepay a pension contribution to the National Rural Electric Cooperative Association's ("NRECA") Retirement and Security Pension Plan ("R&S Plan") in exchange for lower future R&S Plan billing rates. The new CoBank loan will have a 12-year maturity and will bear a fixed interest rate set at the date of issuance. According to an analysis conducted by CoBank and provided to the Commission Staff under separate cover, Craig-Botetourt expects to save approximately $400,000 on a net present value basis as a result of the prepayment to NRECA and the lower R&S Plan billing rates.

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 hereby is authorized to borrow up to $714,280 from CoBank, 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 CoBank, CBEC shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount the loan, the interest rate, 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 hereby is dismissed.

CASE NO. PUE-2013-00045
MAY 22, 2013

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

Concerning the establishment of a renewable energy pilot program for third party power purchase agreements

ORDER PROPOSING GUIDELINES

On March 14, 2013, the Virginia General Assembly approved Chapter 382 of the Virginia Acts of Assembly ("Chapter 382"), requiring the State Corporation Commission ("Commission") to conduct a renewable energy pilot program for third party power purchase agreements and to establish certain guidelines regarding its implementation. Chapter 382 specifically provides that the Commission must establish guidelines concerning (i) information to be provided in written notices and (ii) procedures for collecting and posting information derived from such notices on the Commission's website. In addition, the Commission may establish general guidelines for its administration of the pilot program.

As set forth in Chapter 382, parties who wish to enter into a power purchase agreement under the pilot program must provide written notice to the Commission and to the pilot utility of the parties' intent to enter into such agreement not less than thirty days before the effective date of such agreement. Pursuant to Chapter 382, the Commission must establish guidelines concerning the information to be included in the provision of such written notice. In addition, the Commission must establish guidelines concerning the procedures for aggregating and posting the information included in such written notices on the Commission's website. This information must include the total capacity utilized by pilot projects for which notice has been received and the capacity remaining available for future pilot projects. Finally, the Commission may adopt such rules or establish such guidelines as may be necessary for its general administration of the pilot program.

The Commission Staff ("Staff") has prepared proposed guidelines in accordance with Chapter 382. A draft of these proposed guidelines is attached to this Order for review and comment by interested persons. Each third party power purchase agreement established pursuant to the pilot program should be in accordance with these guidelines, once established by further Commission order, and should be in compliance with the statutory directives set forth by the General Assembly. The Commission will review comments on the proposed guidelines from interested persons before formally establishing Commission guidelines pursuant to Chapter 382. Comments on the proposed guidelines may be filed in this proceeding within thirty days from the date of this Order.

In order to promote broad dissemination of the proposed guidelines, we direct the Commission's Division of Energy Regulation to provide copies of this Order and the proposed guidelines by electronic transmission or by mail to individuals, organizations, and companies identified by Staff as potentially having an interest in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE -2013-00045.

(2) Comments on the proposed guidelines shall be filed on or before thirty (30) days from the date of this Order. Interested persons wishing to comment or propose modifications or supplements to the proposed guidelines shall file an original and fifteen (15) copies of such comments or proposals with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments or proposals electronically may do so by following the instructions on the Commission's website: http://www.scc.virginia.gov/case.

(3) The Commission's Division of Information Resources shall make a downloadable version of the proposed guidelines available to the public at the Commission's website: http://www.scc.virginia.gov/case. The Clerk of the Commission shall make a copy of the proposed guidelines available, free of charge, in response to any written request for one.

(4) The Commission's Division of Energy Regulation shall transmit electronically or by mail a copy of this Order and proposed guidelines to individuals, organizations, and companies identified by Staff as potentially having an interest in this proceeding.

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

NOTE: A copy of the attachment entitled "Proposed Guidelines Regarding Notice Information for a Third Party Renewable Power Purchase 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. PUE-2013-00045
NOVEMBER 14, 2013

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

Concerning the establishment of a renewable energy pilot program for third party power purchase agreements

ORDER ESTABLISHING GUIDELINES

On March 14, 2013, the Virginia General Assembly approved Chapter 382 of the Virginia Acts of Assembly ("Chapter 382"), requiring the State Corporation Commission ("Commission") to conduct a renewable energy pilot program for third party power purchase agreements and to establish certain guidelines regarding its implementation. Chapter 382 specifically provides that the Commission must establish guidelines concerning (i) information to be provided in written notices and (ii) procedures for collecting and posting information derived from such notices on the Commission's website. In addition, the Commission may establish general guidelines or rules for its administration of the pilot program.[1]

As set forth in Chapter 382, any party who intends to enter into a power purchase agreement under the pilot program must provide written notice to the Commission and to the pilot utility of the party's intent to enter into such agreement not less than thirty days before the effective date of such agreement. Pursuant to Chapter 382, the Commission must establish guidelines concerning the information to be included in the provision of such written notice. In addition, the Commission must establish guidelines concerning the procedures for aggregating and posting the information included in such written notices on the Commission's website. This information must include the total capacity utilized by pilot projects for which notice has been received and the capacity remaining available for future pilot projects. Finally, the Commission may adopt such rules or establish such guidelines as may be necessary for its general administration of the pilot program.

On May 22, 2013, the Commission issued an Order Proposing Guidelines that, among other things, docketed this matter and provided interested persons the opportunity to comment on or propose modifications or supplements to the proposed guidelines.

On June 21, 2013, Secure Futures, LLC; the Southern Environmental Law Center, on behalf of itself and Appalachian Voices, Chesapeake Climate Action Network, Sierra Club, Virginia Conservation Network, and Virginia Interfaith Power and Light; Virginia Electric and Power Company d/b/a Dominion Virginia Power; and Maryland, DC, and Virginia Solar Energy Industry Association filed comments in this proceeding. On June 24, 2013, Virginia Alternative and Renewable Energy Association filed comments in this proceeding. The Commission acknowledges the comments submitted in this proceeding and where appropriate has incorporated the recommendations into the final guidelines.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that pursuant to Chapter 382, the Commission hereby establishes such guidelines as set forth in Attachment A to this Order.

Accordingly, IT IS ORDERED THAT:

[1] *See* third enactment of Chapter 382.

(1) The guidelines set forth in Attachment A to this Order hereby are established pursuant to Chapter 382 of the Virginia Acts of Assembly.

(2) Any renewable third party power purchase agreement established pursuant to this pilot program shall be established in accordance with these guidelines and shall be in compliance with the statutory directives set forth in Chapter 382.

(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 placed in the Commission's file for ended causes.

NOTE: A copy of Attachment A entitled "Guidelines Regarding Notice Information for a Third Party Power Purchase 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. PUE-2013-00047
DECEMBER 16, 2013

JOINT PETITION OF
AQUA VIRGINIA, INC.
and
CAROLINE WATER COMPANY, INC.
d/b/a LADYSMITH WATER COMPANY

For approval of a transfer of utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER GRANTING APROVAL

On May 6, 2013, Aqua Virginia, Inc. ("Aqua Virginia"), and Caroline Water Company d/b/a Ladysmith Water Company ("Caroline Water") (collectively, "Joint Petitioners") filed a joint petition with the State Corporation Commission ("Commission") seeking approval of the acquisition by Aqua Virginia and disposition by Caroline Water of utility assets located in Caroline County, Virginia, used to provide water treatment and distribution service to a residential community surrounding Lake Caroline (the "System"). The Joint Petitioners request approval of the acquisition and disposition of the utility assets under the Utility Transfers Act, § 56-88 *et seq*. of the Code of Virginia ("Code"). In addition, Joint Petitioners seek approval to transfer Caroline Water's certificate of public convenience and necessity ("CPCN") to furnish public utility service in Caroline Water's certificated service territory from Caroline Water to Aqua Virginia, pursuant to § 56-265.3 D of the Code, and any other necessary authority to serve the Lake Caroline community ("Joint Petition").

Aqua Virginia is a Virginia public service company that owns and operates numerous water and wastewater systems in Virginia.[1] Caroline Water is a public utility engaged in the treatment and distribution of water in Virginia and owns, maintains, and operates the System, which currently serves approximately 1,033 residential customers and 626 availability lots.[2] The Joint Petitioners state that "[t]he transaction will assure the continuation of service to the customers of the System . . . [Aqua Virginia] is well suited to own and operate the facilities being acquired and to serve the customers of the System."[3] The Joint Petitioners state that, following the transfer, Aqua will continue to provide service and charge the same $43.20 per month flat rate and $13.70 availability rate currently charged by Caroline Water.[4]

The Joint Petitioners state that the proposed transfer of the System from Caroline Water to Aqua Virginia will not impair or jeopardize adequate service to the public at just and reasonable rates.[5] The Joint Petition further states that Aqua Virginia plans to make approximately $1.3 million in capital investment for improvements to the System as described in the Transaction Summary attached to the Joint Petition.[6] Accordingly, the Joint Petitioners assert that "the acquisition will help affirmatively to insure that the customers served by those assets will receive adequate service at just and reasonable rates."[7]

On June 3, 2013, the Commission issued an Order for Notice and Comment that, among other things, provided an opportunity for interested persons to file comments or request a hearing in this matter by August 23, 2013; required the Commission Staff ("Staff") to file a Staff Report on or before August 29, 2013; and permitted the Joint Petitioners to file a response to the Staff Report, comments, and any requests for hearing on or before September 9, 2013.

On August 16, 2013, Caroline County (the "County") requested a public hearing in this proceeding. According to the County, as the suggested source of potable water until Caroline Water's treatment plant may be repaired and approved for service, the Petition should not be approved unless and until there is an agreement with the County to continue providing such service to Aqua Virginia. The County also alleges that a hearing is necessary to work

[1] Joint Petition at 3.

[2] *Id.* at 4.

[3] Transaction Summary, Exhibit B to Joint Petition, at 3.

[4] *Id.*

[5] Joint Petition at 7.

[6] Transaction Summary at 5-6.

[7] Joint Petition at 7.

through the various terms pursuant to which the County might agree to continue providing service to Aqua Virginia, including but not limited to the payment of the outstanding availability fee that remains owed to the County.[8] The County also alleges that a hearing is necessary to ascertain the impact that the proposed transfer of assets might have on the continued and/or future recreational use of Lake Caroline by residents of the subdivision.[9]

On August 16, 2013, the Lake Caroline Property Owners Association (the "Association") also requested a hearing in this matter. According to the Association, a hearing is necessary to examine whether conditions on the transaction are necessary to ensure that the recreational use of Lake Caroline is never jeopardized, that the Lake Caroline community directly benefits from any reasonable and necessary off-system sales in which Aqua Virginia engages, and that reasonable rates and reliable service are not impaired. The Association also expressed concerns regarding Aqua Virginia's intentions regarding the System's current permitted withdrawal capacity from Lake Caroline.[10]

On August 29, 2013, the Staff filed its Staff Report of its findings. Staff recommended approval of the transaction subject to several conditions. Specifically, Staff recommended that: (1) within 30 days of completing the asset transfer, the Petitioners should file a Report of Action with the Commission, including the date of the closing, the final sales price, the settlement sheet, any legal documentation supporting the asset transfer, and Aqua Virginia's accounting entries recording the asset transfer; (2) any Commission approval should not guarantee the recovery of, or ratemaking treatment provided for, any costs or gains directly or indirectly related to the asset transfer; (3) Caroline Water should be required to provide all records related to the asset transfer to Aqua, which should maintain separate records of the System in accordance with the Uniform System of Accounts ("USoA"); and (4) Caroline Water's rates should be reviewed subsequent to the asset transfer.[11]

On September 9, 2013, the Joint Petitioners filed their response to the Staff Report and Requests for Hearing. The Joint Petitioners agreed with the recommendations set forth in the Staff Report. The Joint Petitioners argue that no hearing is necessary in this matter to address the speculative issues raised by the Association regarding use of Lake Caroline or future impact on rates.[12] The Joint Petitioners further argue that the contractual issues raised by the County do not require a public hearing because: (1) the terms of the January 2006 contract provide that the County cannot terminate emergency service to the Caroline Water system unless and until the Caroline Water plant is again in service; and (2) an evidentiary hearing is not the appropriate forum in which to negotiate the terms of a replacement agreement.[13]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Joint Petition is approved subject to the requirements set forth herein, and the requests for hearing of the County and the Association are denied.

Section 56-88.1 A of the Code states in part as follows:

> No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of: 1. A Public Utility within the meaning of this chapter, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90 . . .

Section 56-90 of the Code states in part as follows:

> 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, . . .

The Utility Transfers Act thus requires an applicant to demonstrate that adequate service to the public at just and reasonable rates will not be impaired or jeopardized as of the time of the transfer. That the acquiring party could take some action in the future that would affect rates does not supply adequate grounds to reject a transfer. In this matter, we conclude that the Joint Petitioners have satisfied the statutory standards above. Aqua has clearly demonstrated that it has the expertise to operate the system and has committed to maintain Caroline Water's current rate structure. Thus, customers will continue to receive adequate service at rates previously deemed to be just and reasonable. As Staff notes in its report, this conclusion has no ratemaking implications. If Aqua wishes to make capital expenditures to upgrade the System and recover these costs from customers in a future rate case, it will be required to bear the burden of proving that the costs are prudent and includable in just and reasonable rates.

We agree with the Joint Petitioners that a hearing is not necessary to address the issues raised by the County and the Association. Water withdrawn from Lake Caroline by the system operator is subject to permits issued by other regulatory agencies and thus, any change in such use would be within the primary jurisdiction of the agency issuing the permit, not the Commission. Similarly, we do not agree that an evidentiary hearing is the appropriate venue for negotiating a contract between Aqua and the County.

Accordingly, we conclude that the Joint Petition should be approved, subject to the following requirements, to ensure that adequate service to the public at just and reasonable rates will not be impaired or jeopardized:

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[8] Caroline County Request for Hearing at 3.

[9] *Id.*

[10] Lake Caroline Property Owners Association Request for Hearing at 3-11.

[11] Staff Report at 10-11.

[12] Joint Petitioners' Response at 3-6.

[13] *Id.* at 6-7.

1) Within thirty (30) days of completing the proposed transfer, the Joint Petitioners should file a report of action ("Report") with the Commission. The Report should include the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and both Aqua Virginia's and Caroline Water's accounting entries recording the transfer (in accordance with the USoA).

2) The Commission's approval granted herein has no ratemaking implications and does not guarantee the recovery of any costs directly or indirectly related to the transfer, for either Aqua Virginia or Caroline Water.

3) Caroline Water is directed to provide to Aqua Virginia, at closing, all records related to the asset transfer. Aqua Virginia is directed to maintain all such records separately and in accordance with the USoA.

4) Aqua Virginia is directed to file a balance sheet, 12-month income statement, and rate of return statement within ninety (90) days following the first full calendar year after completion of the asset transfer. Staff shall review the financial statements and conduct an investigation of the reasonableness of Aqua Virginia's rates and summarize its findings in a report filed with the Commission.

In addition, we direct the following: (a) the quality of service to Caroline Water customers shall not deteriorate due to a lack of maintenance or capital investment; (b) the quality of service to Caroline Water customers shall not deteriorate due to a reduction in the number of employees providing services; and (c) Aqua Virginia should maintain a high degree of cooperation with the Staff and should take all actions necessary to ensure Aqua Virginia's timely response to Staff inquiries with regard to its provision of service.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petition is approved subject to the requirements ordered herein.

(2) Within thirty (30) days of completing the transaction approved herein, subject to administrative extension by the Commission's Director of Utility Accounting and Finance, the Joint Petitioners shall file with the Clerk of the Commission a report of action providing the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and the accounting entries reflecting the respective transactions on each party's books.

(3) The Commission's approval granted herein has no ratemaking implications and does not guarantee the recovery of any costs directly or indirectly related to the transfer, for either Aqua Virginia or Caroline Water.

(4) Aqua shall ensure that:

(a) The quality of service in the service territory of the System shall not deteriorate due to a lack of maintenance or capital investment;

(b) The quality of service in the service territory of the System shall not deteriorate due to a reduction in the number of employees providing services; and

(c) It continues to maintain a high degree of cooperation with the Staff and shall take all actions necessary to ensure Aqua Virginia's timely response to Staff inquiries with regard to its provision of water service in Virginia.

(5) Caroline Water is directed to provide to Aqua Virginia, at closing, all records related to the asset transfer. Aqua Virginia is directed to maintain all such records separately in accordance with the USoA.

(6) Aqua Virginia is directed to file a balance sheet, 12-month income statement, and rate of return statement within ninety (90) days following the first calendar year following the asset transfer. Staff shall review the financial statements and conduct an investigation of the reasonableness of Aqua Virginia's rates and summarize its findings in a report filed with the Commission.

(7) Caroline Water's CPCN shall be cancelled. Aqua Virginia's CPCN shall be reissued to include the Caroline Water service territory.

(8) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2013-00048
JUNE 14, 2013

APPLICATION OF
CONSTELLATION ENERGY GAS CHOICE, INC.

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On May 7, 2013, Constellation Energy Gas Choice, Inc. ("CEGC" or the "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia ("Code") for a license to act as a competitive service provider for natural gas ("Application"). In its Application, the Company seeks authority to serve residential customers throughout Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On May 13, 2013, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, docketed the Application, required the Company to provide notice of the Application to gas distribution utilities in Virginia, permitted interested persons to file comments

on the Application, and required the Commission Staff to analyze the reasonableness of the Application and present its findings in a report ("Staff Report"). On May 21, 2013, the Company filed proof of service as the Scheduling Order required. No one filed comments on CEGC's Application.

On June 4, 2013, the Staff filed its Staff Report in which it summarized CEGC's proposal and evaluated the Company's fitness to conduct business as a competitive service provider for natural gas service. The Staff concluded that CEGC meets the financial and technical requirements in the Retail Access Rules to qualify for a license as a competitive service provider. Staff recommended that the Commission grant CEGC a license to conduct business as a competitive service provider of natural gas service to residential customers throughout the service territories of Virginia open to competition. No one filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that CEGC meets the requirements for a license to conduct business as a competitive service provider for natural gas and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) CEGC hereby is granted License No. G-36 to conduct business as a competitive service provider for natural gas to residential customers throughout service territories in Virginia. This license is granted subject to the provisions § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(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-2013-00050
OCTOBER 30, 2013

JOINT PETITION OF
VIRGINIA-AMERICAN WATER COMPANY
and
DALE SERVICE CORPORATION

For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER GRANTING AUTHORITY

On May 8, 2013, Virginia-American Water Company ("Virginia-American") and Dale Service Corporation ("Dale Service") (collectively, "Joint Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission") seeking approval of the disposition of control of Dale Service and acquisition of control by Virginia-American, pursuant to § 56-88.1 of the Utility Transfers Act[1] ("Joint Petition").

According to the Joint Petitioners, Virginia-American has agreed to purchase 100% of the issued and outstanding capital stock of Dale Service by a Definitive Stock Purchase Agreement dated May 2, 2013 ("Purchase Agreement"). The Joint Petitioners state that, upon consummation, "clear title to all issued and outstanding shares of Dale Service will transfer to Virginia American and Dale Service will become a wholly-owned subsidiary of Virginia American."[2] The Joint Petitioners further state that they "believe that the purchase of Dale Service by Virginia American will generate efficiencies and economies of scale that will ultimately result in benefits to customers"[3] and that the transaction "will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates."[4]

On May 30, 2013, the Commission entered an Order for Notice and Comment that, among other things, directed the Joint Petitioners to provide notice of the Joint Petition to the public and provided interested persons an opportunity to file comments and to request a hearing; directed the Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and present its findings in a Staff Report; and provided the Joint Petitioners an opportunity to file a response to the Staff Report, comments, and requests for hearing. Two comments were filed in this proceeding. One comment favored approval of the Joint Petition and the other opposed approval of the proposed transfer. There were no requests for a hearing submitted.

On September 12, 2013, the Staff filed its Staff Report in which it concluded that "adequate service at just and reasonable rates should not be impaired by the proposed transfer."[5] The Staff Report also contained the following recommendations:

- The Commission should exclude § 6.02 part (f) subsections (i) and (ii) of the Purchase Agreement from its approval.

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[1] Va. Code §§ 56-88 *et seq*.

[2] Joint Petition at 2.

[3] *Id.* at 3.

[4] *Id*.

[5] Staff Report at 8-9.

- The Commission should affirm that its January 19, 2010 Final Order in Case No. PUE-2009-00040[6] and the stipulation adopted therein remain in full effect after the consummation of the proposed transfer.

- Virginia-American and Dale Service should be required to file for Chapter 4 approval of any and all prospective affiliate transactions between Dale Service and any American Water Works Company, Inc., affiliates, including Virginia-American. Such applications should be filed prior to Dale Service engaging in any affiliate transactions with Virginia-American and its affiliates to avoid violating § 56-77 of the Code.

- Within thirty days of completing the proposed transfer, the Joint Petitioners should file a report of action ("Report") with the Commission. The Report should include the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and both Virginia-American's and Dale Service's accounting entries recording the transfer. Such accounting entries should be recorded in accordance with the Uniform System of Accounts ("USoA").

- The Commission should find that its approval has no ratemaking implications. In particular, the approval should not guarantee the recovery of any costs or gains directly or indirectly related to the transfer, including any acquisition adjustment, for either Virginia-American or Dale Service.

- The Commission should direct the shareholders of Dale Service to provide all records related to Dale Service at closing to Virginia-American, which should then maintain them henceforth in accordance with the USoA.

- Virginia-American should be required to maintain separate accounting records for Dale Service.

- The Commission should direct Virginia-American that:

  (a) The quality of service to Dale Service customers should not deteriorate due to a lack of maintenance or capital investment;

  (b) The quality of service to Dale Service customers should not deteriorate due to a reduction in the number of employees providing services; and

  (c) Virginia-American should maintain a high degree of cooperation with the Staff and should take all actions necessary to ensure Dale Service's timely response to Staff inquiries with regard to its provision of service.

On September 25, 2013, the Joint Petitioners filed a Motion for Interim Operating Authority ("Motion"). According to the Motion, Dale Service will receive certain services from affiliate companies upon closing of the proposed transfer. Specifically, the Joint Petitioners state that:

> Virginia-American will provide certain management and operational services to Dale Service that will be the subject of an application pursuant to the Affiliates Act. Certain professional and technical services provided to Dale Service by Virginia-American will be procured from American Water Service Company, Inc. . . . and certain financial services will be provided by American Water Capital Corp. [collectively the "Other Affiliates"] on the same terms as these services are currently provided to Virginia-American.[7]

The Motion proposes that any application for such transactions pursuant to the Affiliates Act[8] be filed within ten days of the financial closing of the proposed stock purchase[9] to allow sufficient time for the transfer to take place and the new corporate arrangements to be established, following Commission approval. The Joint Petitioners further propose that:

> [a]ny services provided to Dale Service by Virginia-American and the Other Affiliates between the financial closing and the Commission's approval of the application under the Affiliates Act (the "Interim Period") will be subject to that Commission Affiliates Act approval and all payments for services provided in the Interim Period will be processed as if the Commission's approval under the Affiliates Act had been effective as of the date of financial closing.[10]

The Motion seeks "interim authority, or a partial exemption from the requirements of the Affiliate Act . . . so that the affiliate transactions described in this Motion may be provided to Dale Service immediately following financial closing through the Interim Period.[11]

On September 26, 2013, the Joint Petitioners filed their response to the Staff Report in which they stated that they agree with Staff's conclusion that "adequate service at just and reasonable rates should not be impaired by the proposed transfer."[12] The Joint Petitioners further stated that they have "reviewed Staff's recommended conditions for the Commission's approval of the Joint Petition and do not take issue with any of those recommendations."[13]

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[6] *Application of Dale Service Corporation, For an expedited increase in rates*, Case No. PUE-2009-00040, 2010 S.C.C. Ann. Rept. 327, Final Order (Jan. 19, 2010).

[7] Motion at 2.

[8] Va. Code §§ 56-76 *et seq*.

[9] According to the Joint Petitioners, financial closing is expected to occur within ten days of this Order Granting Authority.

[10] Motion at 2-3.

[11] *Id*. at 3.

[12] *See* Staff Report at 8-9.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. The Commission further finds that the Joint Petitioners' Motion for Interim Operating Authority should be granted.[14]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Joint Petitioners are hereby granted approval to transfer control of Dale Service Corporation to Virginia-American Water Company, as described herein.

(2) The Joint Petitioners' Motion for Interim Operating Authority is granted, as described herein.

(3) The Joint Petitioners are granted limited interim authority to engage in the affiliate transactions described in their Motion for Interim Operating Authority during the Interim Period. Dale Service shall not engage in any other transactions with American Water Works Company, Inc., or its affiliates, including Virginia-American, without prior approval from the Commission pursuant to the Affiliates Act. The Joint Petitioners shall file an application seeking final approval of the affiliate transactions approved pursuant to this interim authority, and for approval of any affiliate transactions to be provided to Dale Service, within ten (10) days of the financial closing of the proposed stock purchase. The interim authority granted during the Interim Period shall have no ratemaking implications.

(4) The Joint Petitioners' request for approval of §§ 6.02 (f) (i) and (ii) of the Purchase Agreement is denied. The remainder of the Purchase Agreement is approved as filed.

(5) The terms of the stipulation approved by the January 19, 2010 Final Order in Case No. PUE-2009-00040 shall remain in full force and effect following consummation of the proposed transfer.

(6) Within thirty (30) days of completing the proposed transfer, the Joint Petitioners shall file a report of action ("Report") with the Commission. This Report shall include the date of closing, the actual sales price, the settlement sheet, any legal documentation supporting the transfer, and both Virginia-American's and Dale Service's accounting entries recording the transfer. Such accounting entries shall be recorded in accordance with the USoA.

(7) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs or gains directly or indirectly related to the transfer, including any acquisition adjustment, for either Virginia-American or Dale Service.

(8) The shareholders of Dale Service shall provide all records related to Dale Service at the closing of the transfer to Virginia-American. Virginia-American shall then maintain them henceforth in accordance with the USoA.

(9) Virginia-American shall maintain separate accounting records for Dale Service.

(10) The quality of service to Dale Service customers shall not deteriorate due to a lack of maintenance or capital investment.

(11) The quality of service to Dale Service customers shall not deteriorate due to a reduction in the number of employees providing services.

(12) Virginia-American shall maintain a high degree of cooperation with the Staff and shall take all actions necessary to ensure Dale Service's timely response to Staff inquiries with regard to its provision of service.

(13) There appearing nothing further to be done in this matter, it is hereby dismissed.

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[13] Response at 1-2.

[14] We note that the interim authority granted herein is consistent with such authority granted in previous cases. *See i.e.*, *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00067, Doc. Con. Cen. No. 130810384, Order Extending Time for Review and Granting Interim Authority (Aug. 9, 2013); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Purchase Agreement pursuant to The Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2010-00128, 2010 S.C.C. Ann. Rept. 626, Order on Motion for Interim Authority (Oct 29, 2010).

CASE NO. PUE-2013-00053
OCTOBER 3, 2013

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of an extension to special rates, terms and conditions pursuant to Virginia Code § 56-235.2

FINAL ORDER

On May 15, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), filed an application ("Application") in both public and confidential versions with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia ("Code") and

the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive.[1] This Application requests the Commission to approve an extension of the Special Rates, Terms and Conditions for the Company's provision of electric service to Chaparral (Virginia) Inc. ("Chaparral"), last approved by the Commission in Case No. PUE-2010-00072.[2] Also on May 15, 2013, Dominion Virginia Power filed a Motion for Entry of a Protective Order.

The Commission initially approved a special rate contract between the Company and Chaparral in 1999, which could have extended through June 30, 2004.[3] However, on August 22, 2003, in Case No. PUE-2003-00176, the Commission granted Chaparral's request to terminate service under the special rate contract and to take electric service under Dominion Virginia Power's Rate Schedule 10.[4]

According to the Application, although average rates under Schedule 10 were lower than the rates under the original special rate contract, Chaparral informed the Company that the rates remained higher than they could profitably manage.[5] Therefore, on July 8, 2004, Dominion Virginia Power filed an application in Case No. PUE-2004-00083 for approval of a new special rate and contract pursuant to § 56-235.2 of the Code for electric service to Chaparral.[6] On October 8, 2004, the Commission approved the Special Rates, Terms and Conditions ("Agreement") set out in the July 8, 2004 application, subject to certain modifications.[7] The Commission found that the special rate would have no economic impact on existing customers, and the Agreement would not jeopardize the continuation of reliable utility service.[8]

Under the terms of the Stipulation and Addendum approved by the Commission in the Company's 2009 rate case, barring a Commission determination that emergency relief is warranted, the Company states that it is not allowed to change base rates for standard tariff offerings prior to December 1, 2013.[9] Dominion Virginia Power represents that while the terms of the Stipulation and Addendum did not prevent the Company from seeking a change to the special rates, the Company believed that it was appropriate for the term of the special rates to conform to the period of frozen rates for the Company's standard tariff offerings pursuant to the Commission's decision in the Company's 2009 rate case.[10] For this reason, Dominion Virginia Power states that it sought and received Commission approval to extend the rates set forth in the Agreement through November 30, 2013, with no change in the rates themselves.[11]

In its current Application, Dominion Virginia Power requests that the Commission approve an extension of the Agreement through and until May 31, 2018, and states that it requests no other material modifications to the Agreement.[12] In support of its request for extension, Dominion Virginia Power states that by extending the term of the Agreement as proposed, the Agreement will continue to provide Chaparral with a level of stability and predictability that is important to its economic viability while its base and rider-related rates for service will be determined in accordance with the Commission's orders in the Company's intervening biennial review and rider proceedings.[13] Dominion Virginia Power further asserts that the proposed term also is consistent with the four-year term approved by the Commission in Case No. PUE-1998-00333 and the six-year term approved by the Commission in Case No. PUE-2004-00083.[14]

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[1] 20 VAC 5-310-10.

[2] Application at 1, 8; *Application of Virginia Electric and Power Company, For approval of an extension and modifications to special rates, terms and conditions pursuant to Virginia Code § 56-235.2*, Case No. PUE-2010-00072, 2010 S.C.C. Ann. Rept. 568, Final Order (Oct. 20, 2010).

[3] Application at 2-3 citing *Application of Virginia Electric and Power Company, For approval of a special rate contract pursuant to § 56-235.2 of the Code of Virginia*, Case No. PUE-1998-00333, 1999 S.C.C. Ann. Rept. 419, Final Order (Jan. 26, 1999).

[4] *Application of Chaparral (Virginia) Inc., For early termination of special contract and related findings*, Case No. PUE-2003-00176, 2003 S.C.C. Ann. Rept. 499, Final Order (Aug. 22, 2003).

[5] Application at 3.

[6] *Id.*

[7] *Id.* citing *Application of Virginia Electric and Power Company, For approval of special rates and terms and conditions for electric service pursuant to Virginia Code § 56-235.2 and for expedited consideration of the application*, Case No. PUE-2004-00083, 2004 S.C.C. Ann. Rept. 491, Final Order (Oct. 8, 2004).

[8] *Id.* at 493.

[9] Application at 5, referring to the Stipulation and Addendum approved in *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, 2010 S.C.C. Ann. Rept. 301, Order Approving Stipulation and Addendum (Mar. 11, 2010).

[10] Application at 5.

[11] *Id.* citing *Application of Virginia Electric and Power Company, For approval of an extension and modifications to special rates, terms and conditions pursuant to Virginia Code § 56-235.2*, Case No. PUE-2010-00072, 2010 S.C.C. Ann. Rept. 568, Final Order (Oct. 20, 2010).

[12] Application at 6.

[13] *Id.*

[14] *Id.* citing *Application of Virginia Electric and Power Company, For approval of a special rate contract pursuant to § 56-235.2 of the Code of Virginia*, Case No. PUE-1998-00333, 1999 S.C.C. Ann. Rept. 419, Final Order (Jan. 26, 1999), and *Application of Virginia Electric and Power Company, For*

Dominion Virginia Power also believes that it is appropriate for the term of the special rates to conform to the biennial review process and for any changes to such special rates to follow any resulting rate changes or credits for the Company's standard tariff offerings ordered therein.[15] The Company believes it is appropriate to extend the term of the Agreement for an additional period beyond the effective date of the rates determined by the Commission in the 2017 biennial review to allow Chaparral sufficient time to evaluate its options for receiving electric service, including continuation of the Commission-approved special rate contract pursuant to § 56-235.2 of the Code, or electing to receive service under a different rate schedule.[16] The Company states that the Commission is not expected to issue a ruling in the 2017 biennial review until late November 2017, with any changes to be effective within 60 days thereafter, so extending the Agreement through May 31, 2018, will give the Company and Chaparral approximately four months to evaluate continuation of service under the Agreement.[17]

Dominion Virginia Power further represents that its proposed extension of the Agreement will protect the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable utility service.[18] In addition, Dominion Virginia Power represents that the Agreement, as extended, will help preserve Chaparral's significant direct and indirect economic contributions to the Commonwealth.[19]

On June 7, 2013, the Commission entered an Order for Notice and Comment that, among other things, docketed the Application; directed the Company to provide public notice of its Application; established a procedural schedule for the filing of comments, notices of participation and requests for hearing; directed the Commission Staff ("Staff") to investigate the Application and provided the Staff the opportunity to file a report; and permitted the Company to respond to any comments, requests for hearing, or the Staff Report.

On June 5, 2013, Chaparral filed a notice of participation and two Motions for Admission *Pro Hac Vice* requesting that Andrew S. Ziegler and Robert A. Weishaar, Jr., be admitted *Pro Hac Vice* to represent Chaparral in this matter ("Motions"). On June 14, 2013, the Commission entered an Order granting the Motions.

On June 24, 2013, the Company provided proof of notice as required by the Commission's June 7, 2013 Order for Notice and Comment.

No comments or requests for hearing have been filed in this matter.

On August 7, 2013, the Staff filed a letter with the Clerk of the Commission indicating that it had investigated the Application but would not be filing a Staff Report.

NOW THE COMMISSION, upon consideration of the Company's Application, the record herein, and the applicable statutes, is of the opinion and finds that the Company's proposed extension of the Agreement should be approved. The Commission agrees with the Company that the extension of the Agreement will not unreasonably prejudice or disadvantage any customer or class of customers and will not jeopardize the continuation of reliable electric service.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power may continue to offer Chaparral the special rates, terms and conditions set out in the current Agreement between the parties through May 31, 2018.

(2) There being nothing further to be done in this matter, the case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's files for ended causes.

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approval of special rates and terms and conditions for electric service pursuant to Virginia Code § 56-235.2 and for expedited consideration of the application, Case No. PUE-2004-00083, 2004 S.C.C. Ann. Rept. 491, Final Order (Oct. 8, 2004).

[15] Application at 6-7.

[16] *Id.* at 7.

[17] *Id.*

[18] *Id.*

[19] *Id.* at 7-8.

CASE NO. PUE-2013-00054
JULY 23, 2013

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2013 SAVE Rider update

ORDER APPROVING SAVE RIDER ADJUSTMENT

On May 1, 2013, pursuant to § 56-604 E of Chapter 26 of Title 56 (§§ 56-603 *et seq.*, the "SAVE Act" or "Act") of the Code of Virginia ("Code"), and in accordance with Rule 80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission"), 5 VAC 5-20-80, Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed its annual update with respect to its Rider E for its Commission-approved Steps to Advance Virginia's Energy ("SAVE") plan ("SAVE Plan" or "Plan")[1] under which VNG's SAVE Rider, Rider E, is reconciled and adjusted ("2013 Annual Update" or "Application").

In its Application, the Company states that the calculation of the revenue requirement and rates associated with the Rider E consists of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order. The Company further states that the SACA calculation is a reconciliation of the revenue requirement for SAVE Plan projects completed and placed in service in 2012, as compared to the revenue generated by Rider E in 2012, and the adjustment for projects consistent with those contemplated for inclusion in a SAVE Plan that were included in the rates established in PUE-2010-00142. Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of August 2013 through July 2014 of ($559,476). According to the Company, the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the currently planned SAVE Rider will be in effect, August 2013 through July 2014. Based on this calculation, the ASF for the rate period of August 2013 through July 2014 is $4,136,525. By combining the ASF of $4,136,525 and the SACA of ($559,476), the Company calculates a SAVE Rider revenue requirement of $3,577,050 for the rate period of August 2013 through 2014.

On May 21, 2013, the Commission entered an Order for Notice and Comment, which, among other things, required the Company to publish notice of its Application, provided an opportunity for interested persons to file comments or request a hearing, and required Commission Staff to investigate the Application and file a report ("Report") containing its findings and recommendations. No comments or requests for hearing were filed.

On July 8, 2013, the Staff filed its Report wherein it recommended three revisions to the Company's proposed Rider E. First, the Staff revised the calculations of both property taxes and cost of removal. Next, the Staff recommended that the property taxes and cost of removal be updated annually to reflect actual results. Last, the Staff included the effect of the credits related to seven cancelled projects on an annual level in the calculations of the SACA and ASF. As a result of its revisions, the Staff recommended a revenue requirement for the SACA of ($751,674) and an ASF revenue requirement of $3,802,140, which results in a total Rider E revenue requirement of $3,050,466. The Staff recommended that the currently proposed allocation factors remain in place.

On July 16, 2013, VNG filed its response ("Response") to the Staff Report. In its Response, the Company stated that it supported the revisions and recommendations enumerated in the Staff Report and requested that the Commission enter an order approving the proposed reconciliation and Rider E adjustment, as proposed in its 2013 Annual Update and as modified by the Staff Report.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Application, as modified by the Staff Report, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2013 Rider E, as permitted by §§ 56-603 *et seq.* of the Code of Virginia, is approved as set forth in this Order. Rates consistent with this Order shall become effective beginning on August 1, 2013, and remain in effect through July 31, 2014.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2013 Rider E with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is dismissed.

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[1] Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604, Case No. PUE-2012-00012, Order Approving SAVE Plan and Rider (June 25, 2012), ("2012 SAVE Order").

CASE NO. PUE-2013-00057
DECEMBER 20, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For certificates of public convenience and necessity to convert Units 1 and 2 of the Clinch River Plant to use natural gas rather than coal as fuel

FINAL ORDER

On May 29, 2013, Appalachian Power Company ("APCo" or the "Company") filed with the State Corporation Commission ("Commission") an application for certificates of public convenience and necessity to convert Units 1 and 2 of the Clinch River Plant to use natural gas rather than coal as fuel ("Application") pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.

The Company seeks approval to convert two of its generating units, Clinch River Units 1 and 2, to use natural gas as fuel rather than coal. The Clinch River plant is a coal-fired generating facility located in Russell County, Virginia consisting of three units that have a total nominal net generating capacity of 705 MW. The Company proposes to convert Units 1 and 2 to natural gas and retire Unit 3. According to the Company, Units 1 and 2 would each have a nominal generating capacity of 242 MW after the conversion.

APCo notes that Case No. PUE-2012-00141[1], approved in part and denied in part by Commission Order entered July 31, 2013, addresses the termination of the American Electric Power ("AEP") Interconnection Agreement, the retirement of some coal units, and the transfer of certain generation assets to APCo from other AEP affiliates. APCo stated in this proceeding that approval of the application in Case No. PUE-2012-00141 "would permit the Company to meet its load obligations as a stand-alone company without adding capacity until approximately 2025 when the converted Clinch River Units 1 and 2 are projected to be retired."[2]

On June 21, 2013, the Commission entered an Order for Notice and Hearing that, among other things, required the Company to provide public notice, provided an opportunity for interested parties to participate in this proceeding, scheduled a public hearing for the purpose of receiving testimony and evidence on the Company's Application, directed the Commission Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations on the Application, and appointed a Hearing Examiner to conduct further proceedings in this case on behalf of the Commission.

Notices of Participation were filed by Steel Dynamics, Inc. ("SDI"); the VML/VACo APCo Steering Committee ("VML/VaCo"); the Old Dominion Committee for Fair Utility Rates (the "Committee"); Appalachian Voices and Chesapeake Climate Action Network (collectively, "Environmental Respondents"); and the Office of Attorney General, Division of Consumer Counsel ("Consumer Counsel").

As noted in the Commission's Order for Notice and Hearing, Staff requested that the Department of Environmental Quality ("DEQ"), acting on behalf of the State Water Control Board, consult on the wetland implications of the Company's proposal. Staff also requested that DEQ coordinate a review of the project by state and local agencies and file a report on the review. On September 5, 2013, DEQ filed its report ("DEQ Report") with the Clerk of the Commission.[3]

On October 11, 2013, the Staff submitted the Prefiled Testimony of Cody D. Walker, David R. Eichenlaub and Patrick W. Carr ("Staff Testimony"). Staff stated that APCo has a need for additional capacity to maintain reliability that approximates or exceeds the capacity of the converted units, and that the proposed conversion appears to be a least cost alternative to add the required capacity.[4] Staff also stated that it reviewed the Company's load forecasts and found them to be reasonable.[5] On October 24, 2013, the Company filed a letter stating that it would not be filing written rebuttal testimony in this proceeding.

On November 6, 2013, a public hearing was held before Hearing Examiner A. Ann Berkebile. The Company, Staff, the Committee, Consumer Counsel, Environmental Respondents, and VML/VaCo appeared by counsel. At the hearing, the Company submitted a Stipulation signed by APCo, the Environmental Respondents, VML/VaCo, and Staff (collectively, "Stipulating Parties"). Among other things, the Stipulating Parties agreed that the conversions should be approved and that the costs of the Project will be included in APCo's future biennial review proceedings.[6] While not signatories to the Stipulation, Consumer Counsel and the Committee did not oppose it.

The Report of A. Ann Berkebile, Hearing Examiner ("Hearing Examiner's Report") was filed on November 14, 2013. The Hearing Examiner examined the Company's application in light of the applicable statutes, including §§ 56-46.1 and 56-580 D of the Code. Among other things, the Hearing Examiner found that the Company sustained its burden of proving the project will have no material adverse effect upon the reliability of electric service, is required by the public convenience and necessity, and is not otherwise contrary to the public interest. The Hearing Examiner further found that the evidence

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[1] *Application of Appalachian Power Company For approvals pursuant to the Utility Transfers Act, Virginia Code §§ 56-88, et seq.*, Case No. PUE-2011-00141, Final Order (July 31, 2013).

[2] Ex. 2 at 2.

[3] Ex. 10.

[4] Ex. 13 at 11.

[5] Ex. 11 at 7.

[6] Ex. 7 at 2.

supports the conclusion that the conversions represent the least cost alternative for meeting APCo's capacity needs and that the project will have a positive impact on Virginia's economy by facilitating reliable electric service at an economical cost, by preserving existing jobs at the Clinch River facility, and by generating new jobs associated with the project's construction.[7]

The Hearing Examiner reviewed the DEQ Report and found that the environmental impacts of the project are unlikely to be adverse.[8] The Hearing Examiner recommended that the Company's application be approved, subject to the following recommendations set forth in the DEQ Report:

(1) The Company should contact the DEQ Southwest Regional Office regarding its recommendation to continue coordination on permitting requirements;

(2) The Company should reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste;

(3) The Company should coordinate with DCR's Division of Natural Heritage regarding its recommendations, including the protection of karst resources and updates to the Biotics Data System database if a significant amount of time passes before the project is implemented;

(4) The Company should coordinate with DGIF, as necessary, regarding its recommendations for wildlife protection;

(5) The Company should follow the principles and practices of pollution prevention to the maximum extent practicable; and

(6) The Company should limit the use of pesticides and herbicides to the extent practicable.

The Company filed a letter expressing support for the Hearing Examiner's Report. Consumer Counsel filed Comments on the Hearing Examiner's Report expressing certain concerns regarding the Company's cost-benefit analyses and issues related to Case No. PUE-2012-00141, but stated that it has no objection to the Hearing Examiner's Recommendations in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application should be approved subject to the requirements set forth in this Order.

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 in Virginia 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, (ii) required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

With regard to generating facilities, § 56-580 D of the Code 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 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 . . . .

The Commission has previously determined that its jurisdiction conferred by §§ 56-580 D and 56-46.1 of the Code reaches consideration of conversion of certificated generation facilities from one fuel source to another.[9]

As required by § 56-46.1 A of the Code, the Commission also "shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102 . . . ." Finally, § 56-596 A of the Code states in part that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation Act], the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

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[7] Hearing Examiner's Report at 10.

[8] *Id.* at 11.

[9] *Applications of Virginia Electric and Power Company For approval and certification of the proposed biomass conversions of the Altavista, Hopewell, and Southampton Power Stations under §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider B, tinder § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2011-00073, 2012 S.C C. Ann. Rept. 279, 279-80, Final Order (Mar. 16, 2012).

Public Convenience and Necessity

The Commission finds the public convenience and necessity requires the proposed conversion of Clinch River Units 1 and 2 from coal to gas and continued operation of the units. As noted above, the Hearing Examiner found that the Application should be granted and that Clinch River Units 1 and 2 should be converted to continue operating, and the Commission agrees.

The Company and Staff both testified that conversion of Units 1 and 2 from coal to natural gas represent a least cost alternative to provide capacity needed for reliability purposes.[10] Based on this record, the Commission finds that the conversion will provide capacity at a cost below other alternatives, assure reliability of service, and support economic development and job creation as considered by §§ 56-46.1 A and 56-596 A of the Code.

Environmental Impact

We also must consider environmental impact. The relevant statutes, however, do 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 statutes, §§ 56-46.1 A and 56-580 D of the Code, direct 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."

DEQ coordinated an environmental review of the proposed conversion by a number of agencies and, based on this review, offered a number of recommendations. As discussed above, the Hearing Examiner found that the Company should be required to comply with the recommendations set forth in the DEQ Report. We agree with the Hearing Examiner, and will direct that the Company follow the DEQ recommendations to the extent practicable. We agree with the Hearing Examiner that the environmental impacts of the project are unlikely to be adverse.

In sum, based on the record presented in this case, we find that, in accordance with § 56-580 D of the Code: (i) the public convenience and necessity require the proposed conversion of Clinch River Units 1 and 2; (ii) such conversions will have no material adverse effect upon reliability of electric service provided by any regulated public utility; and (iii) the conversion is not otherwise contrary to the public interest.

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire July 1, 2016. If the conversion of the facility has not been completed, the Company may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, as provided by §§ 56-580 D and 56-46.1 of the Code, the Application is granted.

(2) The Company is granted approval to convert operation of Clinch River Units 1 and 2 from coal to gas as more fully described in the Application.

(3) Pursuant to § 56-580 D of the Code, the Company is issued the following certificate of public convenience and necessity: Certificate ET-203 authorizing the conversion and operation of Clinch River Plant Units 1 and 2 in Russell County.

(4) The Commission's Division of Energy Regulation shall provide the Company a copy of the certificates issued by Paragraph (3).

(5) The conversion of Clinch River Units 1 and 2 approved herein must be completed and the Units in service by July 1, 2016, provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Clerk of the Commission.

[10] Ex. 4 at 1-3; Ex. 3 at 11; Ex. 11 at 1-8.

CASE NO. PUE-2013-00062
NOVEMBER 14, 2013

APPLICATION OF
CENTRAL WATER SYSTEMS, INC.

For approval of a transfer of a public utility

ORDER GRANTING APPROVAL

On June 26, 2013, Central Water Systems, Inc. ("Central Water" or "Applicant"), filed a complete application with the State Corporation Commission ("Commission") for approval of the transfer of a public utility pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code").

Central Water is a Virginia public service corporation that provides water service to approximately 530 customers in and around the County of Isle of Wight, Virginia ("County"). The County of Isle of Wight operates a public service authority and provides water service to customers in and around the County.

On January 6, 2010, Central Water and the County entered into a Water System Purchase Agreement whereby Central Water agreed to sell the utility assets that comprise the water distribution system that serves the Cannon Acres Subdivision located in the County of Isle of Wight, Virginia, to the County for cash consideration of $90,000. The transaction was consummated on April 27, 2012, and the County has since connected the water system to its distribution system.

The assets involved in the transfer consist of all the rights, title, and interest in the water distribution system serving the Cannon Acres Subdivision, excluding a 14,000 square foot well lot. The system consists of a well and well pump, storage and hydropneumatic tanks, transfer pumps, approximately 3,700 feet of distribution line, and other related appurtenances.

The Applicant represents that the Cannon Acres water system was experiencing high levels of fluoride that exceed the Virginia Department of Health's acceptable levels. Transferring the Cannon Acres water system to the County allowed the well to be abandoned and the County to connect the Cannon Acres customers to a treated water source.

After the County purchased the system in April 2012, the Cannon Acres residents received their water service from the County and transferred to the County's rates. Additionally, the customers were subject to a $750 connection fee to connect to the County's system.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the transfer neither impaired or jeopardized the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. We further find that Central Water's certificate of public convenience and necessity ("CPCN") should be amended to reflect the change to Central Water's service territory resulting from the disposition of water assets. We note, however, that the Applicant consummated the transfer before receiving Commission approval, and we remind the Applicant to take the necessary steps to ensure future compliance with the Utility Transfers Act and other relevant provisions of the Code when applicable.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Applicant is hereby granted approval of the transfer of the Cannon Acres water system to the County, as described herein.

(2) Central Water's CPCN, Certificate No. W-284 is hereby cancelled.

(3) Central Water shall be granted a new CPCN, Certificate No. W-284 (a), to provide water service to the subdivisions previously authorized in Certificate No. W-284, which are not covered by our approval in this matter.

(4) Within sixty (60) days from the date of this Order, Central Water shall submit to the Commission's Division of Energy Regulation a new tariff that reflects the changes in Central Water's service area.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00064
AUGUST 8, 2013

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
STIHL INCORPORATED

For approval of the sale and purchase of utility assets pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 7, 2013, Virginia Electric and Power Company ("VEPCo") and STIHL Incorporated ("STIHL") (together, the "Joint Petitioners") completed a joint petition with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] for approval of the sale and purchase of utility assets.

VEPCo is a Virginia public service corporation engaged in the business of providing electric utility service in Virginia and northeastern North Carolina. STIHL is a Delaware corporation and an electricity service customer of VEPCo. VEPCo owns and operates in place area lighting facilities on STIHL's property located at 536 Viking Drive in Virginia Beach, Virginia ("Lighting Facilities").

The Joint Petitioners request Commission approval of VEPCo's sale of the Lighting Facilities to STIHL for a total purchase price of $19,344.98 ("Proposed Transaction").[2] VEPCo represents that the Lighting Facilities are not required by VEPCo and their sole purpose is to serve STIHL by providing area lighting on privately owned property at STIHL's location. VEPCo also represents that it does not expect the Proposed Transaction to have a rate or service impact on its customers.

[1] Va. Code § 56-88 *et seq.*

[2] This total purchase price is comprised of a $13,545 purchase price, a $5,000 administrative fee, and $799.98 of expenses associated with the rearrangement or removal of the Lighting Facilities.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Joint Petitioners hereby are granted approval of the Proposed Transaction.

(2) The Joint Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction was completed, all legal documentation supporting completion of the Proposed Transaction, and all of VEPCo's accounting entries related to the Proposed Transaction.

(3) The approval granted herein shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any costs or gains directly or indirectly related to the Proposed Transaction.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00066
SEPTEMBER 6, 2013

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For approval of a demand-side management program including promotional allowances

ORDER GRANTING APPROVAL

On June 13, 2013, Southside Electric Cooperative ("SEC" or the "Cooperative") filed an application with the State Corporation Commission ("Commission") pursuant to Title 56 of the Code of Virginia and the Commission's Rules Governing Utility Promotional Allowances, 20 VAC 5-303-10 *et seq*., and the Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq*., requesting approval of a demand-side management ("DSM") program including promotional allowances, along with expedited consideration of its request.

SEC is a utility consumer services cooperative providing electric service to member-consumers in its service territory in Virginia. SEC is headquartered in Crewe, Virginia, and is subject to regulation as to rates and services by the Commission.

Through its application, SEC requested to implement a DSM program using load-cycling switch devices to reduce demand created by central air conditioning systems in the homes of eligible, participating residential member-consumers. SEC requested the Commission approve the full implementation of the proposed program, which is similar to a pilot program conducted in the summer of 2011 by SEC's power supplier, Old Dominion Electric Cooperative ("ODEC").[1] SEC further requests that publication of notice to its member-consumers in an upcoming edition of *Cooperative Living* magazine describing the proposed program and the conditions pertaining to the promotional allowances be the only publication ordered in this proceeding.[2]

SEC stated in its application that participation in the proposed program is voluntary and that participants may end their participation at any time.[3] In order to participate in the proposed program, an eligible member-consumer must meet the following requirements: (i) be a targeted,[4] residential class member-consumer (new or existing) who is not utilizing any Residential Time-Of-Use Tariff; (ii) be a resident in a single-family home, multi-family home, or a manufactured home (apartments are not eligible); (iii) use a central HVAC system (window units are not eligible); and (iv) allow SEC and/or its electrical contractor of choice to install SEC's specific "demand response unit" switches.[5] As an incentive to participate in the proposed program, participants will receive a one-time Cooperative check in the amount of $25 if the switch remains in operation for one full year.[6] SEC advised Staff that it expects to deploy a total of 13,500 switches at an average rate of 2,700-3,300 switches per year over a four-to-five year period.[7]

SEC's application states that the administrative support for member participation in the proposed program is provided by ODEC as part of a larger DSM initiative, so the direct cost impact to the Cooperative to run the DSM program would be limited to the cost of the switches, the installation of the

[1] Application at 2.

[2] SEC further requested that the notice published in *Cooperative Living* magazine contain substantially similar information to that contained in Exhibit A of its application. *Id.* at 7.

[3] *Id*. at 3.

[4] According to SEC's application, a targeted member-consumer is one the SEC has found to be a high user of electricity during summer months based on the Cooperative's usage data. *Id.* at 3. SEC later advised the Commission Staff ("Staff") that any residential member-consumer in its service territory who volunteers will be permitted to participate in the proposed program subject to the equipment limitations set forth in the application.

[5] Application at 2.

[6] *Id.* at 5.

[7] *Id.* at Exhibit C; SEC's Responses to Interrogatories and Requests for Production of Documents by the Staff (First Set) issued June 21, 2013, Question No. 9a, attached to Staff's Action Brief, Attachment A.

switches, the marketing of the proposed program to its member-consumers, and the promotional allowances.[8] SEC has stated that it plans to finance the switches with debt and capitalize the full install cost. Specifically, SEC proposes depreciating the switches over 15 years.[9] As a result, depreciation expense in future rate cases could include costs associated with the switches.

In its application, SEC indicates a total cost of $4,792,500 to purchase and install the 13,500 switches necessary for the proposed DSM program.[10] Based on assumptions in the application, Staff estimated net utility plant increases between $958,000 and $1,171,000 annually over the four to five-year deployment window.[11] Staff estimated marketing, maintenance, interest, depreciation and incentive expenses to be between $272,000 and $332,000 for the first year of the deployment window.[12] Staff noted in its Action Brief that these additional expenses are anticipated to be largely offset by reductions to wholesale power costs.[13] Specifically, based on assumptions in the application, Staff estimates the annual reduction to wholesale power costs to be between $181,000 to $221,000 for the first year of the deployment window, and $905,175 annually when all switches are deployed.[14]

According to SEC's application, no individual energy savings are expected to be achieved by the individual participating member-consumers; however, any reduced peak demand for all of SEC would result in lowering the wholesale cost of power that SEC purchases from ODEC and thus would benefit all of the Cooperative's member-consumers.[15]

SEC's application provides a brief description of the cost/benefit tests used in its analysis. The Cooperative's results indicate that the proposed program passes the Participant Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test over a 15-year horizon.[16] Staff reproduced the Cooperative's cost/benefit analysis and concluded that the proposed program passes all four tests, including the Ratepayer Impact Measure Test and the Total Resource Cost Test, for both a 10-year and 15-year horizon.[17]

NOW THE COMMISSION, upon consideration of the application and representations of the Cooperative and having been advised by its Staff, finds that the air conditioner switch DSM program proposed in SEC's application is cost effective and in the public interest and that SEC shall be allowed to implement the program as soon as practicable, subject to certain requirements outlined below.

First, we find that notice published in *Cooperative Living* magazine that contains the exact same information as that contained in the updated Exhibit A attached to Staff's Action Brief is sufficient notice of the proposed DSM program for purposes of this proceeding.

Second, we find that SEC should submit a report to the Commission by December 1 of each year the program is in effect, describing the details and results of the program during the preceding summer season to verify costs and savings of the program. The report should include, but not be limited to, information regarding the number of installed switches, the number of load control events, any attrition of installed switches, and any change to the marginal cost of demand.

Third, we find that the program should be reviewed after the 2017 summer season to consider the saturation of installed and active switches and the next target level projections to assure cost-effectiveness before extending the program.

Fourth, we find that should the review of a report submitted by the Cooperative after a cooling season indicate that the program is not cost-effective, the Cooperative or the Commission should suspend the program by not permitting any additional member-consumers to participate.

Accordingly, IT IS ORDERED THAT:

(1) SEC's application is hereby approved subject to the following conditions.

(2) Prior to implementation of the program, SEC shall publish notice in *Cooperative Living* magazine that contains the exact same information as that contained in the updated Exhibit A attached to Staff's Action Brief.

(3) SEC shall be allowed to implement the program as soon as possible.

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[8] Application at 6. SEC also represents in its application that there would be some ongoing operations and maintenance costs associated with the system and interest expense associated with the switches. *Id.* at Exhibit C.

[9] Staff's Action Brief at 6-7, *citing* SEC's Responses to Interrogatories and Requests for Production of Documents by the Staff (First Set) issued June 21, 2013, Question Nos. 2, 23, and 24; SEC's Responses to Interrogatories and Requests for Production of Documents by the Staff (Second Set) issued July 10, 2013, Question Nos. 31, 32, 35, and Exhibit 35, attached to Staff's Action Brief, Attachment A.

[10] Application at Exhibit C.

[11] Staff's Action Brief at 7.

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] Application at 6.

[16] *Id*. at Exhibit B.

[17] Staff's Action Brief at 5.

(4) SEC shall submit a report to the Commission by December 1 of each year that the program is in effect, describing the details and results of the program during the preceding summer season to verify the costs and savings of the program. The report shall include, but not be limited to, information regarding the number of installed switches, the number of load control events, any attrition of installed switches, and any change to the marginal cost of power demand.

(5) SEC shall supplement its 2017 report with additional information that includes data and analysis of the saturation of installed and active switches. The report also shall include, but not be limited to, the Cooperative's plans to continue, maintain, or expand the program and a cost/benefit analysis of any future plans for expansion of the program.

(6) The authority granted herein shall have no ratemaking implications for future rate proceedings.

CASE NO. PUE-2013-00067
SEPTEMBER 12, 2013

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY
and
BLUEFIELD GAS COMPANY

For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On June 17, 2013, Appalachian Natural Gas Distribution Company ("Appalachian") and Bluefield Gas Company ("BGC") (collectively, the "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") to request authority to enter into two affiliate agreements ("Proposed Agreements") to provide and receive corporate and operational services ("Services") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] Under the first proposed agreement ("Agreement No. 1"), Appalachian will provide BGC with corporate and managerial services. Under the second proposed agreement ("Agreement No. 2"), BGC will operate Appalachian's natural gas distribution assets located in Tazewell County and the Town of Bluefield, Virginia.[2]

Appalachian is a Virginia public service corporation that provides natural gas distribution service to approximately 1,400 residential, commercial and industrial customers in and around the Counties of Russell, Dickenson, Buchanan, Wise, and Tazewell and the Town of Bluefield, Virginia. Appalachian is a wholly owned subsidiary of ANGD LLC ("ANGD Parent"), an Abingdon, Virginia-based limited liability company.

BGC is a West Virginia public service corporation that provides natural gas service to approximately 3,500 customers in and around the City of Bluefield and Mercer County in West Virginia. BGC is a wholly owned subsidiary of ANGD Parent.

Appalachian owns and operates the assets used to serve its customers in Russell, Dickenson, Buchanan, and Wise Counties, Virginia. However, Appalachian's assets serving Tazewell County and the Town of Bluefield, Virginia ("Bluefield VA Area") are directly connected to BGC's distribution system and are operated by BGC. BGC employees perform the operations services for both BGC's West Virginia customers and the assets owned by Appalachian serving the Bluefield VA Area. BGC does not perform any management or corporate functions in-house but receives these functions from Appalachian.

The Applicants currently provide and receive affiliate Services pursuant to the Commission authority granted in Case No. PUE-2008-00058, in which the Commission approved two separate agreements between the Applicants.[3] The agreements approved in that case are substantially identical to the Proposed Agreements.

The services provided under the Proposed Agreements will be charged at cost. Allocations of salaries will be made at cost including benefits, and any associated goods will be billed at original cost. There are no return components built into either Proposed Agreement. The Applicants represent that since both parties are regulated public service companies, charging and paying a return over and above the cost of the service would unnecessarily inflate or skew the true cost of providing gas service for each of the utilities.

The Applicants represent that Agreement No. 1 meets BGC's need for administrative services, which could not be provided independently in a cost effective manner. They further represent that Agreement No. 2 meets Appalachian's need for operational services in a geographic location that is contiguous to the West Virginia service area of BGC and that this arrangement provides the most efficient way to meet customer service and day-to-day operational needs of customers in the Bluefield VA area. The Applicants represent that without the Proposed Agreements, the Applicants would have to duplicate the resources and personnel for each utility, which would increase costs.

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[1] Va. Code § 56-76 *et seq*.

[2] On August 9, 2013, the Commission issued an order extending the time for review and granting the Applicants interim authority to operate under the Proposed Agreements until a Final Order was issued in this case.

[3] *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational service under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2008-00058, 2008 S.C.C. Ann. Rept. 560, Order Granting Authority (Aug. 26, 2008). The authority granted in this case was limited to five years from the date of the order, which expired on August 26, 2013.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicants, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the Proposed Agreements are in the public interest and should be approved subject to the following requirements:

(1) Approval of the Proposed Agreements will expire five (5) years from the date of the entry of our Order Granting Approval. If Appalachian wishes to continue the Proposed Agreements after our initial approval ends, further approval will be required.

(2) Only the services specifically identified in the Proposed Agreements and described in the Application and the allocation methodologies attached to each Proposed Agreement are approved. Any additional services will require separate approval.

(3) Appalachian will be required to maintain records to demonstrate that the services provided under the Proposed Agreements are cost-beneficial to Virginia ratepayers. Appalachian will bear the burden, in any rate proceeding, of demonstrating that the services provided under the Proposed Agreements were cost-beneficial to Virginia ratepayers.

(4) The authority granted in this case will have no ratemaking implications. In particular, our approval does not guarantee the recovery of any costs directly or indirectly related to the Proposed Agreements.

(5) Appalachian will file an executed copy of the Proposed Agreements within thirty (30) days of their execution.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted authority to enter into the Proposed Agreements, consistent with the findings set out above and effective as of the date of the entry of this Order Granting Approval.

(2) Commission approval shall be required for any changes in terms and conditions of the Proposed Agreements, including changes in allocation methodologies and successors and assigns.

(3) The approval granted herein shall not preclude the Commission from exercising its authority under the provisions of § 56-78 or § 56-80 of the Code hereafter.

(4) 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.

(5) Appalachian shall include the transactions associated with the Proposed Agreements approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

(6) In the event that Appalachian's annual informational filings or expedited or general rate case filings are not based on a calendar year, then Appalachian shall include the affiliate information contained in its ARAT for the test period in such filings.

(7) There appearing nothing further to be done, 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.

CASE NO. PUE-2013-00068
SEPTEMBER 18, 2013

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of its 2013-2014 SAVE Rider adjustment

ORDER APPROVING SAVE RIDER AND REQUIRING COMPANY TO FILE AN AMENDED SAVE PLAN

On June 26, 2013, Atmos Energy Corporation ("Atmos" or "Company") filed its application ("Application") to implement its 2013-2014 SAVE Plan Rider adjustment, or Infrastructure Reliability and Replacement Adjustment ("IRRA"),[1] pursuant to §§ 56-603 *et seq.* of Chapter 26 of Title 56 of the Code of Virginia, the Steps to Advance Virginia's Energy ("SAVE") Plan Act and in accordance with the State Corporation Commission's ("Commission") August 21, 2012 Order Approving SAVE Plan and Rider in Case No. PUE-2012-00049 ("2012 SAVE Order"). Accompanying the Application were documents and work papers reflecting actual SAVE expenditures incurred to date, updates regarding anticipated SAVE expenditures, as well as other schedules and supporting documents required by the 2012 SAVE Order. In its Application, the Company proposed a revenue requirement of $313,176 for the rate period of October 1, 2013, through September 30, 2014.

On July 11, 2013, the Commission entered an Order for Notice and Comment in this proceeding, which, among other things, required the Company to publish notice of its Application, provided an opportunity for interested persons to file comments or requests for hearing, and directed the Staff to investigate the Application and file a report ("Report") containing its findings and recommendations. No comments or requests for hearing were filed.

[1] The IRRA consists of two components: the Infrastructure Replacement Current Rate ("IRCR") and the Infrastructure Replacement Reconciliation Rate ("IRRR"), which were approved by the Commission in its 2012 SAVE Order. However, there is no IRRR for the current Application because the IRRA has not yet been in effect for one full year. The proposed IRCR is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the currently planned IRRA will be in effect, October 2013 through September 2014.

On August 27, 2013, the Staff filed its Report wherein it recommended two revisions to the revenue requirement proposed by the Company. First, the Staff adjusted the property tax component to remove retirements from the calculation of the effective property tax rate. Additionally, the Staff adjusted the revenue conversion factor to utilize the uncollectible expense rate recommended by the Staff in the Company's 2012 Annual Informational Filing proceeding, Case No. PUE-2013-00006. As a result of its revisions, the Staff recommended a revenue requirement of $308,880 for the Plan year beginning October 1, 2013, which would result in a bill increase of approximately $0.42 for a residential gas consumer with a monthly usage of 50 Ccfs.

In addition to the revenue requirement revisions, the Staff made the following recommendations: (i) the Company consistently apply its allocation methodology among the rate classes in developing its IRRA; (ii) the Company include or exclude the revenues associated with a contractual customer, James Hardie Building Products, in the IRRR according to the Commission's decision in Case No. PUE-2013-00038; (iii) the Company correct the tariff sheet to reflect the second year of the SAVE Plan; and (iv) the Company file an amended SAVE Plan to update its projected expenditures for the final two years of the SAVE Plan.[2]

On September 3, 2013, the Company filed its response ("Response") to the Staff Report. In its Response, Atmos accepted the Staff's two recommended revenue requirement revisions and included a tariff sheet that conforms with those revenue requirement revisions recommended by the Staff in its Report. The Company further stated that it did not disagree with the Staff's four additional recommendations. The Company stated that it has spoken with the Staff and has agreed to file an amendment to Plan Year 2, which begins on October 1, 2013, with the amount estimated to be spent by September 30, 2014. Additionally, Atmos stated that it simultaneously will file an amendment to the Plan Year 3 expenditures that will have an anticipated total expenditure level to reach the authorized $5.5 million cumulative expenditure level approved in the SAVE Plan. The Company stated that it will file for approval of the amendments when it files the IRCR and IRRR true-up in June 2014.

NOW THE COMMISSION, having considered the matter is of the opinion and finds that the Company's Application, as modified by the Staff Report, should be approved. Additionally, on or before September 1, 2014, simultaneously with its annual SAVE Rider adjustment filing, the Company should file an application to amend its SAVE Plan.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2013-2014 SAVE Rider, as permitted by §§ 56-603 *et seq.* of the Code of Virginia, is approved as set forth in this Order.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2013-2014 SAVE Rider with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Atmos shall file an application for an amended SAVE Plan simultaneously with its annual SAVE Rider adjustment in June 2014.

(4) This matter is dismissed.

[2] The Staff made this recommendation due to the anticipated initial plan year expenditures being more than 10% below the planned annual spending amount of $1.8 million.

CASE NO. PUE-2013-00069
OCTOBER 31, 2013

JOINT PETITION OF
NISOURCE INC.,
COLUMBIA ENERGY GROUP AND
NISOURCE GAS DISTRIBUTION GROUP, INC.

For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia

FINAL ORDER

On June 25, 2013, NiSource Inc. ("NiSource"), Columbia Energy Group ("CEG") and NiSource Gas Distribution Group, Inc. ("NGDG") (collectively, "Joint Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission") seeking approval of the transfer of all of the outstanding stock of Columbia Gas of Virginia, Inc. ("CGV") from CEG to NiSource, and from NiSource to NGDG, pursuant to § 56-88.1 of the Utility Transfers Act[1] ("Petition").

NiSource is a holding company under the Public Utility Holding Company Act of 2005.[2] CEG is a wholly owned subsidiary of NiSource and, through its various subsidiaries, "is engaged in gas exploration and production, gas transmission and distribution, energy commodities marketing, energy management, and electricity generation, sales and trading."[3] CGV is a wholly owned subsidiary of CEG "that provides natural gas service to approximately 250,000 customers in Central and Southern Virginia, the Piedmont Region, most of the Shenandoah Valley, as well as portions of Northern and Western

[1] Va. Code § 56-88 *et seq.*

[2] 42 U.S.C. § 16451 (2013).

[3] Petition at 2-3.

Virginia."[4] NGDG is a wholly owned subsidiary of NiSource and, according to the Petition, would be engaged "primarily in state-regulated gas distribution in Virginia, Ohio, Kentucky, Maryland, Pennsylvania and Massachusetts" upon consummation of the proposed two-step stock transfer.[5]

According to the Joint Petitioners, NiSource's business model has changed significantly since it acquired CEG in 2000. As part of a corporate realignment, CEG will be renamed Columbia Pipeline Group, Inc. ("CPG"), and CPG will "become a holding company for entities that primarily relate to the Columbia Pipeline Group business segment."[6] The Joint Petitioners state that entities such as CGV "that do not relate to the Columbia Pipeline Group business segment will be moved under holding companies associated with the business segment to which they relate."[7] Therefore, NiSource plans to move CGV under a new holding company, NGDG. The Joint Petitioners further state that "[t]he corporate realignment and stock transfer will result in a change in the ownership of CGV, but will not change the manner in which CGV provides gas sales and distribution service within Virginia."[8] According to the Joint Petitioners, the proposed stock transfers will not impair or jeopardize adequate service at just and reasonable rates to CGV's customers.

On August 7, 2013, the Commission issued an Order for Notice and Comment in this proceeding that, among other things, provided interested persons the opportunity to file comments in this matter; required the Commission Staff ("Staff") to review the Joint Petition and file a Staff Report; and permitted the Joint Petitioners to file a response to the Staff Report and any comments filed by interested persons.

On September 11, 2013, two public comments were filed in this proceeding. Both comments opposed approval of the proposed transaction raising concerns over an increase in rates.

On October 8, 2013, the Staff filed its Staff Report of its findings. The Staff stated that the proposed transaction "should not affect CGV's management, operations, or capitalization, and it should not affect the rates, terms, conditions, or quality of service provided to customers."[9] The Staff recommended that the Commission approve the proposed transfer with the following conditions:

> First, the Commission's approval should have no ratemaking implications. Specifically, the approval granted in this case should not guarantee the recovery of, or ratemaking treatment provided for, any costs or gains directly or indirectly related to the Proposed Transaction.
>
> Second, the [Joint] Petitioners should file a Report of Action ("Report") within 30 days of the consummation of the transfer. The Report should provide the date of closing, the final accounting entries for the transfer (if the accounts or amounts are different from those provided in the Petition), and any legal documentation supporting the transaction.[10]

On October 11, 2013, the Joint Petitioners filed their response to the Staff Report containing certain factual clarifications and supporting the Staff's recommendation that the proposed transaction be approved.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, the Petition should be approved subject to the requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the proposed transfer of all of the outstanding stock of CGV from CEG to NiSource and from NiSource to NGDG is hereby approved, as described herein.

(2) Within thirty (30) days of completing the proposed transfer, the Joint Petitioners shall file a Report of Action with the Commission that shall provide the date of closing, the final accounting entries for the transfer (if the accounts or amounts are different from those provided in the Petition), and any legal documentation supporting the transaction.

(3) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of, or ratemaking treatment provided for, any costs or gains directly or indirectly related to the proposed transaction.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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[4] *Id*. at 3.

[5] *Id*.

[6] *Id*. at 4.

[7] *Id*. at 4-5.

[8] *Id*. at 5.

[9] Staff Report at 5.

[10] *Id*.

CASE NO. PUE-2013-00071
SEPTEMBER 10, 2013

PETITION OF
ELIZABETH RIVER CROSSINGS OPCO, LLC
v.
CITY OF PORTSMOUTH, VIRGINIA

ORDER DISMISSING PETITION

On June 26, 2013, Elizabeth River Crossings OpCo, LLC ("ERC"), filed a petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to § 56-570 of the Public-Private Transportation Act of 1995 ("Act"),[1] requesting the Commission to determine how ERC's Midtown Tunnel/Downtown Tunnel/MLK Expressway Project ("Midtown Tunnel Project") should cross or relocate five water and sewer lines owned and operated by the City of Portsmouth ("City"). In support of its Petition, ERC alleges, among other things, that the City is a "public utility" subject to the Commission's jurisdiction under § 56-570 of the Code;[2] that the City has failed to cooperate fully with ERC in planning how the Midtown Tunnel Project will cross or relocate the City's water and sewer lines as required by § 56-570 of the Code;[3] and that § 56-570 of the Code grants the Commission jurisdiction to determine the manner in which the Midtown Tunnel Project will cross or relocate the City's water and sewer lines when an agreement cannot be reached between the parties.[4] Accordingly, ERC requests the Commission to grant its Petition, declare the manner in which the public utility crossings and relocations described therein shall be accomplished, and issue such a declaration within 90 days of the filing of ERC's Petition.[5]

On July 1, 2013, the Commission entered an Order Docketing Petition that, among other things, directed the City to file an answer or other responsive pleading to ERC's Petition on or before July 17, 2013; allowed ERC to file a reply to the City's answer or other responsive pleading on or before August 5, 2013; and continued the case pending further orders of the Commission.

On July 17, 2013, the City filed a Motion to Dismiss ("Motion") ERC's Petition, including a narrative response to the allegations in the Petition and an affirmative defense to the Petition. In its Motion, the City requests that ERC's Petition be dismissed "on the ground that the Commission lacks jurisdiction to grant the relief requested" by the Petition.[6] The City argues that contrary to ERC's assertion in its Petition, the City is not a "public utility" as that term is used in § 56-570 of the Code, and the Commission, therefore, lacks jurisdiction to determine how ERC's Midtown Tunnel Project will cross or relocate the City's water and sewer lines.

The City argues that when interpreting the term "public utility," the Commission must give the term its "plain or ordinary meaning, reading the language as a whole and *in pari materia* with other relevant authorities."[7] According to the City, the plain meaning of "public utility" does not include the City because "[t]he exclusion of municipally-owned entities from Commission jurisdiction is well-established and fundamental."[8] In support of its claim, the City refers to Article IX, § 7 of the Constitution of Virginia, which expressly excludes municipal corporations, other political subdivisions, and public institutions owned or controlled by the Commonwealth from the corporations and companies regulated and supervised by the Commission. That exclusion, according to the City, is also carried through a number of definitions of the term "public utility" in Title 56 of the Code.[9]

The City further argues that when the General Assembly intends to subject a governmental entity to the Commission's jurisdiction, it does so expressly and for a particular and limited purpose, citing as examples § 56-265.4:4 (expressly authorizing the Commission to grant any county, city, or town operating an electric distribution system a certificate of public convenience and necessity to provide interexchange and local exchange telephone services); § 56-265.4:1 (expressly authorizing the Commission to issue a certificate of public convenience and necessity to a municipal corporation or other governmental body seeking to provide electric service or construct or acquire electric utility facilities outside of their political boundaries); and § 56-576 (expressly including a municipality in the definition of "electric utility" in the Virginia Electric Utility Regulation Act).[10] Since the General Assembly has

[1] § 56-556 *et seq*. of the Code of Virginia ("Code").

[2] Petition at 2, 5-6. While the Petition acknowledges that the term "public utility" is defined in certain portions of Title 56 of the Code to specifically exclude municipally-owned utilities from the Commission's jurisdiction, ERC argues the application of such restrictive definitions does not apply to the Act because: (1) the term "public utility" is not defined by the Act, and (2) § 56-558 D of the Code requires that the Act be liberally construed to accomplish the policy of the Commonwealth set forth therein.

[3] *Id*. at 2-6.

[4] *Id*. at 1-2, 5-6.

[5] *Id*. at 6.

[6] Motion at 1.

[7] *Id*. at 2-3, citing *Falls Church v. Protestant Episcopal Church in the U.S.*, 285 Va. 651, 665, 740 S.E.2d 530, 538 (2013); *Belew v. Commonwealth*, 62 Va. App. 55, 62-63, 741 S.E.2d 800, 803 (2013), citing *Meeks v. Commonwealth*, 274 Va. 798, 802, 651 S.E.2d 637, 639 (2007), *Hubbard v. Henrico Ltd. Partnership*, 255 Va. 335, 340, 497 S.E.2d 335, 338 (1998).

[8] *Id*. at 3.

[9] *See, e.g.*, § 56-88 (definitions of "Company" and "Public utility" exclude a municipal corporation or county from the Utility Transfers Act); § 56-232 A (definition of "public utility" excludes a municipality from the Commission's jurisdiction over rates, services, and terms and conditions of service when a municipality provides utility services); and § 56-265.1 (a) and (b) (definitions of "Company" and "Public utility" exclude a municipal corporation or county from the Utility Facilities Act unless the municipal corporation or county has obtained a certificate to provide interexchange or local exchange telephone services under § 56-265.4:4).

[10] Motion at 3.

not expressly subjected municipalities or other governmental entities to the Commission's jurisdiction under § 56-570 of the Code, the City argues that the plain meaning of "public utility" must be applied, which excludes municipalities such as the City.

The City's Motion also raises several additional arguments in support of its claim that the City is not subject to the Commission's jurisdiction in this matter, including: (1) municipal entities cannot be added to § 56-570 of the Code in the guise of a liberal construction of the statute;[11] (2) the language of § 56-570, read as a whole and with reference to the other entities subject to the Commission's jurisdiction under the statute (*i.e*., "public service company, public utility, railroad, and cable television provider"), "shows that the section applies to privately owned and operated utilities, not municipalities;"[12] (3) if ERC's argument is accepted, it would effectively extend the Commission's jurisdiction to virtually all utility facilities in Virginia, rendering the last sentence of § 56-570 "superfluous and without any effect," contrary to the rules of statutory construction;[13] (4) related provisions of Title 56, which must be read *in pari materia* with § 56-570,[14] support the conclusion that the General Assembly considers a "public utility" and a utility owned and operated by a county, city, or town to be separate and distinct entities;[15] and (5) the Commission has no jurisdiction over the City because the Commission has no inherent power of its own, and its jurisdiction must be found either in constitutional grants or in statutes which do not contravene that document.[16]

On July 29, 2013, ERC filed its response to the City's Motion ("Response"). In its Response, ERC argues that "[i]t is well-established in Virginia that a municipality that holds itself out to provide a service to the public and that operates its facilities for public use is, in fact, a 'public utility.'"[17] According to ERC, the City is a "public utility" because it renders service for a public purpose; it holds itself out to provide water and sewer service; and it directly or indirectly operates or manages its plant for a public use.[18]

ERC further argues that § 56-570 of the Code does not limit the Commission's review under § 56-570 to private business entities as the City alleges. According to ERC, if the General Assembly had intended to limit § 56-570 of the Code to private business entities as the City argues, the statute's use of the term "public service company" would have been sufficient. By adding the term "public utility," ERC argues that the General Assembly did not intend to limit the statute to private business entities as the City alleges in its Motion.[19]

Finally, ERC disputes the City's argument that granting ERC's Petition would create an extraordinary change in the Commission's jurisdiction. ERC contends that the Commission's jurisdiction over "public utilities" is explicitly established by § 56-570; that the City's Department of Public Utilities is such a "public utility;" and that the exclusion of municipalities from the definition of "public utility" in other sections in Title 56 of the Code does not mean that the City is not a "public utility" under § 56-570 of the Act.[20]

On August 1, 2013, the City filed a Motion for Leave to File a Reply in Support of Motion to Dismiss, if necessary, and a Reply of City of Portsmouth in Support of Motion to Dismiss ("Reply").[21] The City's Reply claims that ERC "misstates and misquotes the City's Motion," "cites inapposite and irrelevant legal authorities to support its position" that the City is a "public utility," and "simply asserts that the mere mention of the words 'public utility' in § 56-570 of the Virginia Code gives the Commission jurisdiction in this case."[22]

NOW THE COMMISSION, having considered this matter, the applicable law, and the pleadings filed herein, is of the opinion, and finds, that § 56-570 of the Code does not convey to the Commission jurisdiction to grant the relief requested in ERC's Petition. Accordingly, the Commission finds the Petition should be dismissed.

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[11] *Id*., citing *Beck v. Shelton*, 267 Va. 482, 593 S.E.2d 195 (2004).

[12] *Id*. at 3-4, citing *Cuccinelli v. Rector & Visitors of the University of Virginia*, 283 Va. 420, 432, 722 S.E.2d 626, 633 (2012); *Newbury Station Homeowners Association, Inc. v. Board of Supervisors of Fairfax County*, 285 Va. 604, 740 S.E.2d 548 (2013).

[13] *Id*. at 5, citing *Commonwealth v. Zamani*, 256 Va. 391, 507 S.E.2d 608 (1998). The last sentence of § 56-570 provides that the Commission shall make a determination within 90 days of notification by the private developer that it will cross "utilities subject to the Commission's jurisdiction."

[14] *Id*. at 5-6, citing *Yamaha Motorcorp., USA v. Quillan*, 264 Va. 656, 665, 571 S.E.2d 122, 126-127 (2002) (quoting *Richmond v. Sutherland*, 114 Va. 688, 691, 77 S.E. 470, 471 (1913)); *Ainslie v. Inman*, 265 Va. 347, 353, 577 S.E.2d 246, 249 (2003) (citing *Kole v. City of Chesapeake*, 247 Va. 51, 56, 439 S.E.2d 405, 408 (1994)) in support of the City's argument that the Commission must interpret "public utility" by reference to the Act itself and other acts in Title 56 *in pari materia*.

[15] *Id*., citing § 56-1.2 of the Code.

[16] *Id.* at 7, citing *VYVX of Virginia, Inc. v. Cassell*, 258 Va. 276, 290-291, 519 S.E.2d 124, 131 (1999) (citing, *City of Norfolk v. Virginia Electric & Power Co.*, 197 Va. 505, 514, 90 S.E.2d 140, 146 (1955); *Appalachian Power Co. v. John Stewart Walker, Inc.*, 214 Va. 524, 528, 201 S.E.2d 758, 762 (1974); *see also Commonwealth v. Old Dominion Power Co.*, 184 Va. 6, 11-12, 34 S.E.2d 364, 366, *cert. denied*, 326 U.S. 760 (1945); *City of Richmond v. Chesapeake & Potomac Telephone Co.*, 127 Va. 612, 619, 105 S.E. 127, 129 (1920).

[17] Response at 3-4.

[18] *Id.* at 4, citing *Light v. Danville*, 168 Va. 181, 205, 190 S.E. 276, 285 (1937); *Stoneleigh Group, Inc. v. Town of Round Hill*, 50 Va. Cir. 42 (1999); *Augusta Cnty. Farmers Mut. Tel. Co. v. Staunton Mut. Tel. Co.*, 134 Va. 291, 300, 114 S.E. 600, 603 (1922).

[19] *Id*. at 5-6, citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100, 546 S.E.2d 696, 701-702 (2001); *Cuccinelli v. Rector & Visitors of the University of Virginia*, 283 Va. 420, 722 S.E.2d 626 (2012).

[20] *Id*.

[21] The Commission finds it unnecessary to rule on the City's Motion for Leave to File a Reply in Support of Motion to Dismiss. Rule 5 VAC 5-20-110 of the Commission's Rules of Practice and Procedure authorizes the City to file a response in support of its Motion to Dismiss.

[22] Reply at 1.

When a term in a statute is not defined, the general rule of statutory construction is to infer legislative intent from the plain meaning of the language used.[23] The Commission finds that the plain meaning of the term "public utility" does not include municipalities such as the City.

While the Act does not define "public utility," other acts and statutes in Title 56 demonstrate that the plain meaning of the term "public utility" refers to a company providing utility services regulated by the Commission, not a governmental body, such as the City, providing utility services within its political boundaries. The Commission, for example, has no jurisdiction over a municipality's construction, location, or operation of its electric, natural gas, water or sewer facilities under Chapter 10.1 of Title 56 because a municipality is not deemed to be a "public utility" under the Utility Facilities Act unless it has obtained a certificate of public convenience and necessity pursuant to § 56-265.4:4 of the Code.[24] Likewise, the Commission has no jurisdiction over a municipality's charges, rates, and terms and conditions for providing utility services to its customers because a municipality is not deemed a "public utility" under Chapter 10 of Title 56 of the Code.[25] This distinction between a "public utility" and a municipality is also recognized in Chapter 3 of Title 56 of the Code, the Utility Transfers Act.[26] The General Assembly has thus drawn a distinction in Title 56 of the Code between a "public utility," subject to the Commission's jurisdiction, and municipalities which are not normally subject to the Commission's jurisdiction.[27]

Moreover, in those specific and limited cases where the General Assembly intends to subject a governmental entity to the Commission's jurisdiction, it does so expressly and for limited purposes. The Commission, for example, is expressly authorized to issue a municipality a certificate of public convenience and necessity to (i) provide interexchange or local exchange telephone services or (ii) provide electric service or authorize the construction or acquisition of electric facilities outside of its political boundaries.[28] Unlike these statutes, which contain an express grant of authority to the Commission, § 56-570 of the Act does not expressly subject municipal corporations, such as the City, to the Commission's jurisdiction. Accordingly, the Commission finds that the plain meaning of the term "public utility" as used in Title 56 of the Code refers to a company providing services regulated by the Commission.[29]

The Commission also finds that it cannot expand the term "public utility" to include the City under the guise of a "liberal construction" of the Act.[30] Such an interpretation would be contrary to the plain meaning of the term "public utility," as described above. In addition, while the General Assembly chose not to define "public utility" in this statute, it expressly defined the term "public entity" in the Act to include "any county, city, town and any other political subdivision of any of the foregoing, but shall not include any public service company."[31] Thus, if the General Assembly intended to include a municipality within the Commission's jurisdiction in § 56-570 of the Code, it had an explicitly defined term in which it could have done so, but did not. Finally, any grant of jurisdiction to the Commission to resolve the dispute between ERC and the City must be expressly granted to the Commission because the Commission has no inherent power and all grants of jurisdiction to the Commission must be found in either constitutional grants or in statutes which do not contravene that document.[32]

Accordingly, IT IS ORDERED THAT:

(1) ERC's Petition is dismissed.

(2) The papers filed herein be placed in the Commission's file for ended causes.

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[23] *Hubbard v. Henrico Ltd. Partnership*, 255 Va. 335, 340, 497 S.E.2d 335, 338 (1998); *City of Virginia Beach v. Flippen*, 251 Va. 358, 362, 467 S.E.2d 471, 473-474 (1996); *Marsh v. City of Richmond*, 234 Va. 4, 11, 360 S.E.2d 163, 167 (1987).

[24] § 56-265.1 (a) and (b) (the definitions of "Company" and "Public utility" exclude a municipal corporation or a county from the Utility Facilities Act unless the municipal corporation or county has obtained a certificate to provide interexchange or local exchange telephone services under § 56-265.4:4).

[25] §56-232 A (the definition of "public utility" excludes a municipality from the Commission's jurisdiction over rates, services, and terms and conditions of service when a municipality provides utility services).

[26] § 56-88 (definitions of "Company" and "Public utility" exclude a municipal corporation or county from the Utility Transfers Act)

[27] *See also*, Article IX, § 7 of the Constitution of Virginia, which provides that "[t]he term 'corporation' or 'company' as used in this Article shall exclude all municipal corporations, other political subdivisions, and public institutions owned or controlled by the Commonwealth."

[28] *See, e.g.,* § 56-265.4:4 (expressly authorizing the Commission to grant any county, city or town operating an electric distribution system a certificate of public convenience and necessity to provide interexchange and local exchange telephone services); § 56-265.4:1 (expressly authorizing the Commission to issue a certificate of public convenience to a municipal corporation or other governmental body seeking to provide electric service or construct or acquire electric utility facilities outside of their political boundaries); and § 56-576 (expressly including a municipality in the definition of "electric utility" in the Virginia Electric Utility Regulation Act).

[29] A finding that the plain meaning of "public utility" does not include municipal corporations is also supported in *Webster's II New Riverside University Dictionary*, which defines "public utility" as "[a] private business organization, subject to governmental regulation that provides an essential commodity or service, as water, electricity, or communication, to the public." Similarly, the *Merriam-Webster On-line Dictionary* defines "public utility" as "a business organization (such as an electric company) performing a public service and subject to special governmental regulation."

[30] *See Beck v. Shelton*, 267 Va. 482, 488, 593 S.E.2d 195, 198 (2004) (holding that the term "members" in the Freedom of Information Act cannot be expanded to include "members-elect" of a city council under the guise of a "liberal construction" of the statute.

[31] § 56-557 of the Code.

[32] *City of Richmond v. C & P Telephone Co.*, 127 Va. 612, 619, 105 S.E. 127, 129 (1920); *City of Norfolk v. Virginia Elec. & Power Co.*, 197 Va. 505, 514, 90 S.E.2d 140, 146 (1955).

CASE NO. PUE-2013-00073
AUGUST 14, 2013

APPLICATION OF
XOOM ENERGY VIRGINIA, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On July 1, 2013, XOOM Energy Virginia, LLC ("XOOM or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to act as a competitive service provider for natural gas ("Application") 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's Application seeks authority to serve residential, commercial, and industrial customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("Columbia Gas"). XOOM attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Retail Access Rules.

On July 11, 2013, the Commission entered an Order for Notice and Comment ("Notice Order") which, among other things, docketed the case; required XOOM to give notice to WGL, Columbia Gas, and other interested persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report. The Company filed proof of service of the Order on July 17, 2013.

On August 5, 2013, the Staff filed public and confidential versions of its Report, which summarized XOOM's proposal and evaluated its technical fitness and financial condition. The Staff recommended that upon proof of a surety bond or other acceptable means of financial security in the amount of Ten Thousand Dollars ($10,000), XOOM be granted a license to conduct business as a CSP of natural gas service to residential, commercial, and industrial customers in the service territories of WGL and Columbia Gas, subject to any applicable legal limitations on retail access existing in the Code of Virginia or Commission regulations. By communication received by Staff on August 12, 2013, XOOM stated its agreement with the Staff Report and agreed to promptly deliver a surety bond, or equivalent, in the recommended amount to the Commission's Division of Utility Accounting and Finance. No other comments were filed in the proceeding.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, applicable law, and our Retail Access Rules, finds that XOOM meets the requirements for a license to conduct business as a competitive service provider for natural gas and that such license should be granted, subject to the conditions set forth below. Xoom should be required to provide financial security in the amount of Ten Thousand Dollars ($10,000) in the form of a surety bond, or equivalent, and Xoom should maintain such financial security in good standing as a condition of renewal. Additionally, we find that this case should be continued to accommodate the consideration of any subsequent amendments or modifications to the license granted herein.

Accordingly, IT IS ORDERED THAT:

(1) XOOM hereby is granted License No. G-37 to conduct business as a competitive service provider for natural gas to residential, commercial, and industrial customers in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc., subject to the provisions § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(2) This license is granted conditionally subject to the Company providing the aforementioned surety bond, or equivalent. Should the Company fail to provide the surety bond, or equivalent required herein within thirty (30) days of the date of this Order, the conditional license granted herein is terminated. The Company shall not conduct business as a competitive service provider in Virginia until such surety bond, or equivalent, is delivered to the Commission's Division of Utility Accounting and Finance.

(3) This license is 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.

CASE NO. PUE-2013-00074
DECEMBER 19, 2013

PETITION OF
JANET REID
v.
VIRGINIA ELECTRIC AND POWER COMPANY

For review of a billing dispute for electric service

ORDER GRANTING DISMISSAL

On July 2, 2013, Janet Reid ("Ms. Reid" or "Petitioner") initiated this proceeding by filing with the State Corporation Commission ("Commission") a formal complaint ("Petition") against Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"). Ms. Reid's Petition contested the amount that she has been billed by the Company for providing electricity to her daycare business, Wee Care Academy Inc. ("Wee Care") located in Norfolk, Virginia. According to the Petition, Wee Care's account with the Company has a past due balance of $6,795.51, and the Petitioner disputes that the amount billed accurately reflects Wee Care's usage. The Petitioner stated that she is the owner of Wee Care

and that she has been in contact with the Company "in reference to high bills Wee Care had been receiving for four years."[1] The Petition also alleged that individual Dominion Virginia Power employees violated "Privacy" and "Unfair and Deceptive Practice" laws in connection with the Company's billing and notification of the Department of Social Services of impending disconnection of electric service at the Wee Care building.

According to the Petitioner, the Company indicated Wee Care's electric service may be terminated if payment is not received for the balances that are owed and are the subject of the complaint. The Petition sought an injunction barring disconnection of Petitioner's electric service; however, the Company advised the Commission that it would not disconnect Petitioner's electric service during the pendency of this proceeding.

On July 22, 2013, the Commission entered an Order Appointing Hearing Examiner in which, among other things, the Commission directed the Company to file a response to the Petition and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

On August 12, 2013, the Company filed a Response and Motion to Dismiss of Virginia Electric and Power Company ("Response and Motion to Dismiss"). In its Response and Motion to Dismiss the Company summarized events preceding the filing of the Petition, responded to the allegations raised in the Petition, and moved to dismiss the Petitioner's claims.

On August 23, 2013, the Hearing Examiner entered a Ruling finding that an evidentiary hearing should be convened to receive evidence relative to the Petition and to consider oral argument on the Company's request to dismiss the claims raised in the Petition. The Hearing Examiner's Ruling directed that an evidentiary hearing on the Petition be scheduled for September 13, 2013.

On September 13, 2013, the evidentiary hearing was convened. The Petitioner, the Company, and the Staff appeared at the evidentiary hearing. Throughout the hearing, the Petitioner maintained that she was never correctly billed by the Company for her electric service at the Wee Care facility. She testified that she believes her bills from Dominion Virginia Power are inaccurate because: (i) Wee Care was moved to an inappropriate rate schedule; (ii) Wee Care's bills were not based upon actual readings, but instead were based upon estimated usage using the past usage data of the building's prior occupants; and (iii) the transformers at the facility are inconsistent with the nature of her business. Ms. Reid further expressed concerns about the process by which the Company removed her meter for off-site testing.[2] Crystal K. Andreen testified on behalf of Ms. Reid and confirmed Ms. Reid's testimony regarding the timeline of Wee Care's occupancy of the building. She further testified that she observed one of the Company's on-site tests of the meter at which the meter tester observed a "jump" that she described as unusual.[3]

Jeffrey L. Dodson, a Commission utilities engineer, testified on behalf of the Commission Staff. Mr. Dodson testified that he observed the transformers at the Wee Care building and that they appeared to be functioning properly when he examined them.[4] He further explained that the transformers were appropriate for the service at the Wee Care building.[5]

David Walker, Dominion Virginia Power's manager of customer relations and policy, testified on behalf of the Company. According to Mr. Walker, the Company performed three meter tests in connection with the Petitioner's dispute – two onsite and one offsite– and conducted a load study at the Wee Care facility in response to Ms. Reid's complaints.[6] He stated that the meter tests indicated that the meter was functioning within acceptable limits and that the results of the load study were consistent with the Company's meter readings and record of peak demands.[7] Mr. Walker indicated that the Wee Care building's overall demand was consistent with the Company's requirement for demand metering and stated that the Petitioner's bills are similar to the bills of the Company's other customers taking service under the same rate schedule.[8] Mr. Walker confirmed that the Petitioner's bills were based on actual meter readings rather than usage estimates.[9]

On November 4, 2013, the Hearing Examiner issued her Report ("Hearing Examiner's Report") on this matter. The Hearing Examiner's Report contained the following findings:

1. The Petitioner failed to sustain her burden of proving that the Company billed her inappropriately for the electricity provided at [the Wee Care building];

2. The portions of the Petition appearing to allege some sort of private cause of action against individual Dominion Virginia Power employees or the violation of "Privacy" or "Unfair and Deceptive Practice" laws lack legal basis and should be dismissed; and

3. The Petitioner failed to establish a basis for the injunctive relief requested in her Petition.[10]

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[1] Petition at 1.

[2] Tr. 48-50.

[3] Tr. 87-90.

[4] Tr. 107.

[5] Tr. 105.

[6] Tr. 120.

[7] Tr. 157-166.

[8] Tr. 165-166.

[9] Tr. 149.

[10] Hearing Examiner's Report at 9.

The Hearing Examiner recommended that the Commission enter an order adopting the findings contained in her Report and dismissing this case from the Commission's docket of active cases.

On November 13, 2013, Ms. Reid filed comments to the Hearing Examiner's Report in which she maintained that her bills from Dominion Virginia Power did not accurately reflect the usage at the Wee Care building and that the Company is responsible for "maintaining correct readings."[11] On November 18, 2013, Dominion Virginia Power filed comments to the Hearing Examiner's Report in which it agreed with and supported the findings and recommendations in the Hearing Examiner's Report and recommended that the Commission enter an order in this proceeding adopting the findings and recommendations therein.

NOW THE COMMISSION, having considered the Petition, the record herein, the Hearing Examiner's Report, and the comments thereon, is of the opinion and finds that the recommendations of the Hearing Examiner are supported by the record and should be adopted. The record in this matter demonstrates that the Company tested the Petitioner's meter on three occasions and that the meter tested within acceptable limits. The record further demonstrates that the electrical equipment at issue in this proceeding – specifically, the transformers – are appropriate for the service at the Wee Care facility and that Wee Care was taking service under the appropriate rate schedule in accordance with the Company's terms and conditions of service. Accordingly, we cannot find that Dominion Virginia Power inappropriately billed the Petitioner for the electric service, and this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the November 4, 2013 Hearing Examiner's Report are adopted.

(2) This case is hereby dismissed, and the papers herein are placed in the file for ended causes.

[11] Petitioner's Comments at 1.

CASE NO. PUE-2013-00075
AUGUST 23, 2013

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of the sale and purchase of utility assets pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On July 3, 2013, Virginia Electric and Power Company ("VEPCo") and Rappahannock Electric Cooperative ("REC") (together, the "Joint Petitioners"), completed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")[1] for approval of the sale and purchase of utility assets.

VEPCo is a Virginia public service corporation engaged in the business of providing electric utility service in Virginia and northeastern North Carolina. REC is a member-owned rural electric cooperative located in Fredericksburg, Virginia. REC is a member cooperative of Old Dominion Electric Cooperative ("ODEC"). VEPCo and REC are interconnected electrically through several delivery points pursuant to the Mutual Operating Agreement ("MOA") between VEPCo and ODEC dated June 1, 2010.[2]

The Joint Petitioners request Commission approval for VEPCo's sale of its distribution facilities at the Decapolis Delivery Point ("Distribution Facilities") to REC for a total purchase price of $12,769 ("Proposed Transaction").[3] VEPCo represents that the Distribution Facilities are not required by VEPCo and their sole purpose is to serve REC. VEPCo also represents that the Proposed Transaction is not expected to have a rate or service impact on its customers. REC represents that the Proposed Transaction is not expected to have a rate impact on its customers and is expected to improve the reliability of its service.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Chapter 5 of Title 56 of the Code, the Joint Petitioners are hereby granted approval of the Proposed Transaction.

(2) The Joint Petitioners shall file a Report of Action ("Report") with the Commission

[1] Va. Code § 56-88 *et seq.*

[2] The MOA was filed with the Federal Energy Regulatory Commission ("FERC") in Docket No. ER10-1682 on July 1, 2010, and was accepted for filing by FERC on August 3, 2010.

[3] This total purchase price is comprised of a $8,769 purchase price and a $4,000 administrative fee.

in its Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction was completed, any legal documentation supporting the Proposed Transaction, and all of VEPCo's and REC's accounting entries related to the Proposed Transaction.

(3) The approval granted herein shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any costs or gains directly or indirectly related to the Proposed Transaction.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

Notification:

Commissioner Mark C. Christie hereby provides this notification that he has received medical services in the past, and may in the future, from Pamela J. Royal, M.D. Dr. Royal joined the Board of Directors of Dominion Resources, Inc., in March 2013.

CASE NO. PUE-2013-00076
OCTOBER 10, 2013

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited increase in rates

ORDER FOR NOTICE AND HEARING

On September 13, 2013, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application with the State Corporation Commission ("Commission") for an expedited increase in rates ("Application") together with direct testimony, exhibits, and schedules as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"). Roanoke Gas seeks to increase its annual revenues by $1,664,131, or approximately 2.8%.[1] The proposed increase in rates is based on a return on equity of 10.1%.[2] As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Roanoke Gas proposes that its increase in rates be placed into effect for service rendered on and after November 1, 2013.[3]

The Commission last granted the Company an expedited increase in rates of $649,639 on April 16, 2013.[4] In support of its current Application, Roanoke Gas states that its operations have not materially changed since its last rate case but that several factors have contributed to the need for rate relief, including: (i) increased operating costs for such things as the Company's employee health and insurance costs; (ii) new employee additions to safely maintain the operation of the Company's system; and (iii) investment in non-revenue producing pipeline replacement.[5]

On October 3, 2013, the Commission Staff ("Staff") filed an interim report ("October 3, 2013 Report") on its preliminary review of the Company's Application, supporting testimony, exhibits, and schedules. The Staff concluded that the proposed adjustments in the Company's Application are consistent with adjustments previously approved by the Commission for the Company. The Staff further stated that it believes it is appropriate that the Company's proposed rates be placed into effect on an interim basis, subject to refund, for service rendered on and after November 1, 2013.[6]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company filed a completed Application on September 13, 2013. The Commission further finds that public notice and an opportunity for participation in this proceeding should be given; that a hearing should be scheduled on the Company's Application; and that a Hearing Examiner should be assigned to conduct all further proceedings on behalf of the Commission, concluding with the filing of a final report containing the Hearing Examiner's findings and recommendations.

As noted, Roanoke Gas proposes that its rates take effect, subject to refund, on November 1, 2013. In support of its request for expedited rate relief, the Company advises the Commission that it has not experienced a substantial change in circumstances. Roanoke Gas proposes to use a return on equity of 10.1% in accordance with the Stipulation approved by the Commission in the Company's last rate proceeding. Further, in its October 3, 2013 Report, the Staff made a preliminary determination that the proposed adjustments in this proceeding are consistent with adjustments previously approved by the Commission for the Company.[7] Therefore, the Commission finds that Roanoke Gas has satisfied the specific requirements of Rate Case Rule 20 VAC 5-201-20 D for placing its proposed rates into effect on November 1, 2013, subject to refund, as provided by Rate Case Rule 20 VAC 5-201-20 E.

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[1] Application at 1.

[2] *Id.* at 2.

[3] *Id.*

[4] *Application of Roanoke Gas Company, For an expedited increase in rates*, Case No. PUE-2012-00086, Doc. Cont. Cen. No. 130430101, Final Order (Apr. 16, 2013).

[5] Direct Testimony of John S. D'Orazio at 2.

[6] October 3, 2013 Report at 2.

[7] *Id.*

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for an expedited increase in rates is docketed and assigned Case No. PUE-2013-00076.

(2) Roanoke Gas may place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after November 1, 2013.

(3) As provided by § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*. ("Rules of Practice"), a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report containing the Hearing Examiner's findings and recommendations.

(4) A public hearing on the Application shall be held at 10 a.m. on March 25, 2014, in the Commission's courtroom, Tyler Building, Second Floor, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of Roanoke Gas, any respondents, and the Staff. Public witnesses desiring to testify at the hearing concerning this Application need only appear in the Commission's courtroom at the address set forth above fifteen (15) minutes prior to the starting time on the day of the hearing and contact the Commission's Bailiff.

(5) Roanoke Gas shall make a copy of: (i) its Application; (ii) the public versions of all testimony, exhibits, and schedules filed with its Application; and (iii) this Order for Notice and Hearing available for public inspection during regular business hours at its business office at 519 Kimball Avenue, N.E., Roanoke, Virginia 24016. The Company also shall provide, at no charge, a copy of its Application and public versions of all testimony, exhibits, and schedules filed with its Application upon written request to counsel for Roanoke Gas, Maxwell H. Wiegard, Esquire, Gentry Locke Rakes & Moore, LLP, P.O. Box 40013, Roanoke, Virginia 24022-0013. If acceptable to the requesting individual, the Company may provide the Application, with or without attachments, by electronic means. In addition, interested persons may review copies of the Company's Application and related documents 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 p.m., on regular business days, or download unofficial copies from the Commission's website at: http://www.scc.virginia.gov/case.

(6) On or before November 5, 2013, the Company shall publish the following notice once as display advertising (not classified) in newspapers of general circulation throughout its Virginia service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
ROANOKE GAS COMPANY FOR AN EXPEDITED
INCREASE IN RATES – CASE NO. PUE-2013-00076

On September 13, 2013, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application with the State Corporation Commission ("Commission") for an expedited increase in rates ("Application"). Roanoke Gas seeks to increase its annual revenues by $1,664,131, or approximately 2.8%. The proposed increase in rates is based on a return on equity of 10.1%. Roanoke Gas proposes that its increase in rates be placed into effect for service rendered on and after November 1, 2013.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount requested by the Company, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Company's Application and supporting documents.

The Commission last granted the Company an increase in rates on April 16, 2013. Roanoke Gas states that its operations have not materially changed since its last rate case but that several factors have contributed to the need for rate relief, including: (i) increased operating costs for such things as the Company's employee health and insurance costs; (ii) new employee additions to safely maintain the operation of the Company's system; and (iii) the Company's investment in non-revenue producing pipeline replacement.

The Commission has entered an Order for Notice and Hearing that, among other things, schedules a hearing on the Company's Application, assigns a Hearing Examiner to this proceeding, and permits Roanoke Gas to place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after November 1, 2013.

A public hearing on the Company's Application shall be held at 10 a.m. on March 25, 2014, in the Commission's courtroom, Tyler Building, Second Floor, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of Roanoke Gas, any respondents, and the Commission Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Copies of the Application, all testimony, exhibits and schedules filed with the Application, and the Order for Notice and Hearing are available for public inspection during regular business hours at the Company's business office, 519 Kimball Avenue, N.E., Roanoke, Virginia 24016. A copy of the Application may be obtained at no cost through written request to counsel for Roanoke Gas, Maxwell H. Wiegard, Esquire, Gentry Locke Rakes & Moore, LLP, P.O. Box 40013, Roanoke, Virginia 24022-0013. In addition, interested persons

may review the Application and related documents in the Commission's Document Control Center, Office of the Clerk of the Commission, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., on regular business days, or download unofficial copies from the Commission's website at: http://www.scc.virginia.gov/case.

Any interested person may participate as a respondent in this proceeding by filing a notice of participation on or before December 2, 2013. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. Interested persons should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent. All filings shall refer to Case No. PUE-2013-00076.

On or before March 18, 2014, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before March 18, 2014, by following the instructions found on the Commission's website at: http://www.scc.virginia.gov/case. All comments shall refer to Case No. PUE-2013-00076.

ROANOKE GAS COMPANY

(7) On or before November 5, 2013, Roanoke Gas shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) On or before November 30, 2013, Roanoke Gas shall file proof of publication of the notice prescribed in Ordering Paragraph (6) and proof of service of copies of this Order for Notice and Hearing as prescribed by Ordering Paragraph (7), including the name, title, and address of each official served.

(9) On or before March 18, 2014, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to submit comments electronically may do so on or before March 18, 2014, by following the instructions found on the Commission's website at: http://www.scc.virginia.gov/case. Interested persons shall refer in their comments to Case No. PUE-2013-00076.

(10) Any interested person may participate as a respondent in this proceeding by filing a notice of participation on or before December 2, 2013. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). A copy of the notice of participation simultaneously shall be served on counsel to the Company, Maxwell H. Wiegard, Esquire, Gentry Locke Rakes & Moore, LLP, P.O. Box 40013, Roanoke, Virginia 24022-0013. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, 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. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2013-00076.

(11) Within five (5) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (10), the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, 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 January 3, 2014, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (9). The respondent shall comply with the Commission's Rules of Practice, including 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*.

(13) On or before February 27, 2014, the Staff shall investigate the Company's Application for an expedited increase in rates and shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits regarding its investigation of the Application.

(14) On or before March 13, 2014, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer and simultaneously shall serve a copy on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (9).

(15) The Company shall respond to interrogatories and requests for data within seven (7) calendar days after the receipt of the same. Except as so modified, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq*.

(16) This matter is continued generally pending further order of the Commission.

CASE NO. PUE-2013-00077
OCTOBER 10, 2013

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of Service Agreement

ORDER GRANTING APPROVAL

On July 16, 2013, Washington Gas Light Company ("WGL" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") requesting approval of a service agreement ("Agreement") between WGL and its affiliate, WGL Midstream CP, LLC ("Midstream CP"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1]

WGL is a regulated public utility headquartered in Washington, D.C., which provides natural gas service to customers located in Virginia, Maryland, and the District of Columbia. In Virginia, WGL provides natural gas distribution service through approximately 495,000 meters to customers in Northern Virginia.

Midstream CP is a wholly owned subsidiary of Capitol Energy Ventures Corp. ("CEV"), an unregulated affiliate of WGL. Midstream CP is a Delaware limited liability company that was formed on May 30, 2013, and was established as the vehicle to maintain CEV's equity investment in Constitution Pipeline Company, LLC ("Constitution Pipeline"), a pipeline development project that is expected to deliver at least 650,000 dekatherms of natural gas a day from the Marcellus region in northern Pennsylvania to northeastern markets. The pipeline project has a target in-service date of March 31, 2015, and is currently pending approval from the Federal Energy Regulatory Commission.

The proposed Agreement will allow WGL to provide centralized services ("Centralized Services"), as described in Attachment A to the Agreement, to Midstream CP. WGL currently provides Centralized Services to CEV, Midstream CP's direct parent company, under a services agreement approved by the Commission in Case No. PUE-2013-00005.[2] WGL will provide Midstream CP with the same Centralized Services that it currently provides to CEV, which includes assistance and advice on regulatory strategy, corporate engineering, due diligence, safety review, and technical guidance in order to support Midstream CP and, indirectly, CEV's equity investment in Constitution Pipeline. The Applicant represents that the proposed Agreement is substantially similar to the CEV agreement in that there is no difference in the terms and conditions, and the types of services provided are identical.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicant, including its October 3, 2013 comments, the applicable statutes, 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 subject to the following requirements, which are consistent with WGL's Application and the requirements we approved in Case No. PUE-2013-00005:

(1) Approval of the proposed Agreement will expire five (5) years from the date of the entry of our Order Granting Approval. If WGL wishes to continue the proposed Agreement after our initial approval ends, further Commission approval will be required.

(2) Only the services specifically identified in the proposed Agreement are approved. Any additional services will require separate Commission approval.

(3) WGL shall only engage non-affiliated third party service providers when providing service under the proposed Agreement. Any use of affiliated third party providers will require separate Commission approval.

(4) The Commission's approval does not include the transfer of goods or equipment between WGL and Midstream CP. Such transfers will require separate Commission approval.

(5) WGL will be required to maintain records to demonstrate that the services provided by WGL to Midstream CP are cost-beneficial to Virginia ratepayers. Furthermore, for services where a market may exist, WGL should investigate whether alternative service providers are available and, if they exist, WGL should compare the market price to WGL's costs and charge Midstream CP the higher of cost or market. WGL will bear the burden, in any rate proceeding, of demonstrating that the services provided to Midstream CP under the proposed Agreement were priced at the higher of cost or market where a market exists.

(6) The authority granted in this case will have no ratemaking implications. In particular, our approval does not guarantee the recovery of any costs directly or indirectly related to the proposed Agreement.

(7) WGL shall file an executed copy of the proposed Agreement within thirty (30) days of its execution.

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[1] Va. Code § 56-76 *et seq.*

[2] *Application of Washington Gas Light Company, For approval of revised affiliate service agreements,* Case No. PUE-2013-00005, Doc. Con. Cen. No. 130560162, Order Granting Approval (May 24, 2013).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, WGL is hereby granted approval to enter into the proposed Agreement, consistent with the findings set out above and effective as of the date of the entry of this Order Granting Approval.

(2) Commission approval shall be required for any changes in terms and conditions of the proposed Agreement, including changes in allocation methodologies and successors and assigns.

(3) The approval granted herein shall not preclude the Commission from exercising its authority under the provisions of § 56-78 or § 56-80 of the Code hereafter.

(4) 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.

(5) WGL shall include the transactions associated with the proposed Agreement approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

(6) In the event that WGL's annual informational filings or expedited or general rate case filings are not based on a calendar year, then WGL shall include the affiliate information contained in its ARAT for the test period in such filings.

(7) There appearing nothing further to be done, 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.

CASE NO. PUE-2013-00079
DECEMBER 16, 2013

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For a general increase in electric rates and for approval of Schedule PCA-1 and a voluntary Prepaid Electric Service tariff (Schedule A-P)

ORDER FOR NOTICE AND HEARING

On November 4, 2013, Southside Electric Cooperative ("SEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application and supporting documents pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-247.1 A 7, and 56-585.3 of the Code of Virginia ("Code") for a general increase in electric rates and for approval of its new Schedule PCA-1 and its proposed voluntary Prepaid Electric Service tariff (Schedule A-P) ("Application").

In its Application, the Cooperative seeks approval to increase jurisdictional sales revenues by $7.484 million to pay expenses, service debt, fund capital additions, retire patronage, and maintain equity as a percent of assets for the near term at a level near 32%.[1] The proposed increase produces total rate year jurisdictional margins of $6.209 million; a 2.00x jurisdictional Times Interest Earned Ratio ("TIER"); a Debt Service Coverage Ratio ("DSC") of 1.73x; and a rate of return on rate base of 5.11%.[2]

SEC states that, although it was able to meet its minimum financial requirements, its test year results are somewhat misleading.[3] The Cooperative represents that as of September 2013, its financials indicate a small net operating margin of $109,000 year-to-date, which could put the Cooperative at risk of not meeting its financial obligations as contained in its Rural Utility Services ("RUS") mortgage.[4]

With respect to its rate schedules, the Cooperative proposes the following: (i) to roll-in Rider DR09-1, Rider DR12-4, Rider DR13-4, and the rate year Whole Sale Power Cost Adjustment ("WPCA") of $0.02591 per kilowatt hour to base rates; (ii) a revenue-neutral rebalancing between supply and distribution components such that the generation and transmission charges ("G&T") of each tariff fully recover the supply-related cost of service; and (iii) to adjust distribution rates to produce the proposed revenue increase and address inter-class and intra-class parity issues.[5]

Although the Cooperative does not propose any rate structure changes to the following schedules, it does propose to make certain changes to the schedules to achieve its desired revenues. In Schedule A, SEC proposes to increase the single-phase Consumer Delivery Charge and add a new Consumer

[1] Application at 2-3. SEC's test year is the twelve months ended December 31, 2012.

[2] *Id.* at 3, 8. The proposed increase produces modified margins of $5.131 million; a modified TIER of 1.83x; and a modified DSC of 1.64x. *Id.* at 3, 8-9.

[3] *Id*. at 3. According to the Cooperative, increases in O&M, depreciation, property taxes, and interest on long-term debt, and the reduction in other income, all combined to reduce its margins by $1.6 million. A large Margin Stabilization adjustment also inflated net income in 2012. Moreover, the Cooperative represents that there has been a decline in the growth of new service connections and that its distribution expenses have increased in recent years. *Id.* at 4.

[4] *Id.* at 4. According to the Cooperative, RUS requires borrowers to have not less than a 1.25x TIER or a 1.10x Operating TIER for any two out of three consecutive years. SEC states that current projections indicate that the Cooperative will make its RUS required Operating TIER requirements if its proposed rates are implemented for bills rendered on and after January 1, 2014. *Id.*

[5] *Id.* at 9.

Delivery Charge when it provides three-phase service to churches.[6] In Schedule GSS, the Cooperative proposes to increase the Consumer Delivery Charge and modify the Schedule GSS Minimum Bill provisions to be applicable to the distribution revenue only, and not to the total bill including supply revenue.[7] In Schedule GTP, the Cooperative proposes to increase the Consumer Delivery Charge, move the Schedule GTP rkVA charge from the G&T to distribution, increase the rkVA charge, and modify the definition of rkVA billing demand.[8] According to the Cooperative, the Schedule GTP rate changes are essentially revenue neutral.[9]

In addition, SEC proposes to modify Schedule I as follows: (i) modify the G&T part of Schedule I to include definitions of "CP Demand" and "CP Billing" to allow the Cooperative to pass through wholesale power costs to its members served on Schedule I; (ii) adjust the Consumer Delivery Charge and distribution demand and energy charges; and (iii) increase the distribution level demand charge.[10] For Schedule SL, Security Lighting, the Cooperative has increased each rebalanced distribution rate and proposes an excess facilities charge.[11]

SEC also proposes a new Schedule A-TOU, an optional time-of-use alternative to Schedule A for residential members.[12] Where allowed by statute and the Cooperative's Terms and Conditions, SEC proposes to withdraw all of its Retail Access tariffs and for Schedules A, GSS, GTP, and I to each provide that only the distribution portion of the tariff is applicable for members not purchasing regulated supply service from SEC.[13]

The Cooperative also proposes to eliminate its WPCA clause, and replace it with a Power Cost Adjustment clause, Schedule PCA-1.[14] According to the Cooperative, the proposed Schedule PCA-1 is designed to recover purchased power cost on a dollar-for-dollar basis and includes an over-recovery and under-recovery mechanism that tracks the difference between purchased power costs recovered from sales and actual purchased power expense.[15]

SEC further proposes to add a new tariff for Prepaid Electric Service, Schedule A-P, pursuant to § 56-247.1 A 7 of the Code.[16] The Cooperative states that this tariff would be available to members otherwise served under its Residential Service Schedule A on a voluntary and limited basis, and subject to its Terms and Conditions.[17] According to the Cooperative, the tariff would be available at the member's request and subject to the availability of the necessary automated metering infrastructure at the member's location.[18] SEC indicates that this tariff would not be available to members participating in net metering or budget billing or members served under its proposed Schedule A-TOU or subject to a Serious Medical Condition Certification.[19] For those members who receive service pursuant to Schedule A-P, SEC states that they will pay the same amount for electricity as members on the traditional residential tariff, except for a one time initiation fee of $15.[20] In support of the proposed Schedule A-P, SEC states that it will offer opportunities for cost-savings, to the benefit of all members.[21]

The Cooperative is not proposing any changes to its Terms and Conditions at this time, and it is not changing or adding new fees to Schedule F - Fees.[22]

SEC proposes that the revised rates and charges set forth in its Application be suspended for less than the allowable 150-day suspension period established in § 56-238 of the Code.[23] SEC requests that the proposed rates and charges be permitted to take effect, on an interim basis and subject to refund, for bills rendered on and after January 1, 2014.[24] In its Application, the Cooperative explains that it is requesting the Commission to expedite the effective

[6] *Id.* at 9-10.

[7] *Id.* at 10.

[8] *Id.* at 10-11.

[9] *Id.* at 11.

[10] *Id.*

[11] *Id.* at 12.

[12] *Id.* at 13.

[13] *Id.*

[14] *Id.* at 14.

[15] Prefiled Direct Testimony of Jack D. Gaines at 22.

[16] Application at 14.

[17] *Id.* at 14-15

[18] *Id.* at 15.

[19] *Id.*

[20] *Id.*

[21] *Id.* at 17.

[22] *Id.* at 14.

[23] *Id.* at 5, 21.

[24] *Id.* at 4-5.

date of the proposed increase rather than seeking a higher TIER and greater rate increase.[25] In addition, SEC represents that implementation of its proposed Schedule PCA-1, as a replacement for its WPCA clause, is dependent upon a January 1 effective date.[26]

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a public hearing should be convened to receive evidence on the Cooperative's Application. We also find that pursuant to 5 VAC 5-20-120, *Procedure before hearing examiners,* of the Commission's Rules of Practice and Procedure ("Rules of Practice"), we should assign this matter to a Hearing Examiner to conduct all further proceedings on behalf of the Commission. We find that interested persons should have the opportunity to comment on the Application or to participate as a respondent in this proceeding; that the Staff of the Commission ("Staff") shall investigate the Application and present its findings in testimony; and that the Cooperative may file testimony in rebuttal to the testimony filed by Staff and any respondents. We also will permit SEC's proposed rates to become effective for bills rendered on and after January 1, 2014, on an interim basis and subject to refund.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUE-2013-00079.

(2) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 A of the Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(3) SEC's proposed rates and charges shall take effect for bills rendered on and after January 1, 2014, on an interim basis and subject to refund.

(4) A public hearing shall be convened on June 3, 2014, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at the hearing need only appear in the Commission's Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(5) SEC forthwith shall make copies of its Application and this Order for Notice and Hearing available for public inspection during regular business hours at SEC's business office at 2000 West Virginia Avenue, Crewe, Virginia 23930-0007. Copies also may be obtained by submitting a written request to counsel for SEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. In addition, interested persons may review all public documents filed in this proceeding 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 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(6) On or before January 28, 2014, SEC shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation in its service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
SOUTHSIDE ELECTRIC COOPERATIVE, FOR A GENERAL
INCREASE IN ELECTRIC RATES AND APPROVAL OF SCHEDULE PCA-1 AND A VOLUNTARY
PREPAID ELECTRIC SERVICE TARIFF (SCHEDULE A-P)
CASE NO. PUE-2013-00079

On November 4, 2013, Southside Electric Cooperative ("SEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application and supporting documents pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-247.1 A 7, and 56-585.3 of the Code of Virginia ("Code") for a general increase in electric rates and for approval of its new Schedule PCA-1 and its proposed voluntary Prepaid Electric Service tariff (Schedule A-P) ("Application").

In its Application, the Cooperative seeks approval to increase jurisdictional sales revenues by $7.484 million to pay expenses, service debt, fund capital additions, retire patronage, and maintain equity as a percent of assets for the near term at a level near 32%. The proposed increase produces total rate year jurisdictional margins of $6.209 million; a 2.00x jurisdictional Times Interest Earned Ratio; a Debt Service Coverage Ratio of 1.73x; and a rate of return on rate base of 5.11%.

With respect to its rate schedules, the Cooperative proposes the following: (i) to roll-in Rider DR09-1, Rider DR12-4, Rider DR13-4, and the rate year Whole Sale Power Cost Adjustment ("WPCA") of $0.02591 per kilowatt hour to base rates; (ii) a revenue-neutral rebalancing between supply and distribution components such that the generation and transmission charges ("G&T") of each tariff fully recover the supply-related cost of service; and (iii) to adjust distribution rates to produce the proposed revenue increase and address inter-class and intra-class parity issues.

In Schedule A, SEC proposes to increase the single-phase Consumer Delivery Charge and add a new Consumer Delivery Charge when it provides three-phase service to churches. In Schedule GSS, the Cooperative proposes to increase the Consumer Delivery Charge and modify the Schedule GSS Minimum Bill provisions to be applicable to the distribution revenue only, and not the total bill including supply revenue. In Schedule GTP, the Cooperative proposes to increase the Consumer Delivery Charge, move the Schedule GTP

[25] *Id.* at 5, 22.

[26] *Id.* at 6.

rkVA charge from the G&T to distribution, increase the rkVA charge, and modify the definition of rkVA billing demand.

In addition, SEC proposes to modify Schedule I as follows: (i) modify the G&T part of Schedule I to include definitions of "CP Demand" and "CP Billing" to allow the Cooperative to pass through wholesale power costs to its members served on Schedule I; (ii) adjust the Consumer Delivery Charge and distribution demand and energy charges; and (iii) increase the distribution level demand charge. For Schedule SL, Security Lighting, the Cooperative has increased each rebalanced distribution rate and proposes an excess facilities charge.

SEC also proposes a new Schedule A-TOU, an optional time-of-use alternative to Schedule A for residential members. Where allowed by statute and the Cooperative's Terms and Conditions, SEC proposes to withdraw all of its Retail Access tariffs and for Schedules A, GSS, GTP, and I to each provide that only the distribution portion of the tariff is applicable for members not purchasing regulated supply service from SEC.

The Cooperative also proposes to eliminate its WPCA clause, and replace it with a Power Cost Adjustment clause, Schedule PCA-1.

SEC further proposes to add a new tariff for Prepaid Electric Service, Schedule A-P, pursuant to § 56-247.1 A 7 of the Code, which would be available to members otherwise served under its Residential Service Schedule A on a voluntary and limited basis, and subject to its Terms and Conditions.

The Cooperative is not proposing any changes to its Terms and Conditions at this time, and it is not changing or adding new fees to Schedule F - Fees.

SEC proposes that the revised rates and charges set forth in its Application be suspended for less than the allowable 150-day suspension period established in § 56-238 of the Code. SEC requests that the proposed rates and charges be permitted to take effect, on an interim basis and subject to refund, for bills rendered on and after January 1, 2014.

For more detailed information about the Cooperative's proposals, interested persons should view SEC's Application.

Interested persons should TAKE NOTICE that after considering all the evidence, the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Cooperative's Application, or may apportion revenues among customer classes and/or rate designs in a manner differing from that shown in the Cooperative's Application.

The Commission issued an Order for Notice and Hearing ("Order") in this proceeding that, among other things, scheduled a public hearing on June 3, 2014, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Cooperative, any respondents, and the Commission Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff. 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 at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Copies of the Cooperative's Application and this Order are available for public inspection during regular business hours at SEC's business office at 2000 West Virginia Avenue, Crewe, Virginia 23930-0007. Copies also may be obtained by submitting a written request to counsel for SEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. In addition, interested persons may review copies of all public documents filed in this proceeding 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 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before March 4, 2014. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also shall be sent simultaneously to counsel for SEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, 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. All filings shall refer to Case No. PUE-2013-00079. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before May 27, 2014, any interested person wishing to comment on the Cooperative's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before May 27, 2014, by following the instructions on the Commission's website: http://www.scc.virginia.gov/case. Compact discs or any other form of electronic storage medium may not be filed with the written comments. All such comments shall refer to Case No. PUE-2013-00079.

The Commission's Rules of Practice and Procedure may be viewed at http://www.scc.virginia.gov/case. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order in this proceeding may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

SOUTHSIDE ELECTRIC COOPERATIVE

(7) On or before January 28, 2014, SEC shall serve a copy of this Order for Notice and Hearing 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 alternative forms of government) in which the Cooperative 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 February 18, 2014, SEC shall provide proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice on or before March 4, 2014. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any person or entity simultaneously shall serve a copy of the notice of participation upon counsel for SEC at the address set forth in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, 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. Any organization, corporation, or government body participating as a respondent must be represented by counsel pursuant to 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2013-00079.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, SEC shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed with the Commission, unless these materials already have been provided to the respondent.

(11) On or before March 25, 2014, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) and serve on the Staff and all parties any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 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 shall refer to Case No. PUE-2013-00079.

(12) The Staff shall investigate the reasonableness of SEC's Application. On or before April 29, 2014, the Staff shall file with the Clerk of the Commission and serve on the Cooperative and all parties in accordance with the Rules of Practice, its testimony and exhibits regarding its investigation of the Application. If not filed electronically, an original and fifteen (15) copies of such testimony shall be submitted to the Clerk of the Commission.

(13) On or before May 16, 2014, SEC shall file with the Clerk of the Commission and simultaneously serve on the Staff and all parties any testimony and exhibits that it expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff. If not filed electronically, an original and fifteen (15) copies of such testimony shall be submitted to the Clerk of the Commission.

(14) On or before May 27, 2014, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (9). Diskettes, compact discs, or any other form of electronic storage medium may not be filed with written comments. Interested persons desiring to submit comments electronically may do so, on or before May 27, 2014, by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. PUE-2013-00079.

(15) Responses and objections to written interrogatories and requests for production of documents shall be served within ten (10) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney[27] if the interrogatory or request for production is directed to the Staff. Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq*.

(16) This matter is continued generally.

[27] The assigned Staff Attorney is identified on the Commission's website: http://www.scc.virginia.gov/case by clicking "Docket Search" and entering the case number PUE-2013-00079 in the appropriate box.

CASE NO. PUE-2013-00080
AUGUST 9, 2013

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On July 23, 2013, BARC Electric Cooperative ("BARC" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia[1] requesting authority to issue long-term debt to CoBANK, ACB ("CoBank"). Applicant paid the requisite fee of $250.

Applicant is seeking authority to borrow up to $1,290,918 from CoBank. The proceeds will be used to refinance short-term debt borrowed under a line of credit facility. The line of credit borrowings were incurred when BARC's Board of Directors voted to prepay a pension contribution to the National Rural Electric Cooperative Association's ("NRECA") Retirement Security Pension Plan ("R&S Plan") in exchange for lower future R&S Plan billing rates. There is no prepayment penalty associated with the early retirement of the short-term debt. The new CoBank loan will have a 10-year maturity and will bear a fixed interest rate set at the date of issuance. According to an analysis conducted by CoBank and provided to the Commission Staff under separate cover, BARC expects to save approximately $670,000 over the next 15 years as a result of the prepayment to NRECA and the lower R&S Plan billing rates.

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) BARC hereby is authorized to borrow up to $1,290,918 from CoBank, 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 CoBank, BARC shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount the loan, the interest rate, 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 hereby is dismissed.

[1] Va. Code § 56-55 *et seq.*

CASE NO. PUE-2013-00082
AUGUST 19, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to enter into a capital lease

ORDER GRANTING AUTHORITY

On July 25, 2013, Columbia Gas of Virginia, Inc. ("Columbia Gas" or Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia[1] requesting authority to enter into a capital lease with Vint Hill Economic Development Authority ("VHEDA"). Applicant paid the requisite fee of $250.

Applicant is seeking authority to sign a 15-year lease with VHEDA for new office space replacing existing office space scheduled to be razed as a part of a redevelopment plan in Vint Hill. Columbia Gas retained a third-party commercial real estate business consultant to research potential replacement office space for its Vint Hill operations center. Columbia Gas's evaluation concluded that the proposed 15-year lease is the lowest cost alternative available in the market at this time. On July 15, 2013, Columbia Gas signed a lease, subject to Commission approval. One clause of the proposed lease has a 45-day limit on Columbia Gas receiving Commission approval, or the lease becomes void. Therefore, Columbia Gas has asked for Commission approval no later than August 20, 2013, in order for VHEDA to construct the office space in time for Columbia to move before the existing office space is destroyed.

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.

[1] Va. Code § 56-55 *et seq.*

Accordingly, IT IS ORDERED THAT:

(1) Applicant hereby is authorized to enter into a capital lease with VHEDA for a new Vint Hill operations center, under the terms and conditions and for the purposes set forth in the Application.

(2) The authority granted herein shall have no implications for ratemaking purposes.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00083
SEPTEMBER 24, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to terminate its Peak Shaving Demand Response Rider

ORDER

On July 30, 2013, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Application ("Application") for approval to terminate its Peak Shaving Demand Response ("PSDR") Rider, which the Commission approved for implementation in Case No. PUE-2011-00001.[1] The Commission had approved the PSDR Rider pursuant to Section 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, which empowers the Commission to approve demand response programs proposed by an electric utility that has elected to meet its capacity obligations of a regional transmission entity through a fixed capacity resource requirement if the Commission finds the proposed demand response programs to be "effective, reliable, and verifiable as a capacity resource" and "in the public interest."

American Electric Power, APCo's parent company, meets its PJM Interconnection, LLC ("PJM") capacity obligations through a fixed capacity resource requirement.[2] The PSDR Rider was designed to help reduce APCo's peak demand during the period from December through March, which is the time period when the Company typically experienced its annual peak load.[3] Reducing APCo's winter peak would help to lower APCo's capacity equalization obligation to other AEP-East operating companies pursuant to the operation of the AEP Interconnection Agreement (the "Pool").[4] On December 17, 2010, the Pool members gave notice to each other to terminate the Pool effective January 1, 2014, and APCo will no longer incur capacity equalization charges that are based, in part, on the Company's winter peak.[5] Accordingly, after that date, APCo's PJM capacity obligations will only be based on summer peaks, which the Company's Peak Shaving and Emergency Demand Response ("PSEDR") Rider is designed to address.[6] The Company states that the PSDR Rider will, therefore, no longer serve a purpose that advances the public interest.[7]

APCo states that the contracts between the Company and participating customers made pursuant to the PSDR Rider were entered into for a minimum of one year.[8] The terms of the Rider permit either party to discontinue participation in the program, as long as the party provides 90 days' written notice of its intention prior to December 1.[9] There are currently four non-residential APCo customers participating in the PSDR Rider, and the Company states that it has notified each customer by letter of its intent to file this Application and of its intent to give 90 days' notice of the termination of the contracts on or around September 1, 2013.[10] APCo also served copies of this Application on each of the customers.[11] APCo, therefore, requests that the Commission waive any requirement to provide notice of this Application by newspaper publication or otherwise.[12] In addition, prior to filing the Application, APCo confirmed that Staff does not object to termination of the PSDR Rider as requested in the Application.[13]

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[1] *Application of Appalachian Power Company, Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, for approval of demand response programs to be offered to its retail customers*, Case No. PUE-2011-00001, 2011 S.C.C. Ann. Rept. 417, Final Order (Sept. 12, 2011).

[2] Application at 1-2.

[3] *Id*. at 2.

[4] *Id*.

[5] *Id*.

[6] *Id*. The PSEDR Rider also was approved by the Commission in Case No. PUE-2011-00001.

[7] *Id*.

[8] *Id*.

[9] *Id*. at 3. *See also* Appalachian Power Company VA S.C.C. Tariff No. 23, accepted for filing by the Commission's Division of Energy Regulation on October 6, 2011.

[10] Application at 3. Copies of the letters were attached to the Application.

[11] *Id*.

[12] *Id*.

[13] *Id*.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that because APCo will no longer incur capacity equalization charges that are based, in part, on the Company's winter peak, the PSDR Rider will no longer serve a purpose that advances the public interest. The Commission further finds that the PSDR Rider provides for discontinuance of APCo's participation in the PSDR program, upon 90 days' written notice prior to December 1; APCo has provided such timely notice to the four customers currently participating in the PSDR program; and Staff does not oppose termination of the PSDR Rider. We also would note that the original order approving the PSDR Rider did not prescribe any public notice by the Company prior to termination of the program. Moreover, based on the circumstances and the Company's notice previously provided to participating customers, the Commission finds that no further notice of this Application is required.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application to terminate the PSDR Rider hereby is approved.

(2) This case is closed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2013-00084
NOVEMBER 6, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to eliminate Quarterly Off-System Sales and Capacity Release Reports

ORDER

On October 14, 1997, the State Corporation Commission ("Commission") issued an Order (the "1997 Order") setting rates for Columbia Gas of Virginia, Inc. ("CGV" or the "Company") that, among other things, approved a pilot revenue-sharing incentive under which CGV was authorized to retain certain revenues derived from capacity release and off-system sales. The 1997 Order required CGV to file monthly reports with the Commission's Division of Energy Regulation on its off-system sales and capacity release activity ("OSS/Capacity Release Reports").[1] CGV subsequently informed the Commission that it would discontinue the pilot program approved in the 1997 Order, but it continued to file the required monthly OSS/Capacity Release Reports until 1999.[2]

During litigation of CGV's 1997 application for an increase in rates (the "1997 Rate Case"), the Commission Staff recommended that CGV's periodic off-system sales and capacity release reporting requirement be reduced from monthly to quarterly.[3] While the Commission's February 19, 1999 Order setting rates for CGV was silent on the reporting requirement, CGV commenced filing quarterly OSS/Capacity Release Reports in conformance with the Staff recommendation.[4]

On December 21, 2007, the Commission issued a Final Order approving a CGV Off-System Sales and Capacity Release Incentive Mechanism (the "2007 Order"), which defined the scope of the Off-System Sales and Capacity Release Incentive Mechanism and specified the manner in which revenues are shared under the Incentive Mechanism.[5] The 2007 Order required CGV to file annual reports on its Off-System Sales and Capacity Release Incentive Mechanism ("Annual OSS/Capacity Release Reports") each August. The 2007 Order did not, however, address quarterly OSS/Capacity Release Reports mandated by the 1997 Order, as modified in the 1997 Rate Case.

On August 5, 2013, CGV filed an application seeking authority to discontinue the quarterly OSS/Capacity Release Reports required by the 1997 Order ("Application"). According to the Application, the quarterly reports required by the 1997 Order and the annual reports required by the 2007 Order:

> are duplicative in that both the Annual OSS/Capacity Release Reports required by the 2007 Order and the Quarterly OSS/Capacity Release Reports required by the 1997 Order reflect a month-by-month calculation of OSS/Capacity Release revenues and the breakdown of how revenues are shared, identifying in detail the Company's accrued and billed capacity releases, as well as its operational and administrative capacity release with supporting documentation.[6]

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[1] *Application of Commonwealth Gas Services, Inc. For a general increase in natural gas rates*, Case No. PUE-1995-00033, 1997 S.C.C. Ann. Rept. 339, Order on Incentive-Based Mechanisms (Oct. 14, 1997).

[2] *Id*., 1997 S.C.C. Ann. Rept. 342, Order Granting Partial Reconsideration (Nov. 4, 1997).

[3] *Application of Columbia Gas of Virginia (formerly Commonwealth Gas Services, Inc.) For general increase in natural gas rates and approval of performance based regulation methodology pursuant to §56-235.6 of the Code of Virginia*, Case No. PUE-1997-00455, Testimony of Staff witness Lacy at 27.

[4] *Id*., 1999 S.C.C. Ann. Rept. 380, Final Order (Feb. 19, 1999).

[5] *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*, Case No. PUE-2007-00064, 2007 S.C.C. Ann. Rept. 468, Final Order (Dec. 21, 2007).

[6] Application at 3.

The Commission Staff has informed CGV that it does not oppose eliminating the quarterly report requirement.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application should be granted. The Commission agrees that the quarterly reports required by the 1997 Order and the annual reports required by the 2007 Order provide duplicative information and will, therefore, no longer require the Company to file quarterly OSS/Capacity Release Reports.

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUE-2013-00084.

(2) The Company's Application herein is granted. The Company shall no longer be required to file quarterly OSS/Capacity Release Reports with the Commission's Division of Energy Regulation, as required by the Commission's Order in the 1997 Rate Case.

(3) Any remaining obligations set forth in the 1997 Order shall remain in full force and effect.

(4) There being nothing further to be done, this case shall be closed and the papers herein shall be placed in the file for ended causes.

CASE NO. PUE-2013-00085
NOVEMBER 1, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of modifications to its Economic Development Rider

ORDER APPROVING MODIFICATIONS

On August 6, 2013, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Application seeking expedited approval of modifications to its Optional Rider E.D.R. ("Economic Development Rider" or "Rider").

APCo's Economic Development Rider, which was first approved in 2010 and was extended in 2012,[1] provides certain reductions in billing demands to qualifying new and existing commercial and industrial retail customers. According to the Application, APCo's requested extension of the Rider in 2012 was designed to make it available through the Company's next biennial review; however, that biennial review was subsequently delayed by legislation enacted during the 2013 General Assembly session.[2] APCo indicates that the 2013 legislation created an approximately 13-month gap between the January 1, 2014 deadline for customers to apply for service under the current terms of the Economic Development Rider and the date when the Rider's terms can be reviewed and implemented as part of APCo's next biennial review.[3]

The Application indicates that two modifications to the terms of the Rider would close this gap and continue to incentivize investment and job creation in Southwest Virginia.[4] First, APCo seeks to change, from January 1, 2014 to February 1, 2015, the date by which applications for service under the Rider are due. Second, the Company seeks to extend, from December 31, 2017 to January 31, 2019, the termination date of the Rider.[5]

On August 29, 2013, the Commission issued an Order for Notice and Comment that docketed the Application, directed the Company to publish notice of the Application,[6] allowed interested persons and the Commission's Staff ("Staff") the opportunity to comment or request a hearing on the Application, and allowed APCo the opportunity to respond to any such comments or requests.

No comments or requests for hearing were filed by interested persons.

On October 16, 2013, Staff, by counsel, filed a letter indicating that it would not file comments on the Application, which Staff does not oppose.

On October 25, 2013, APCo, by counsel, filed a letter indicating that it will not file a response in rebuttal.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that APCo's Application should be granted.

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[1] *Application of Appalachian Power Company, For a statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00030, 2010 S.C.C. Ann. Rept. 308, 320, Final Order at 34 (July 15, 2010); *Application of Appalachian Power Company, For approval of modifications to its Economic Development Rider*, Case No. PUE-2012-00006, 2012 S.C.C. Ann. Rept. 379, Order Approving Modifications (Mar. 19, 2012).

[2] Application at 3. The Application cites to House Bill 2261, which was enacted as Chapter 2 of the 2013 Virginia Acts of Assembly. The "delay" referenced by the Application was codified in amendments to Va. Code § 56-585.1 A 3.

[3] Application at 2-3.

[4] *Id.* at 3.

[5] *Id.* at 2.

[6] On October 10, 2013, APCo filed proof of the required notice.

Accordingly, IT IS ORDERED THAT:

(1) APCo's Application for modifications to its Optional E.D.R. is granted, effective January 1, 2014.

(2) The Company shall forthwith file a revised Optional Rider E.D.R. with the Clerk of the Commission and with the Commission's Division of Energy Regulation, in accordance with this Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is dismissed.

CASE NO. PUE-2013-00086
OCTOBER 30, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to implement a 2014 SAVE Plan Infrastructure Reliability Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions

FINAL ORDER

On August 7, 2013, Columbia Gas of Virginia, Inc. ("Columbia Gas" or "Company"), filed an application with the State Corporation Commission ("Commission") to implement a 2014 SAVE Plan Infrastructure and Reliability Replacement Adjustment ("IRRA")[1] in accordance with Section 20 of its General Terms and Conditions pursuant to § 56-603 *et seq*. of Title 56 of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy ("SAVE") Plan Act ("Application"). The Company filed this Application in accordance with the Commission's November 28, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2011-00049 ("2011 SAVE Order").[2] On July 3, 2013, the Commission issued an Order Approving Amended SAVE Plan in Case No. PUE-2013-00015,[3] which amended the Company's SAVE Plan. With its Application, the Company filed documentation of the actual SAVE eligible expenditures and recoveries incurred during the 2012 calendar year and updates to the schedule of annual SAVE eligible expenditures anticipated in 2014, as well as other schedules and supporting documents required by the 2011 SAVE Order. The Company's proposed revenue requirement for its 2014 IRRA was $7,014,195.

On August 30, 2013, the Commission issued an Order for Notice and Comment in this matter which, among other things, permitted interested persons to file comments and requests for hearing, required the Staff of the Commission ("Staff") to file a report ("Report"), and permitted the Company to respond to the Staff's Report ("Response"). No one filed comments or requested a hearing in this matter. Staff filed its Report on October 11, 2013, and the Company filed its Response on October 15, 2013.

In its Report, Staff recommended two modifications to the Company's calculation of its 2014 IRRA. First, Staff suggested that Columbia Gas determine all plant investment amounts and customer counts on a jurisdictional basis, rather than on a total company basis.[4] Second, Staff included in its IRRA calculation the effect of an updated repair percentage based on the Company's 2012 federal tax return.[5] This percentage was unavailable to the Company at the time it filed the Application. The Staff's revisions resulted in a 2014 IRRA revenue requirement of $6,824,261.

In its Response, Columbia Gas indicated that it did not oppose Staff's modifications and requested that the Commission approve its 2014 IRRA, as modified by the Staff in its Report.[6]

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that it should approve the Company's 2014 IRRA as proposed in its Application and modified by the Staff.

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[1] The 2014 IRRA consists of two components: the 2014 Infrastructure Replacement Current Rate, which is designed to recover eligible infrastructure replacement costs to be incurred in 2014, and the 2012 Infrastructure Replacement Reconciliation Rate, which is designed to true-up the costs recovered during 2012 against actual SAVE eligible infrastructure replacement costs incurred during 2012, plus $4.5 million of SAVE eligible infrastructure replacement costs incurred during 2011 that were not included in the Company's non-gas base rates.

[2] *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604,* Case No. PUE-2011-00049, 2011 S.C.C Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

[3] *Application of Columbia Gas of Virginia, Inc., For authority to amend its SAVE Plan pursuant to § 56-604 of the Code of Virginia,* Case No. PUE-2013-00015, Order Approving Amended SAVE Plan (July 3, 2013).

[4] Staff Report at 5-6.

[5] *Id*. at 6.

[6] Response at 2.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2014 IRRA, as permitted by § 56-603 *et seq*. of the Code, is approved as set forth in this Order. Rates consistent with this Order shall become effective with the first billing unit of January 2014 and remain in effect through the last billing unit of December 2014.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2014 IRRA with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) The 2011 SAVE Order requires, among other things, that the Company file its proposed SAVE Rider rates on or before August 15, 2014. Upon request of the Staff, the Company shall provide information related to such filing at least thirty (30) days prior to the date on which the Company expects to make the filing.

(4) This case is dismissed.

CASE NO. PUE-2013-00087
NOVEMBER 4, 2013

JOINT APPLICATION OF
AQUA VIRGINIA WATER UTILITIES, INC.,
AQUA VIRGINIA UTILITIES, INC.,
AQUA PRESIDENTIAL, INC.,
and
AQUA VIRGINIA, INC.

For approval of a services agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 9, 2013, Aqua Virginia Water Utilities, Inc. ("AVWU"), Aqua Virginia Utilities, Inc. ("AVU"), and Aqua Presidential, Inc. ("Aqua Presidential") (collectively, the "Aqua Affiliates"), and Aqua Virginia, Inc. ("Aqua Virginia") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval of a Service Company Agreement between the Aqua Affiliates and Aqua Virginia (the "Agreement").

The Commission previously approved separate affiliate services arrangements between Aqua Virginia and AVWU, and Aqua Virginia and AVU, as part of the transfer of utility assets and transfer of certificate of public convenience and necessity ("Certificate") proceedings for AVWU and AVU in Case Nos. PUE-2011-00116[2] and PUE-2010-00091,[3] respectively (together, the "Prior Arrangements"). The approval period for the AVU Prior Arrangement expired on June 30, 2013.[4] The proposed Agreement will replace the Prior Arrangements and add Aqua Presidential as a recipient of services from Aqua Virginia.[5] The Applicants represent that the services to be provided by Aqua Virginia under the Agreement are separate and distinct from the services that are provided to AVWU, AVU, and Aqua Virginia by their affiliate, Aqua Services, Inc. ("Aqua Services").[6]

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[1] Va. Code § 56-76 *et seq.* (the "Affiliates Act").

[2] *Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., Fox Run Water Co., Inc., and Moseley-Nash Enterprises, Inc., For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates,* Case No. PUE-2011-00116, 2012 S.C.C. Ann. Rept. 324, Order (Jan. 19, 2012), and 2012 S.C.C. Ann. Rept. 325, Order (June 14, 2012).

[3] *Joint Petition of Manakin Farms, Inc., Manakin Water and Sewerage Corporation, Aqua Virginia, Inc., and Aqua Virginia Utilities, Inc., For approval of a transfer of utility assets, the transfer of a certificate of public convenience and necessity, and an affiliates arrangement,* Case No. PUE-2010-00091, 2011 S.C.C. Ann. Rept. 350, Final Order (June 30, 2011), *amended,* 2011 S.C.C. Ann. Rept. 352, Correcting Order (July 7, 2011).

[4] *Id.*, June 30, 2011 Final Order, Ordering Paragraph (2). The approval period for the AVWU Prior Arrangement is due to expire on June 14, 2014. See *supra* n.2, January 19, 2012 Order, Ordering Paragraph (3).

[5] Aqua Presidential currently has a joint petition pending before the Commission in Case No. PUE-2013-00081 for approval of the transfer of utility assets from Presidential Service Company Tier II, Inc. ("Presidential Service"), and for approval to transfer Presidential Service's Certificate to Aqua Presidential. *See Joint Petition of Aqua Presidential, Inc., and Presidential Service Company Tier II, Inc., For approval of a transfer of utility assets,* Case No. PUE-2013-00081, Doc. Con. Cen. Nos. 130730059 and 130730060, Joint Petition (July 24, 2013). The Applicants represent that, upon Commission approval of the transfers pending in that case, Aqua Presidential will begin receiving services from Aqua Virginia pursuant to the Agreement. Application at 3.

[6] Aqua Services currently provides services to Aqua Virginia, AVWU, and AVU pursuant to the terms of a separate affiliate agreement approved by the Commission in Case No. PUE-2012-00038. *See Application of Aqua Virginia, Inc., Reston/Lake Anne Air Conditioning Corporation, Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc., and Aqua Services, Inc., For approval of amended services agreement,* Case No. PUE-2012-00038, 2012 S.C.C. Ann. Rept. 430, Order (June 27, 2012).

Under the proposed Agreement, the Applicants state that Aqua Virginia will provide certain management services to the Aqua Affiliates that the companies otherwise would either have to perform independently with less efficiency or contract with outside vendors, both at considerable expense. These services are discussed in detail in Exhibit A of the Agreement and include: accounting and financial services; administration; customer service; engineering; financial; operation; water quality; legal; and purchasing, contracts and sales services. The Applicants state that all services provided under the terms of the Agreement will be provided by Aqua Virginia or a subcontractor where such subcontractor can provide specific services at a lower cost. The Aqua Affiliates will not provide any services to Aqua Virginia, either jointly or individually, under the Agreement.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicants, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the above-described Agreement is in the public interest and should, therefore, be approved subject to the requirements recommended in the Commission Staff's Action Brief filed contemporaneously with this Order and noted herein. However, we find that Aqua Presidential's participation in the Agreement should be conditioned upon approval of the transfer of Presidential Service's utility assets and Certificate to Aqua Presidential, which is currently pending before the Commission in Case No. PUE-2013-00081.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Agreement, subject to the requirements set forth herein.

(2) The approval granted herein for Aqua Presidential's participation in the Agreement is conditioned upon our approval of the transfer of Presidential Service's utility assets and Certificate to Aqua Presidential currently pending in Case No. PUE-2013-00081. Upon satisfaction of this condition, Aqua Presidential's participation in the Agreement is approved and no further action by the Commission is required.

(3) The approval granted herein for the Agreement shall be for a set period of five (5) years from the date of this Order Granting Approval. Should the Applicants wish to continue operating under the Agreement after this period, subsequent Commission approval shall be required.

(4) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Agreement.

(5) The approval granted herein shall be limited to the specific services identified in Exhibit A of the Agreement. Should the Aqua Affiliates wish to receive additional services from Aqua Virginia, other than those specifically identified in Exhibit A of the Agreement, subsequent Commission approval shall be required.

(6) Separate Affiliates Act approval shall be required for Aqua Virginia to provide services to the Aqua Affiliates through the engagement of affiliated third parties.

(7) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Agreement, including changes in the services provided by Aqua Virginia, allocation methodologies, and successors or assigns.

(8) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(9) 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.

(10) The Applicants shall include all transactions under the Agreement in Aqua Virginia's Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information currently provided, all transactions under the Agreement shall be reported in the ARAT as follows:

(a) By Case Number in which the transactions were approved;
(b) Identify the affiliate(s) involved in each transaction;
(c) Description of each transaction and the specific service(s) provided;
(d) Transactions by month; and
(e) Dollar amount paid to Aqua Virginia for each transaction per month.

(11) In the event that rate filings are not based on a calendar year, then Aqua Virginia shall include the affiliate information contained in its ARAT in such filings.

(12) The Applicants shall file with the Commission a signed and executed copy of the Agreement approved herein within ninety (90) days of the Agreement becoming effective.

(13) Upon the Agreement becoming effective, the approval granted herein shall supersede the approvals for the Prior Arrangements granted in Case Nos. PUE-2010-00091 and PUE-2011-00116.

(14) This matter is dismissed from the Commission's active docket and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE-2013-00090
SEPTEMBER 26, 2013

APPLICATION OF
COLONIAL ENERGY, INC.

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On August 15, 2013, Colonial Energy, Inc. ("Colonial" or "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia ("Code") for a license to conduct business as a competitive service provider for natural gas ("Application"). In its Application, the Company seeks authority to serve commercial and industrial customers throughout Virginia.[1] The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On August 23, 2013, the Commission issued an Order for Notice and Comment ("Scheduling Order") which, among other things, docketed the Application, required the Company to provide notice of the Application to gas distribution utilities in Virginia, permitted interested persons to file comments on the Application, and required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report").

On September 3, 2013, the Company filed proof of service as the Scheduling Order required. No one filed comments on Colonial's Application.

On September 13, 2013, the Staff filed its Staff Report which summarized Colonial's proposal and evaluated the Company's fitness to conduct business as a competitive service provider for natural gas service. The Staff concluded that Colonial meets the financial and technical requirements in the Retail Access Rules to qualify for a license as a competitive service provider. Staff recommended that the Commission grant Colonial a license to conduct business as a competitive service provider for natural gas service to commercial and industrial customers throughout the service territories of Virginia open to competition. The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Colonial meets the requirements for a license to conduct business as a competitive service provider for natural gas and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Colonial hereby is granted License No. G-38 to conduct business as a competitive service provider for natural gas to commercial and industrial customers throughout service territories in Virginia. This license is granted subject to the provisions of § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(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] Although Colonial seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

CASE NO. PUE-2013-00091
DECEMBER 9, 2013

APPLICATION OF
ROANOKE GAS COMPANY

For modification of its SAVE Plan and Rider

ORDER APPROVING AMENDED SAVE PLAN AND RIDER

On August 16, 2013, Roanoke Gas Company ("Roanoke Gas" or "Company"), filed an application with the State Corporation Commission ("Commission") to modify its SAVE Plan and Rider[1] pursuant to § 56-603 *et seq*. of Title 56 of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy ("SAVE") Plan Act ("Application"). The Company filed this Application in accordance with the Commission's August 29, 2012 Order

[1] The Rider is the component of the SAVE Plan that is associated with the recovery of the investment for the year in which the Rider is being billed and is set as a fixed amount per year. These Rider amounts are applied as an incremental increase to the customer charge and are added to each monthly bill for the year. The adjustment amounts – a reconciliation factor for the actual costs in the previous year of the SAVE Plan –also are applied as an incremental charge either up or down to the customer charge and are determined retrospectively. When a year is complete and the actual investment in qualifying eligible infrastructure replacement facilities for that year are known, this investment is balanced against the recovery of revenue from the past calendar year and acts as the reconciliation adjustment to the current year rider.

Approving SAVE Plan and Rider in Case No. PUE-2012-00030 ("2012 SAVE Order").[2] With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for the calendar year 2014 and the corresponding SAVE Rider that will be associated with those projects. Specifically, the project costs contained in the Company's Application consisted of (1) the distribution system renewals that are consistent with the planned projects for 2014 approved in the 2012 SAVE Order ("Part 1 Projects") and (2) two additional infrastructure replacement projects ("Part 2 Projects"). The Part 2 Projects proposed by Roanoke Gas are replacement of the liquefied natural gas ("LNG") boil-off compressor and replacement of the Gala metering and regulation station. According to the Company,

> the LNG boil-off compressor has been in service for more than 40 years and is used to reintroduce the daily boil-off of natural gas in the LNG tank back into [the Company's] 8" transmission line and is a critical piece of equipment required for the safe operation of [the Company's] LNG facility.[3]

The Company stated in its Application that the Gala metering and regulation gate station is its "primary measurement and regulation station which takes gas from Columbia Transmission into [the Company's] distribution system"[4] and that "[d]ue to the station's age and restrictions for access to underground piping in a designated archeological site, the replacement of the station would significantly improve the safety, reliability, and accessibility of this station, improve system integrity and greatly reduce the potential of major customer outages."[5] The Company's Application seeks to amend its current SAVE Plan by increasing the amount it is permitted to spend on eligible infrastructure replacement by $4.3 million in year 2014. According to the Application, the revenue requirement related to Part 1 Projects is $283,337 and the revenue requirement for the Part 2 Projects is $309,667 for a total revenue requirement of $593,004.

On September 12, 2013, the Commission entered an Order for Notice and Comment in this proceeding, which, among other things, required the Company to publish notice of its Application, provided an opportunity for interested persons to file comments or requests for hearing, and directed the Commission Staff ("Staff") to investigate the Application and file a report ("Report") containing its findings and recommendations. No comments or requests for hearing were filed.

On November 8, 2013, the Staff filed its Report wherein it recommended two revisions to the revenue requirement proposed by the Company for the Part 2 Projects. First, the Staff noted that the Company's Application provided investment amounts for the Part 2 Projects on a total company basis and recommended that only jurisdictional investment be reflected in the calculation of the revenue requirement. Second, the Staff stated that the Company erroneously calculated depreciation expense related to Part 2 Projects. Staff estimated the in-service date for the Part 2 Projects to be October 2014, and recommended that depreciation expense for book and tax accrue beginning in October 2014 rather than January 2014 as proposed by the Company. Staff's revisions result in a revenue requirement of $270,416 for the Part 2 Projects and a combined revenue requirement of $553,753. Staff concluded that the proposed replacement of the Gala station and the LNG boil-off compressor are both reasonable and prudent and should reduce system integrity risks.

On November 15, 2013, the Company filed a letter with the Clerk of the Commission indicating that it did not intend to file any response to the Staff's Report.

NOW THE COMMISSION, having considered the matter is of the opinion and finds that the Company's Application, as modified by the Staff's Report, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for an amended SAVE Plan and Rider, as permitted by § 56-603 *et seq.* of the Code, is hereby approved as modified by the Staff's Report. Rates consistent with this Order shall be effective from January 1, 2014, through December 31, 2014.

(2) Roanoke Gas shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, in accordance with this Order, revised tariffs and terms and conditions of service for the SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Upon request of Staff, the Company shall provide information related to the specific filings required pursuant to § 56-604 E of the Code at least thirty (30) days prior to such filing deadlines.

(4) This matter is dismissed.

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[2] *Application of Roanoke Gas Company For approval of a SAVE Plan and Rider pursuant to Virginia Code §§ 56-603 et seq.*, Case No. PUE-2012-00030, Doc. Con. Cen. No. 120830275, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

[3] Direct Testimony of John S. D'Orazio at 6.

[4] *Id.*

[5] *Id.*

CASE NO. PUE-2013-00092
SEPTEMBER 6, 2013

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 16, 2013, Central Virginia Electric Cooperative ("Central Virginia" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow $22,100,000 in long-term debt. Central Virginia has paid the requisite fee of $250.

Central Virginia requests authority to borrow $22,100,000 from the Federal Financing Bank ("FFB"). The FFB loan will be guaranteed by Rural Utilities Services. The proceeds will be used to fund distribution and transmission construction detailed in its August 16, 2013 application. The loan will have a 35-year maturity and will have periodic debt service payments. The interest rate is based on the yield on a U.S. Treasury bond with a similar maturity plus one-eighth of one percent. Central Virginia will have the option to select an interest rate term ranging from less than one year to up to 35 years. If the Cooperative selects an interest rate term of less than 35 years, the interest rate will re-price to the then prevailing Treasury bond yield plus one-eighth of one percent for the interest rate maturity the Cooperative selects at that time.

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) Central Virginia is authorized to incur up to $22,100,000 in debt obligations in the form of a Rural Utilities Services Guaranteed Federal Financing Bank Loan, under the terms and conditions and for the purposes stated in its application.

(2) Within thirty (30) days of the date of any advance of funds from FFB, the Cooperative shall file with the Commission's Division of Utility Accounting 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 hereby is dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2013-00094
DECEMBER 30, 2013

PETITION OF
TRUSTEE IN LIQUIDATION OF ROYAL ESTATES WATER CORPORATION
and
WESTERN VIRGINIA WATER AUTHORITY

For approval of the transfer of a public utility pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On August 21, 2013, the Trustee in Liquidation of Royal Estates Water Corporation ("Trustee in Liquidation") and Western Virginia Water Authority ("WVWA") (together, the "Petitioners") completed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")[1] for approval of the transfer of a public utility.

The Trustee in Liquidation is the trustee in liquidation of a Virginia corporation, which was terminated December 31, 1993, and the title holder of the real estate, easements, capital account, and equipment that currently supplies water to the owners of homes and lots in the Royal Estates subdivision located on Smith Mountain Lake in Franklin County, Virginia ("Royal Estates System"). The Royal Estates System serves 34 lots and has 18 customers. WVWA is a public service authority that the Council of the City of Roanoke and the Board of Supervisors of the County of Roanoke formed on July 1, 2004 as a regional water authority to establish and operate a water and sewer disposal system and related facilities. WVWA treats and delivers 19 million gallons of drinking water per day for 58,140 customer accounts.

The Petitioners request Commission approval for the transfer of the Royal Estates System to WVWA ("Proposed Transaction"). The Petitioners represent that WVWA took over the operations of the Royal Estates System on February 1, 2013, and is installing several capital improvements to bring the Royal Estates System into compliance with federal and state regulations. The Petitioners also represent that the Trustee in Liquidation has notified the Royal Estates System's customers of the Proposed Transaction and all of the customers have approved the proposed Transaction.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

[1] Va. Code § 56-88 *et seq.*

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-89 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction.

(2) The Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall include the date the Proposed Transaction was completed.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00095
NOVEMBER 18, 2013

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,
ANGD, LLC,
and
BLUEFIELD GAS COMPANY

For authority to enter into an affiliate agreement under Chapter 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On August 26, 2013, Appalachian Natural Gas Distribution Company ("Appalachian"), ANGD, LLC ("ANGD"), and Bluefield Gas Company ("Bluefield") (together, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to enter into an Income Tax Allocation Agreement Among Members of the ANGD, LLC Affiliated Group ("Tax Allocation Agreement"), under Chapter 4 of Title 56 of the Code of Virginia ("Code").[1]

Appalachian is a Virginia public service corporation that provides natural gas distribution service to customers in the Counties of Russell, Dickenson, Buchanan, Wise, and Tazewell, and the Town of Bluefield, Virginia. Bluefield is a West Virginia public service corporation that provides natural gas service in and around the City of Bluefield and Mercer County in West Virginia. Appalachian and Bluefield are wholly owned subsidiaries of ANGD.

The Tax Allocation Agreement formally details the methodology that the Applicants will use to allocate the consolidated returns' tax liabilities and tax benefits to the tax group members: Appalachian, ANGD, and Bluefield. The terms and conditions of the Tax Allocation Agreement state that ANGD will file a consolidated federal income tax return incorporating the results of operations of Appalachian and Bluefield. The terms and conditions further state that ANGD will file a consolidated Virginia state income tax return that incorporates the results of Appalachian and a West Virginia income tax return reflecting the results of operations of Bluefield. The Tax Allocation Agreement states that income tax expenses and liabilities will be calculated based on an individual company basis.

The Applicants represent that any Net Operating Loss ("NOL") deductions on an individual company basis that benefit the consolidating income tax return of ANGD will be paid to the company generating such NOL. The Tax Allocation Agreement also states that in the event that an Alternative Minimum Tax ("AMT") liability is created, only the companies generating the AMT will share in the AMT, and subsequent AMT credits will be utilized proportionately by those members.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicants, the applicable law, and having been advised by its Staff, is of the opinion and finds that the Tax Allocation Agreement is in the public interest and should be approved subject to the requirement outlined below.

For the purpose of clarity, we direct the Applicants to restate certain paragraphs as follows on page 2 of the Tax Allocation Agreement in order to clearly reflect ANGD's tax return and tax allocation methodology:

> (1) ANGD will file a consolidated federal income tax return that incorporates the results of operations of Appalachian and Bluefield. ANGD will also file: (1) a consolidated Virginia state income tax return; and (2) a combined West Virginia state income tax return; both of which will include the operating results of ANGD, Appalachian, and Bluefield.
>
> (2) Federal and State income tax expenses and liabilities will be calculated based on an individual company, separate return basis.

[1] Va. Code § 56-76 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Tax Allocation Agreement subject to the requirements set forth herein.

(2) The approval granted herein shall have no ratemaking implications. In particular, the approval granted in this case should not guarantee the recovery of any costs or gains directly or indirectly related to the Tax Allocation Agreement.

(3) The Commission reserves the right to reflect ratemaking adjustments to Appalachian's income taxes in the course of any Commission review and analysis of Appalachian's cost of service in the future.

(4) Commission approval shall be required for any changes in the terms and conditions of the Tax Allocation Agreement.

(5) Appalachian shall include the transactions associated with the Tax Allocation Agreement approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") by May 1 of each year, which deadline may be extended administratively by the UAF Director.

(6) Appalachian shall prepare an annual detailed reconciliation of any differences between its allocation of actual federal and state tax liabilities and what such liabilities are on a separate return basis. Beginning May 1, 2014, this reconciliation shall be included with Appalachian's ARAT submitted to the UAF Director each year. If there are no differences between Appalachian's allocated and separate return tax liabilities, then Appalachian shall prepare a verified legal representation to that effect to be included as an addendum to its ARAT each year.

(7) In the event that rate filings are not based on a calendar year, then Appalachian shall include the affiliate information contained in its ARAT in such filings.

(8) 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.

(9) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(10) The Applicants shall file with the Commission a signed and executed copy of the Tax Allocation Agreement approved herein within ninety (90) days of the date of the Order in this case.

CASE NO. PUE-2013-00096
NOVEMBER 25, 2013

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE,
Petitioner,
v.
CHRISTINA M. PEACOE,
Respondent.

FINAL ORDER

On September 3, 2013, Shenandoah Valley Electric Cooperative ("SVEC" or "Petitioner") filed a petition with the State Corporation Commission ("Commission") concerning a Serious Medical Condition Form submitted to SVEC by Christina M. Peacoe ("Respondent") pursuant to 20 VAC 5-330-10 *et seq., Limitations on disconnection of electric and water service* ("Petition").

By order dated September 18, 2013, the Commission, among other things, docketed the case, assigned the matter to a Hearing Examiner, and directed the Respondent to file an answer or other responsive pleading within 21 days of the date of the order.

On October 9, 2013, SVEC, by counsel, filed a Motion for Nonsuit ("Motion"). In the Motion, SVEC represented that the Respondent no longer resides at the property and therefore the Petition is now moot. Also on October 9, 2013, the Hearing Examiner issued a Report granting SVEC's Motion and recommending that the Commission enter an order that adopts the findings in his Report, grants the Petitioner's Motion, and dismisses the case.

NOW THE COMMISSION, upon consideration of the matter, finds that it should adopt the Hearing Examiner's Report, grant the Petitioner's Motion, and dismiss this matter.

Accordingly, IT IS ORDERED THAT:

(1) The findings in the Hearing Examiner's Report hereby are adopted.

(2) The Petitioner's Motion for Nonsuit is granted.

(3) This matter is DISMISSED.

CASE NO. PUE-2013-00099
DECEMBER 9, 2013

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to revise its SAVE Rider for calendar year 2014

FINAL ORDER

On September 10, 2013, Washington Gas Light Company ("WGL" or "Company") completed an application ("Application") with the State Corporation Commission ("Commission") requesting approval to revise its SAVE Rider for calendar year 2014 pursuant to (i) § 56-603 *et seq.* of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy Plan ("SAVE") Act, (ii) 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, and (iii) the Commission's April 21, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2010-00087.[1] In its Application, the Company stated that the SAVE Rider for 2014 would consist of two factors computed for each customer class: (1) a current factor ("Current Factor") based on the Company's projected SAVE Plan program expenditures approved in Case No. PUE-2012-00096, and (2) a reconciliation factor ("Reconciliation Factor") computed in accordance with § 56-604 E of the SAVE Act.[2] The Company stated that the Current Factor would be reduced by the Reconciliation Factor proposed in the present Application to reflect the over-recovery of SAVE Plan costs for the twelve-month period ending April 30, 2013.[3]

On September 19, 2013, the Commission entered an Order for Notice and Comment in this matter, which, among other things, provided an opportunity for the filing of comments and hearing requests by interested persons; required the Staff of the Commission ("Staff") to investigate the Application and file a Staff report ("Report"); and permitted the filing of a Company response to the Staff Report. No comments or hearing requests were filed in this matter.

The Staff Report in this proceeding was filed on November 8, 2013. In its Report, the Staff recommended revisions to the Company's proposed Current Factor that together reduce the Current Factor revenue requirement proposed by the Company by $231,994.[4] Staff reduced the Company's December 2013 plant balance by $3,010,036 to exclude non-eligible costs. Staff explains that the Company included historic investment related to SAVE programs which were newly approved in WGL's SAVE Amendment application of Case No. PUE-2012-00096. Specifically, these programs relate to replacement of copper services ("SAVE Program Number 5"), replacement of black plastic services ("SAVE Program Number 6") and replacement of cast iron mains ("SAVE Program Number 7"). These programs were approved in the Commission's November 15, 2012 Order Approving Amended SAVE Plan. The Company retroactively included investment for SAVE Plan Programs 5, 6 and 7 back to at least October 2011, but Staff included only costs for these programs commencing with the Amended Plan, which took effect on January 1, 2013.[5]

Staff accepted the Company's corrected levels of actual costs proposed in Case No. PUE-2012-00105, but recommends that in future applications, the Company be required to make all efforts to ensure that its proposed SAVE – eligible investment is being properly accounted for and complete and accurate the first time.[6]

In addition, Staff states that the Commission determined in Case No. PUE-2010-00087 that retirements of plant should be netted with SAVE investment in developing the SAVE Rider. The accounting entry for recording a plant retirement is a reduction to accumulated depreciation and a reduction to plant in service, both in the amount of the original cost of the retired plant. According to Staff, the Company appears to have incorporated the reduction to accumulated depreciation, but not the credit, in its calculation of the return on SAVE Plan investments.

Staff proposed a Reconciliation Factor decrement of $544,911, which results in a greater reduction of the Current Factor than the $178,755 decrement proposed by the Company.[7] Staff states that the difference results from two corrections that each reduce net plant investment. First, Staff states that the Company appears to have incorporated the reduction to accumulated depreciation, but not the credit, in its calculation of the return on SAVE Plan investments. Second, as it did in the Current Factor, Staff excluded from net plant investment certain historic costs related to SAVE Plan Programs 5, 6 and 7.

The Staff's revisions to the Current and Reconciliation Factors result in a combined revenue requirement of $8,186,664 for the 2014 SAVE Rider.[8] With regard to rate class allocations, the Staff stated that it is unopposed to WGL's proposed allocation for the 2014 Current and Reconciliation

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[1] *Application of Washington Gas Light Company, For approval of a SAVE plan and rider as provided by Va. Code § 56-604*, Case No. PUE-2010-00087, 2011 S.C.C. Ann. Rept. 345, Order Approving SAVE Plan and Rider (Apr. 21, 2011).

[2] Application at 1.

[3] Application at 7-8. The Company indicates that for the period ending April 30, 2013, it undercollected from interruptible and commercial & industrial customers, and overcollected from residential and GMA customer classes. Therefore, although the Reconciliation Factor reduces the overall Current Factor, the Reconciliation Factors will be added to (interruptible and commercial & industrial customers) or subtracted from (residential and GMA customers) the Current Factors for the various customer classes to arrive at the rates to be billed through the SAVE Rider for calendar year 2014.

[4] Staff Report at 4.

[5] *Id.* at 5.

[6] *Id.* at 6.

[7] *Id.* at 7-8.

[8] *Id.* at 10.

Factors.[9] Finally, the Staff recommended that should the Commission adjust the Company's proposed revenue requirement, the currently proposed allocation factors should remain in place.[10]

On November 15, 2013, the Company filed its Comments on the Staff Report ("Comments"). The Company disagreed with several of Staff's recommendations. The Company states that its inclusion of historic costs related to SAVE Plan Programs 5, 6 and 7 is consistent with the SAVE Act, which contemplates recovery for replacement projects that began prior to implementation of the statute and, therefore, prior to the filing of an application thereunder.[11] Consequently, the Company proposes that such costs be included in calculation of both the Current and Reconciliation Factors. The Company also stated that, contrary to Staff's analysis, it did include a debit to accumulated depreciation and a credit to plant in service for retirements in its calculation of the Current Factor.[12] However, the Company agreed with Staff that its calculation of the Reconciliation Factor includes a debit to accumulated depreciation, but does not include a credit to plant in service.[13]

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's 2014 Current and Reconciliation SAVE Factors and resulting 2014 SAVE Rider proposed in its Application, as modified herein, should be approved. With regard to the historic costs related to SAVE Plan Programs 5, 6 and 7, we agree with Staff. While the SAVE Act itself does contemplate recovery of certain projects begun prior to implementation of the statute, our Order in Case No. PUE-2012-00096 approved SAVE Plan Programs 5, 6 and 7 commencing with Calendar Year 2013, and thus inclusion of costs prior to January 1, 2013 is inappropriate. With regard to the required credit to plant in service for retirements, we agree with the Company that this credit has been included in the calculation of the Current Factor, and thus no adjustment to the Current Factor to account for retirements is necessary. Staff's correction to the Reconciliation Factor is appropriate, as the Company failed to include the appropriate credit to plant in service.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2014 Current and Reconciliation SAVE Factors and resulting 2014 SAVE Rider, as modified herein, are approved. Rates consistent with this Order shall be effective from January 1, 2014 through December 31, 2014.

(2) Within thirty (30) days of the date of this Order, the Company shall file with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance, revised rate schedules and terms and conditions of service for the 2014 Current Factor and Reconciliation SAVE Factors, along with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Upon request of Staff, the Company shall provide information related to the specific filings required pursuant to § 56-604 E of the Code at least thirty (30) days prior to such filing deadlines.

(4) The Company shall implement the accounting controls proposed by Staff to better categorize SAVE – eligible costs when first recorded, in order to limit adjustments to actual investment amounts in future applications.

(5) This case is dismissed.

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[9] *Id.* at 11.

[10] *Id.*

[11] Comments at 3.

[12] *Id.* at 4.

[13] *Id.* at 5.

CASE NO. PUE-2013-00101
NOVEMBER 25, 2013

APPLICATION OF
5LINX ENTERPRISES, INC.

For a license to conduct business as an aggregator for natural gas service

ORDER GRANTING LICENSE

On September 6, 2013, 5Linx Enterprises, Inc. ("5Linx" or the "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia ("Code") for a license to conduct business as an aggregator for natural gas service ("Application"). In its Application, the Company seeks authority to serve residential customers and commercial customers in the service territories of Columbia Gas of Virginia, Inc. ("Columbia Gas"), and Washington Gas Light Company ("WGL"). The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"), 20 VAC 5-312-10 *et seq.*

On September 12, 2013, the Commission issued an Order for Notice and Comment ("Scheduling Order") which, among other things, docketed the Application; directed the Company to serve, on or before September 18, 2013, the Scheduling Order on appropriate persons; permitted interested persons to file comments on the Application; and directed the Commission Staff to analyze the reasonableness of the Application and present its findings in a report ("Staff Report").

On October 4, 2013, counsel for 5Linx filed a motion ("Motion") notifying the Commission that service of the Scheduling Order on persons identified therein did not occur until October 2, 2013, and, for that reason, requested a 14-day extension of the remaining procedural schedule dates established in the Scheduling Order. On October 4, 2013, the Commission issued an order granting 5Linx's Motion. In doing so, the Commission found that, due to the circumstances of this case and the extension of the procedural schedule, it could not determine whether 5Linx is a qualified applicant within the 45-day period provided by § 56-235.8 F 1 of the Code.[1]

On October 18, 2013, WGL filed comments on the Company's Application. In its comments, WGL requested that the Commission require 5Linx to: (i) clarify the nature and scope of the marketing activities it proposes to undertake for its affiliate in WGL's Virginia service territory; (ii) clarify whether the entity for which the Application indicates 5Linx will be marketing natural gas products in Virginia, "Xoom Energy, LLC," is the same entity that was recently granted a license to conduct business as a competitive service provider ("CSP") in Virginia;[2] and (iii) confirm that the activities 5Linx proposes to provide as an aggregator will meet the requirements of 20 VAC 5-311-40.

On October 23, 2013, the Staff filed its Staff Report, which summarized 5Linx's proposal and evaluated the Company's fitness to conduct business as an aggregator for natural gas service. The Staff Report also summarized WGL's comments. The Staff concluded that 5Linx meets the financial and technical requirements in the Retail Access Rules to qualify for a license as a natural gas aggregator. Staff recommended that the Commission grant 5Linx a license to conduct business as an aggregator of natural gas service to residential and commercial customers in the Virginia service territories of Columbia Gas and WGL.

On November 4, 2013, 5Linx filed comments to the Staff Report and the comments filed by WGL. In its comments, 5Linx: (i) further clarified the nature and scope of its marketing activities for natural gas aggregation service in Virginia; (ii) clarified that it would be marketing natural gas service for Xoom Energy Virginia, LLC, which is licensed to do business as a CSP in Virginia;[3] and (iii) confirmed that it would abide by the requirements of 20 VAC 5-311-40, as applicable.

On November 13, 2013, 5Linx filed a motion ("Motion to Amend") seeking to convert its Application to a request for an aggregator license under the Retail Access Rules. Although 5Linx initially sought an aggregator license pursuant to 20 VAC 5-311-10 *et seq.* ("Chapter 311"), the Motion to Amend indicates that 5Linx has been advised that the interim rules contained in Chapter 311 have been replaced by the Retail Access Rules. In support of its Motion to Amend, 5Linx asserts that the requirements for a license under Chapters 311 and the Retail Access Rules are virtually identical but for one document, dispute resolutions procedures, which 5Linx attached to its Motion to Amend. 5Linx indicates that the dispute resolution procedures were previously provided to, and reviewed by, Staff during this proceeding and therefore no further Staff review is necessary. No responses were filed to the Motion.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that 5Linx meets the requirements for a license to conduct business as an aggregator for natural gas and that such license should be granted pursuant to the Retail Access Rules. Additionally, we find that the clarifications requested by WGL have been sufficiently addressed by 5Linx and Staff.

Accordingly, IT IS ORDERED THAT:

(1) 5Linx's Motion to Amend is granted.

(2) 5Linx hereby is granted License No. A-35 to conduct business as an aggregator for natural gas to residential and commercial customers in the Virginia service territories of Columbia Gas and WGL. This license is granted subject to the provisions of § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(3) This license is 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.

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[1] Order Granting Request for Extension of Procedural Schedule at 2.

[2] WGL's Comments at 1, 3 (citing *Application of Xoom Energy Virginia, LLC, for a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00073, Doc. Con. Cent. No. 130820111, Order Granting License (Aug. 14, 2013)).

[3] 5Linx also indicated that its agreement with Xoom Energy Virginia, LLC, is non-exclusive and that 5Linx may, in the future, contract with additional CSPs in Virginia. 5Linx's Comments at 1.

CASE NO. PUE-2013-00102
NOVEMBER 20, 2013

APPLICATION OF
AMBIT NORTHEAST, LLC d/b/a AMBIT ENERGY

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On September 17, 2013, Ambit Midwest, LLC d/b/a Ambit Energy ("Ambit Midwest"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia ("Code") for a license to conduct business as a competitive service provider for natural gas ("Application"). On September 24, 2013, the Commission issued an Order for Notice and Comment that, among other things, set forth the

procedural schedule for this matter. On October 11, 2013, Ambit Midwest filed a motion to modify its Application ("Motion"), substituting Ambit Northeast, LLC, d/b/a Ambit Energy ("Ambit Northeast" or "Company") as the competitive service provider for natural gas and also seeking to serve residential and small commercial customers in the service territory of Columbia Gas of Virginia, Inc. ("CGV"), in addition to those in the service territory of Washington Gas Light Company ("WGL").[1] The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On October 17, 2013, the Commission issued an Order Modifying Procedural Schedule ("Order") which, among other things, granted Ambit Northwest's Motion, required Ambit Northeast to provide notice of the Application to CGV and WGL, permitted interested persons to file comments on the Application, and required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report"). On October 25, 2013, the Company filed proof of service as the Order required. No one filed comments on the Application.

On November 1, 2013, the Staff filed its Staff Report which summarized Ambit Northeast's proposal and evaluated the Company's fitness to conduct business as a competitive service provider for natural gas service. The Staff concluded that Ambit Northeast meets the technical requirements in the Retail Access Rules to qualify for a license as a competitive service provider. However, Staff found the need for an additional form of financial security in the amount of $25,000 in order for the Company to meet the financial requirements in the Retail Access Rules. Staff recommended that the Commission grant Ambit Northeast a license to conduct business as a competitive service provider for natural gas service to residential and small commercial customers in the service territories of CGV and WGL upon proof of an acceptable means of financial security in the amount of $25,000. Staff further recommended that Ambit Northeast maintain such financial security in good standing as a condition of approval and that the Commission evaluate the adequacy of the Company's level of financial security at the time of its license renewal. No one filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Ambit Northeast meets the requirements for a license to conduct business as a competitive service provider for natural gas upon proof of an acceptable means of financial security in the amount of $25,000, and the Commission's further evaluation of the adequacy of the Company's financial security at the time of its license renewal, and that such license should be granted, subject to the conditions set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Ambit Northeast hereby is granted License No. G-39 to conduct business as a competitive service provider for natural gas to residential and small commercial customers in the service territories of CGV and WGL subject to Ambit Northeast providing the required financial security of $25,000 in a form prescribed by Staff in the Staff Report. This license is granted subject to the provisions of § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(2) Staff shall review the Company's financial fitness at the time of its license renewal.

(3) This license is 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] In its initial Application, Ambit Northwest requested to serve customers only in the service territory of Washington Gas Light Company.

CASE NO. PUE-2013-00103
DECEMBER 16, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY, *et al*.

For approvals pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Va. Code §§ 56-76 *et seq.*

ORDER GRANTING APPROVAL

On September 17, 2013, Appalachian Power Company ("APCo") and eight of its affiliates (collectively, the "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of ten assignments, amendments, and agreements ("Transactions") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1]

APCo is a Virginia public service corporation that generates, transmits, and distributes electric power to approximately 960,000 retail customers in southwestern Virginia and southern West Virginia. APCo's co-Applicants include: American Electric Power Service Corporation ("AEPSC"), AEP Generating Company ("AEPGCo"), AEP Generation Resources Inc. ("Generation Resources"), Indiana Michigan Power Company ("I&M"), Kentucky Power Company ("KPCo"), Ohio Power Company ("OPCo"), Public Service Company of Oklahoma ("PSO"), and Southwestern Electric Power Company ("SWEPCO"). The Applicants are all subsidiaries of American Electric Power Company, Inc. ("AEP").

In 2012, the Public Utilities Commission of Ohio approved OPCo's plan to transfer its electric generation assets to certain AEP affiliates, effective December 31, 2013. As a result, APCo determined that several of its affiliate agreements needed to be revised to reflect the transfers. Therefore, the Applicants request approval of the following Transactions: (1) a Sporn Plant Operating Agreement between APCo, Generation Resources, and AEPSC ("Sporn Agreement"); (2) an Assignment of the Central Machine Shop Agreement between APCo and OPCo to Generation Resources ("CMS Assignment"); (3) an Assignment of the Gypsum and Purge Stream Waste Disposal Agreement between APCo and OPCo to KPCo ("Gypsum Assignment"); (4) a Urea Handling Agreement between I&M, APCo, and KPCo ("Urea Agreement"); (5) a Cook Coal Transfer Agreement between AEPGCo, APCo, I&M, KPCo,

[1] Va. Code § 56-76 *et seq*. ("Affiliates Act").

and OPCo ("Cook Agreement"); (6) a Rail Car Maintenance Agreement between AEPGCo, APCo, I&M, KPCo, OPCo, PSO, and SWEPCO ("RCM Agreement"); (7) an Amendment No. 1 to Barge Transportation Agreement between I&M, APCo, AEPGCo, KPCo, and OPCo ("Barge Amendment"); (8) an Affiliated Transactions Agreement for Sharing Capitalized Spare Parts between AEPSC, APCo, AEPGCo, Generation Resources, I&M, and KPCo ("Capitalized Spare Parts Agreement"); (9) an Affiliated Transactions Agreement for Sharing Materials and Supplies between AEPSC, APCo, AEPGCo, Generation Resources, I&M, KPCo, and OPCo ("M&S Agreement"); and (10) an Amendment No. 2 to AEP System Rail Car Use Agreement between APCo, I&M, KPCo, OPCo, PSO, and SWEPCO ("RCU Amendment 2").

The proposed Transactions can be divided into three categories. First, APCo will provide services to affiliates under the Sporn Agreement, the CMS Assignment, and the Gypsum Assignment. Second, APCo will receive services from affiliates under the Urea Agreement, the Cook Agreement, the RCM Agreement, and the Barge Amendment. Third, APCo will share assets with affiliates under the Capitalized Spare Parts Agreement, the M&S Agreement, and the RCU Amendment 2. Several of the proposed Transactions have underlying agreements and amendments ("Underlying Transactions"), which were not presented for approval.[2]

The Applicants represent that the proposed Transactions are in the public interest because they generally involve services or arrangements that have been in place for many years. The Applicants further represent that the proposed Transactions enhance APCo's ability to provide service to its customers at just and reasonable rates by sharing or minimizing costs.

NOW THE COMMISSION, upon consideration of the Application, the response of the Applicants, and the applicable law, and having been advised by its Staff, is of the opinion and finds that the proposed Transactions are in the public interest and should be approved subject to certain requirements outlined below. Furthermore, because the Underlying Transactions are inextricably linked to the proposed Transactions, we find it necessary to exercise our continuing supervisory authority pursuant to § 56-80 of the Code to make the Underlying Transactions subject to the same requirements set forth herein for the Transactions. Finally, we emphasize the importance of regulated utilities taking steps to ensure compliance with the prior approval requirement of the Affiliates Act for all affiliate transactions.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Transactions subject to the requirements set forth herein.

(2) (i) The Gypsum Assignment and the Gypsum Agreement shall be approved from the date of the Mitchell Plant transfer through the end of 2014.[3] (ii) The Sporn Agreement shall be approved from the date of the Sporn Plant transfer through June 1, 2016. (iii) The CMS Assignment and the CMS Agreement; the Urea Agreement; the Cook Agreement; the RCM Agreement; the Barge Amendment[4] and the Barge Agreement; the Capitalized Spare Parts Agreement; the M&S Agreement and the Other M&S Agreement; and the RCU Agreement, RCU Amendment 1, and RCU Amendment 2 shall be approved for five years from the date of this Order.

(3) (i) Transactions under the Sporn Agreement, the Gypsum Assignment and Gypsum Agreement, Urea Agreement, Cook Agreement, RCM Agreement, the Barge Amendment and Barge Agreement, and the RCU Amendment 2, RCU Amendment 1, and the RCU Agreement shall be priced at cost. (ii) Central Machine Shop, Capitalized Spare Parts, and Materials & Supplies transactions between APCo and its regulated affiliates shall be priced at cost. (iii) Central Machine Shop services provided to unregulated affiliates shall be priced at cost. (iv) Capitalized Spare Part sales by APCo to unregulated affiliates shall be priced at cost, and Capitalized Spare Part purchases by APCo from unregulated affiliates shall be priced at cost. (v) Materials & Supplies sales by APCo to unregulated affiliates shall be priced at the higher of cost or market, and Materials & Supplies purchases by APCo from unregulated affiliates shall be priced at the lower of cost or market. APCo shall maintain market data on services provided or parts or materials sold to unregulated affiliates and provide such data to Staff upon request.

(4) The CMS Agreement approved herein shall be limited to the nine affiliated CMS customers and the 21 CMS services specifically identified by the Applicants. If the Applicants subsequently wish to add new affiliated CMS customers or a new CMS service, separate approval shall be required.

(5) Section 1 (iv), the "other services" clause, shall be removed from the Urea Agreement and Cook Agreement approved herein.

(6) Section 1.3 of the Sporn Agreement allowing APCo and Generation Resources to establish joint bank accounts shall be removed from the Sporn Agreement approved herein.

(7) The approval granted herein shall exclude, with the exception of AEPSC, any affiliated third party provision of service. Such an arrangement shall require separate approval.

(8) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of, or ratemaking treatment provided for, any costs or gains directly or indirectly related to any of the affiliate transactions approved in this case.

(9) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of any of the Transactions approved in this case, including successors and assigns.

(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.

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[2] The five Underlying Transactions are: (1) a Central Machine Shop Agreement ("CMS Agreement"); (2) a Gypsum and Purge Stream Waste Disposal Agreement ("Gypsum Agreement"); (3) a Barge Transportation Agreement ("Barge Agreement"); (4) an AEP System Rail Car Use Agreement ("RCU Agreement"); and (5) an Amendment No. 1 to AEP System Rail Car Use Agreement ("RCU Amendment 1").

[3] Our approval of this assignment extends to KPCo and any successor to OPCo's interest in the Mitchell generation facility.

[4] Similarly, our approval of this amendment extends to any successor to OPCo's interest in the Mitchell generation facility.

(11) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(12) APCo shall include all transactions associated with the Transactions approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Directior of Utility Accounting and Finance ("UAF Director") by May 1 of each year, which deadline may be extended administratively by the UAF Director. For the Sporn Agreement, APCo shall provide annual fuel purchases (in $, tons, and $/ton) by generating unit and owner; annual expenditures (expense & capital) by generating unit and owner; and annual dispatch and outage data by generating unit and owner.

(13) In the event that rate filings are not based on a calendar year, then APCo shall include the affiliate information contained in its ARAT in such filings.

(14) APCo shall file a signed and executed copy of each Transaction approved in this case within ninety (90) days of the entry of the Order Granting Approval.

(15) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUE-2013-00105
NOVEMBER 27, 2013

JOINT PETITION OF
GREEN VALLEY HYDRO, LLC
and
PE HYDRO GENERATION, LLC

For approval of the transfer of generating facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utilities Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER GRANTING APPROVAL

On September 19, 2013, Green Valley Hydro, LLC ("Green Valley"), and PE Hydro Generation, LLC ("PE Hydro") (collectively, "Joint Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission") seeking approval for the disposition by Green Valley and the acquisition by PE Hydro of four hydro facilities, including associated transmission and interconnection facilities and real estate, located in Virginia (the "Hydro Facilities") pursuant to the Utility Transfers Act.[1] PE Hydro also requested that the Commission issue a certificate of public convenience and necessity authorizing the acquisition and operation of the Hydro Facilities by PE Hydro pursuant to the Utility Facilities Act.[2] Coincident with the Petition, the Joint Petitioners filed a Motion for a Protective Order ("Motion") seeking "specific procedures to govern the production and use of confidential information in this proceeding."[3]

According to the Petition, Green Valley proposes to sell to PE Hydro the Hydro Facilities as described below:

A. The ***Warren Hydroelectric Project***, a 0.8 megawatt [("MW")] project that is located on the Shenandoah River in Warren County, Virginia about 3.5 miles east of U.S. Route 522/340 and Cedarville, Virginia, and 8.7 miles northeast of Front Royal, Virginia, including associated transmission and interconnection facilities and real estate;

B. The ***Shenandoah Hydroelectric Project***, a 0.9 MW project that is located on the south fork of the Shenandoah River in Shenandoah, Page County, Virginia adjacent to the Route 502 bridge across the Shenandoah River, including associated transmission and interconnection facilities and real estate;

C. The ***Luray Project***, a 1.6 MW project, [that] is located on the south fork of the Shenandoah River in Page County, Virginia, about 2.3 miles north-northwest of the town of Luray, Virginia, including associated transmission and interconnection facilities and real estate; and

D. The ***Newport Project***, a 1.4 MW project that is also located on the south fork of the Shenandoah River in Page County, Virginia, 0.75 miles south of Newport and 4.5 miles west of Stanley, Virginia, including associated transmission and interconnection facilities and real estate.[4]

The Joint Petitioners state that "[t]he Hydro Facilities do not serve any Virginia customers directly, as Green Valley's affiliate FirstEnergy Solutions bids and dispatches the Hydro Facilities into the energy markets of PJM Interconnection, LLC."[5] The Joint Petitioners further state that "[u]nder

[1] Sections 56-88 *et seq*. of the Code of Virginia ("Code").

[2] Va. Code §§ 56-265.1 *et seq*.

[3] Motion at 1.

[4] Petition at 2-3.

[5] *Id*. at 3-4.

the control of PE Hydro, the Hydro Facilities will continue to contribute wholesale energy to the Mid-Atlantic grid that is generated safely, reliably and from renewable resources."[6] According to the Joint Petitioners, "[t]he costs of the Hydro Facilities are not included in the base rates of any utilities whose rates are regulated by the Commission, and accordingly the acquisition and operation by PE Hydro has no foreseeable impact on Virginia retail rates."[7]

On October 10, 2013, the Commission entered an Order for Notice and Comment in this proceeding which, among other things, docketed the matter; provided interested persons an opportunity to submit comments or request a hearing on the Petition; directed the Commission Staff ("Staff") to analyze the reasonableness of the Petition and file a report presenting its findings ("Staff Report"); and provided the Joint Petitioners an opportunity to respond to the Staff Report and any written comments filed with the Commission. No comments or requests for a hearing were filed in this matter.

On November 13, 2013, Staff filed its Staff Report. The Staff concluded that adequate service at just and reasonable rates should not be impaired by the proposed transfer and recommended that the transfer be approved and that the Commission issue PE Hydro certificates of public convenience and necessity for owning and operating the Hydro Facilities pursuant to the Utility Facilities Act. The Staff further recommended that the Joint Petitioners be directed to file a report of action with the Commission within thirty (30) days of completing the proposed transfer.

On November 20, 2013, the Joint Petitioners filed a letter with the Commission noting that no comments or requests for hearing were filed in this proceeding and indicating that they would not file any response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted. We further find that PE Hydro should be issued certificates of public convenience and necessity for to acquire and to operate the Hydro Facilities. We find that the issuance of such certificates: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth; (ii) will have no material adverse effect upon reliability of electric service provided by any such regulated public utility; and (iii) is not otherwise contrary to the public interest. Once the appropriate United States Geological Survey ("USGS") maps are filed with the Division of Energy Regulation, the certificates authorized herein should be issued to PE Hydro.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Joint Petitioners are granted approval of the transfer of the Hydro Facilities, as described herein.

(2) The Commission, having found that the public convenience and necessity require the acquisition and operation by PE Hydro of the Hydro Facilities, hereby grants PE Hydro certificates therefore, pursuant to the Utility Facilities Act.

(3) Upon filing the appropriate USGS topographical maps detailing the location of the Hydro Facilities with the Division of Energy Regulation, the Division of Energy Regulation shall issue certificates of public convenience and necessity to PE Hydro to acquire and operate the Hydro Facilities.

(4) The Joint Petitioners shall file within thirty (30) days of closing of the transfer of the Hydro Facilities, a report of action ("Report") with the Commission. The Report shall include the date that the closing of the transaction occurred.

(5) The authority granted herein shall not be deemed to include any authorizations other than the authority to dispose of and acquire the Hydro Facilities pursuant to the Transfers Act and the granting of certificates to acquire and operate the Hydro Facilities pursuant to the Utility Facilities Act.

(6) This case is dismissed from the Commission's active docket, and the papers filed herein shall be place in the Commission's file for ended causes.

[6] *Id*. at 4.

[7] *Id*. at 6.

CASE NO. PUE-2013-00109
DECEMBER 19, 2013

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an FTS Service Agreement with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On October 1, 2013, Columbia Gas of Virginia, Inc. ("CGV"), filed an application ("Application") with the State Corporation Commission ("Commission") seeking approval of a Firm Transportation Service Agreement ("FTS Agreement") dated August 23, 2013, with Columbia Gas Transmission, LLC ("TCO"), pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").[1]

CGV is a Virginia public service corporation and natural gas local distribution company, which serves approximately 250,000 residential, commercial, and industrial customers in Virginia. CGV is a subsidiary of NiSource, Inc. ("NiSource").

[1] Va. Code § 56-76 *et seq*.

TCO is an interstate natural gas pipeline company whose services and operations, including its rates and charges, are regulated by the Federal Energy Regulatory Commission ("FERC"). Like CGV, TCO is a wholly owned subsidiary of NiSource.

CGV and TCO are considered affiliated interests under § 56-76 of the Code. In a 1996 Order ("1996 Order"),[2] the Commission approved CGV's Policy for Executing Revised or New Transportation Agreements with Affiliates, which permitted CGV to enter into supply-related arrangements with TCO prior to Commission approval with the understanding that the specifics of the arrangements would be provided to the Commission after the agreements were executed. In a 2004 Order,[3] the Commission modified its 1996 Order to require CGV to provide notice to the Commission's Division of Public Utility Accounting[4] as soon as such a gas-supply agreement became effective and to file for Affiliates Act approval within forty-five (45) days of the agreement's execution. CGV complied with both of these provisions in the filing of this Application.

The proposed FTS Agreement provides for CGV's acquisition of 15,000 dekatherms per day ("Dth/day") of capacity from TCO. The FTS Agreement has a term of approximately 13 years, beginning on September 1, 2013, and terminating on April 30, 2026. CGV will receive service under TCO's effective FTS Rate Schedule and applicable General Terms and Conditions of TCO's Gas Tariff, both subject to FERC regulation.

The capacity has a point of receipt at Emporia, Virginia, and a point of delivery on TCO's Hopewell lateral. CGV will use the capacity to serve Columbia Transmission Market Area 33, which includes Richmond, Hopewell, and Chesterfield County, Virginia, and other nearby communities. The Applicant represents that the Hopewell lateral is located in one of the most capacity constrained portions of CGV's service territory, and that this service area is capacity deficient on a design peak day. In response to a Staff data request, the Applicant states that it currently relies on interruptible capacity to serve this deficiency. CGV further states that it has not experienced design day weather in recent years and, therefore, has not had to test the reliability of interruptible capacity. CGV represents that had design day weather occurred, it is likely that the interruptible capacity would not have been available and CGV would have had to curtail service to firm customers along the Hopewell lateral. CGV represents that the additional capacity sought in this case will provide it with sufficient firm capacity rights on the Hopewell lateral to avoid a potential curtailment.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed FTS Agreement is in the public interest and should be approved. To protect the public interest, the approval granted herein will not have any ratemaking implications or guarantee the recovery of any costs directly or indirectly related to the proposed FTS Agreement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, CGV is granted approval of the proposed FTS Agreement as described and set forth herein.

(2) Commission approval shall be required for any change in the terms and conditions of the Agreement, including successors or assigns.

(3) The approval granted in this case shall have no ratemaking implications. Specifically, the approval granted herein shall not guarantee the recovery of any costs directly or indirectly related to the FTS Agreement.

(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 the Commission.

(5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(6) CGV shall include all transactions associated with the approved Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of the Commission's Division of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline may be extended administratively by the UAF Director.

(7) In the event that CGV's annual informational filings or general or expedited rate case filings are not based on a calendar year, then CGV shall include the affiliate information contained in its ARAT in such filings.

(8) There appearing nothing further to be done, this case is 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.

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[2] *Application of Commonwealth Gas Services, Inc., For approval of agreements with affiliates*, Case No. PUA-1995-00025, 1996 S.C.C. Ann. Rept. 118, Order Granting Approval (July 18, 1996).

[3] *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, 2004 S.C.C. Ann. Rept. 432, Order Granting Approval (Apr. 13, 2004).

[4] The Division of Public Utility Accounting is now known as the Division of Utility Accounting and Finance.

CASE NO. PUE-2013-00115
DECEMBER 5, 2013

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On October 17, 2013, Appalachian Power Company ("APCo") filed an Application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to issue long-term debt securities. With respect to such long-term debt securities, APCo also requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements. Furthermore, APCo requests authority to use interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMAs"). APCo has paid the requisite fee of $250.

APCo proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of $600,000,000 from time to time through December 31, 2014. The Notes may be issued in the form of Senior Notes, First Mortgage Bonds, 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 months and not more than 60 years. The interest rates may be fixed or variable. APCo intends to sell the Notes either (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. Underwriting costs for the Notes will not exceed 4.0% of the principal amount issued with other issuance costs estimated to amount to approximately $1,321,840. The proceeds from the issuance of the Notes may be used to redeem, directly or indirectly, long-term debt; to repay short-term debt; to repay APCo's treasury for expenditures incurred in connection with its construction program; and for other proper corporate purposes. A primary use of the proceeds will be to refund the $300 million principal amount of inter-company debt that will be assumed with APCo's authorized acquisition of the Ohio Power Company ("OPCo") interest in Amos Unit 3.[1]

APCo further proposes to assume obligations associated with tax-exempt bonds ("Bonds") issued by the West Virginia Economic Development Authority ("WVEDA") on behalf of APCo up to an aggregate principal amount of $290,375,000. Of that aggregate principal amount, $204,372,000 is intended for the purpose of refunding three outstanding series of WVEDA bonds with new WVEDA bonds ("Refunding Bonds") on or before December 31, 2014. The remaining $86,000,000 balance of the aggregate principal amount will be used to issue a new series of WVEDA bonds ("New Series Bonds") to redeem and retire the 3⅛% WVEDA bonds issued on behalf of OPCo for the Amos facility ("Amos Bonds") after the Amos Bonds become subject to mandatory tender on April 1, 2015. Consequently, APCo requests that the authority associated with the issuance of the New Series Bonds extend through July 1, 2015.

APCo requests additional authority 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 Bonds. Such hedging arrangements may include, but would not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Hedge Agreements"). All Hedge Agreements will correspond to the underlying amount of one or more of the Notes and Bonds. Therefore, the cumulative notional amount of the Hedge Agreements will not exceed $600,000,000 for underlying Notes and $290,375,000 for the underlying Bonds.

Finally, APCo requests a continuation of the authority, which was initially granted in Case No. PUE-2004-00123 and was last granted in Case No. PUE-2012-00125,[2] to use interest rate management techniques and enter into IRMAs through December 31, 2014. 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 amount that corresponds to an underlying fixed or variable rate obligation of APCo, whether existing or anticipated. APCo will only enter into 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, inclusive of pollution control revenue bonds.

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) APCo is hereby authorized under Chapter 3 to issue and sell up to an aggregate principal of $600,000,000 of Notes from time to time through December 31, 2014, for the purposes and under the terms and conditions set forth in the Application.

(2) APCo is hereby authorized under Chapter 3 to assume obligations associated with the issuance and sale of up to an aggregate principal of $290,375,000 of Bonds by the WVEDA on behalf of APCo from time to time through July 1, 2015, for the purposes and under the terms and conditions set forth in the Application.

(3) APCo is authorized to enter into Hedge Agreements for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed $600,000,000 of underlying Notes and $290,375,000 of underlying Bonds.

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[1] *Application of Appalachian Power Company, For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company*, Case No. PUE-2012-00141, Doc. Con. Cent. No. 130730256, Order (July 31, 2013).

[2] *Application of Appalachian Power Company, For authority to incur long-term debt*, Case No. PUE-2004-00123, 2004 S.C.C. Ann. Rept. 532, Order Granting Authority (Nov. 30, 2004); *Application of Appalachian Power Company, For authority to issue promissory notes*, Case No. PUE-2012-00125, 2012 S.C.C. Ann. Rept. 526, Order Granting Authority (Dec. 3, 2012).

(4) APCo is authorized to enter into IRMAs during the period January 1, 2014, through December 31, 2014, for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed 25% of APCo's total outstanding debt obligations.

(5) APCo shall not enter into any IRMA or Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.

(6) APCo shall file with 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.

(7) APCo shall file with the Clerk of the Commission, in this docket, a preliminary Report of Action within ten (10) days after it enters into any Hedge 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.

(8) Within sixty (60) days after the end of each calendar quarter in which any security is issued pursuant to this Order, APCo 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 APCo; an itemized list of expenses to date associated with each issue; a description of how the proceeds were used; an analysis demonstrating the cost savings from Notes used to refund existing debt; a list of all Hedging Agreements and IRMAs associated with the debt issued, and a balance sheet reflecting the actions taken.

(9) APCo's Final Report of Action shall be due on or before September 30, 2015, to include the information required in Ordering Paragraph (8) in a cumulative summary of actions taken during the period authorized.

(10) APCo shall submit a Report to the Commission's Division of Utility Accounting and Finance should its exercise of the authority granted herein contribute to a decline in APCo's bond rating below investment grade. Such Report shall be submitted within thirty (30) days of a decline below an investment grade bond rating from any rating agency and the Report shall outline APCo's plans and actions to restore an investment grade bond rating.

(11) Approval of the Application shall have no implications for ratemaking purposes.

(12) The authority granted herein shall not preclude the Commission from applying hereafter the provisions of § 56-78 or § 56-80 of the Code of Virginia.

(13) 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.

(14) This matter shall remain under the continued review, audit, and appropriate action of this Commission.

CASE NO. PUE-2013-00116
NOVEMBER 8, 2013

APPLICATION 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 18, 2013, 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[1] and 4[2] of Title 56 of the Code of Virginia ("Code") requesting authority to incur short-term indebtedness up to a maximum of $1.5 billion between January 1, 2014, and December 31, 2014. The amount of short-term debt requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code and thus requires prior Commission approval. Atmos also requests authority to lend and borrow short-term funds to and from its affiliate in an amount not to exceed $500 million at any one time during 2014. Applicants paid the requisite fee of $250.

Atmos proposes to incur short-term indebtedness by making drawdowns under its existing credit facility (or new lines of credit in the process of being negotiated), through intercompany borrowings or through the use of its commercial paper program. Currently, Atmos has a $950 million credit facility in place that has an accordion feature that could allow borrowings up to $1.2 billion ("Credit Facility"). According to the application, borrowings under Atmos's Credit Facility will bear interest at floating rates based on the type of loan Atmos elects, either as a Base Rate Loan or a Eurodollar Loan. Under Atmos's commercial paper program, the interest rate is set at the time of the advance and is based on capital market conditions at that time. Atmos states that the funds will be used to repay all or a portion of the Company's outstanding short-term debt; to acquire and/or construct additional properties or facilities as well as improvements to the Company's existing plant; and for other general corporate purposes.

[1] Va. Code § 56-55 *et seq.*

[2] Va. Code § 56-76 *et seq.*

Atmos also proposes to continue to borrow from and lend to AEH, its wholly owned subsidiary, through a $500 million short-term cash credit facility ("Affiliate Facility") for the period January 1, 2014, through December 31, 2014. The Affiliate Facility also will supply cash working capital needs and financing of capital construction projects for affiliates of AEH, including Atmos Energy Marketing ("AEM"). The interest rate on AEH loans from Atmos under the Affiliate Facility will be based on the one-month London Interbank Offered Rate plus 300 basis points. Loans from AEH to Atmos will be priced at the lesser of the Atmos borrowing rate as a Eurodollar loan or the rate on its commercial paper, if there is any commercial paper outstanding at the time.

NOW THE COMMISSION, upon consideration of this matter 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 incur short-term indebtedness up to $1.5 billion at any one time between January 1, 2014, and December 31, 2014, under the terms and conditions and for the purposes set forth in the application.

(2) Atmos is hereby authorized to borrow from and lend to AEH short-term funds up to an aggregate amount of $500 million between January 1, 2014, and December 31, 2014, under the terms and conditions and for the purposes set forth in the application.

(3) Applicants shall file with the Commission quarterly reports of action no later than May 16, 2014, August 15, 2014, and November 14, 2014, 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.

(4) Applicants shall submit to the Commission a final report of action on or before February 27, 2015, providing the information required in Ordering Paragraph (3) for the fourth calendar quarter of 2014. The final report of action also shall include a summary schedule of fees paid by Atmos in 2014 for its Credit Facility in effect during 2014.

(5) Applicants shall provide to the Division of Utility Accounting 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.

(6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Affiliate Facility, including changes in allocation methodologies and successors and assigns.

(7) The authority granted herein shall not preclude the Commission from applying to Applicants the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(8) 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.

(9) The approval granted in this case shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Affiliate Facility.

(10) Should Applicants wish to obtain authority beyond calendar year 2014, Atmos shall file an application requesting such authority no later than October 31, 2014.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

CASE NO. PUE-2013-00120
DECEMBER 18, 2013

APPLICATION OF
ARM ENERGY MANAGEMENT, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On October 24, 2013, ARM Energy Management, LLC ("ARM Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia ("Code") for a license to conduct business as a competitive service provider for natural gas ("Application"). In its Application, the Company seeks authority to serve commercial and industrial customers throughout Virginia.[1] ARM Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On November 13, 2013, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, required ARM Energy to provide notice of the Application to gas distribution utilities in Virginia, permitted interested persons to file comments on the Application, and

[1] Although ARM Energy seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report"). On November 20, 2013, the Company filed proof of service as the Scheduling Order required. No one filed comments on the Application.

On December 11, 2013, the Staff filed its Staff Report which summarized ARM Energy's proposal and evaluated the Company's fitness to conduct business as a competitive service provider for natural gas service. The Staff concluded that ARM Energy meets the technical requirements in the Retail Access Rules to qualify for a license as a competitive service provider. Staff recommended that the Commission grant ARM Energy a license to conduct business as a competitive service provider for natural gas service to commercial and industrial customers throughout the service territory open to competition. The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that ARM Energy meets the requirements for a license to conduct business as a competitive service provider for natural gas, and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) ARM Energy hereby is granted License No. G-40 to conduct business as a competitive service provider for natural gas to commercial and industrial customers throughout service territories in Virginia. This license is granted subject to the provisions of § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(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-2013-00125
NOVEMBER 25, 2013

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to incur additional long-term debt

ORDER GRANTING AUTHORITY

On November 6, 2013, BARC Electric Cooperative ("BARC" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to $6,000,000 in long-term debt from the Federal Financing Bank ("FFB"). Applicant paid a fee of $250.

Applicant represents that the long-term debt is needed to finance BARC's current four-year work plan approved by the Rural Utilities Service ("RUS") that covers 2012-2015. The BARC Board of Directors approved the RUS loan request on July 26, 2013, and RUS approved the loan application on September 30, 2013. The FFB loan will be guaranteed by RUS. BARC expects the loan maturity to be 30 years.

Applicant states that the FFB loan can be drawn down over the next few years, and the interest rate will be determined at the time of the draw down with the corresponding yield based on a comparable maturity United States Treasury bond plus 1/8% per annum.

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 $6,000,000 in long-term debt from the FFB all in the manner, 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 FFB, Applicant shall file with the Commission's Division of Utility Accounting and Finance a report, which shall include the date of the draw down, 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 appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUE-2013-00129
DECEMBER 9, 2013

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, 2013, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3[1] and 4[2] of Title 56 of the Code of Virginia ("Code") requesting authority for VNG to participate in an AGLR Utility Money Pool ("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 proposed in the application exceeds twelve percent of the total capitalization as defined in § 56-65.1 of the Code. Applicants paid the requisite fee of $250 million.

The Applicants request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of $150 million through participation in the Utility Money Pool administered by AGL Services; (ii) issue long-term debt to AGLR in an amount not to exceed $250 million; and (iii) issue and sell common stock to AGLR in an amount not to exceed $300 million, all through December 31, 2014.

The Applicants note that the requested level of authority to issue long-term debt and common stock in this case is identical to the limits previously authorized in Case Nos. PUE-2012-00137[3], PUE-2011-00123, PUE-2010-00133, PUE-2009-00127, PUE-2008-00110, PUE-2007-00108, PUE-2006-00119, and PUE-2005-00104, among other cases. Terms of significance will vary with respect to the particular type of debt security issued, as noted in the application.

Applicants' requested level of short-term debt borrowing authority through the Utility Money Pool is the same as previously requested and authorized in Case No. PUE-2012-00137. Applicants represent that the requested authority for Utility Money Pool borrowings of up to $150 million is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state the level of short-term borrowing requested will provide the flexibility needed by VNG to finance its operations on a short-term basis until management deems it appropriate to secure permanent, long-term financing, based on capital market conditions and other criteria.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement that remains unchanged from what was originally approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132.[4] 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 rate 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 of commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal Funds and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal Funds 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 long-term debt issued by VNG, the rate of interest on that corresponding issue of VNG debt will be determined utilizing the interest rate on the comparable term U.S. Treasury Securities as reported in the H.15 Federal Reserve Statistical Release nearest to the time of the loan takedown, plus an appropriate credit spread for AGLR's existing long-term debt rating. However, such VNG debt rate will be adjusted to match AGLR's cost of borrowing if AGLR subsequently issues long-term debt within one year after the VNG loan is drawn.

For common stock, VNG requests authority to issue up to 6,481 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.

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[1] Va. Code § 56-55 *et seq.*

[2] Va. Code § 56-76 *et seq.*

[3] *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,* Case No. PUE-2012-00137, 2012 S.C.C. Ann. Rept. 530, Order Granting Authority (Dec. 7, 2012).

[4] The Utility Money Pool Agreement became effective January 1, 2005, and is an arrangement among AGLR, AGL Services, VNG, and other AGLR subsidiaries participating in the Utility Money Pool. Application at 4-5.

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term borrowings, to fund distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility 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, IT IS ORDERED THAT:

(1) VNG is authorized to participate in the Utility Money Pool and to incur short-term indebtedness in excess of twelve percent of capitalization not to exceed $150 million, for the period January 1, 2014, through December 31, 2014, 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 million and to issue and sell common stock to AGLR in an amount not to exceed $300 million, through December 31, 2014, 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 or to change Utility Money Pool participants.

(4) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2014, Applicants shall file an application requesting such authority no later than November 15, 2014.

(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.

(7) Applicants shall provide the Commission's Division of Utility Accounting 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 sixty (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 an 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 of 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 3, 2015, to include all of the information outlined in Ordering Paragraphs (9) and (11), summarizing the financings entered into pursuant to Ordering Paragraphs (1) and (2) during the fourth calendar quarter of 2014.

(13) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NO. SEC-2007-00030
NOVEMBER 21, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REBEL HOLIDAY,
Defendant

JUDGMENT ORDER

On May 4, 2007, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against the Defendant, Rebel Holiday ("Holiday"), based on an investigation by the Division of Securities and Retail Franchising ("Division"). The Rule alleged that Holiday violated various provisions of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia ("Act"). The Rule further scheduled a hearing for November 8 and 9, 2007; directed the Defendant to file a responsive pleading; and assigned this matter to a Hearing Examiner to conduct further proceedings and file a final report.

On August 14, 2008, the Division filed a Motion to Amend Rule to Show Cause stating it had discovered additional violations of the Act, and on November 18, 2008, the Commission entered an Amended Rule to Show Cause ("Amended Rule") against Holiday. The Amended Rule restated the prior allegations and added allegations that Holiday had violated § 13.1-502 (2) of the Act by making material misrepresentations and omissions in the offer and sale of securities beyond those identified in the Rule. The Amended Rule further alleged that Holiday violated § 13.1-502 (3) of the Act by "misappropriating Fashion Technology Venture, Inc. ("FTV") investor funds in a practice or course of business which operated or would have operated as a fraud or deceit upon FTV investors." The Amended Rule directed Holiday to file a response and scheduled a two-day hearing for January 7, 2009. Holiday failed to file a response to the Amended Rule.

The evidentiary hearing was held on January 7, 2009. Holiday failed to appear at the hearing. Gauhar R. Naseem, Esquire, appeared on behalf of the Division.

On July 8, 2009, the Hearing Examiner issued a report ("Report"). After noting that Holiday had not been served with the Amended Rule, he found that only the allegations in the original Rule were before the Commission. In the Report, the Hearing Examiner found that Holiday had violated the Act and recommended that she be penalized in the amount of $75,000 and enjoined from transacting business in securities in the Commonwealth of Virginia ("Commonwealth") for a period of 15 years. Both the Division and Holiday filed comments to the Report.

On December 28, 2009, the Commission entered an Order finding that the Amended Rule was not properly served on Holiday and that she did not receive proper notice. However, the Commission ruled that because Holiday had filed a comment to the Hearing Examiner's July 8, 2009 Report, she had then received notice of the Amended Rule. Accordingly, the case was remanded to the Hearing Examiner for further proceedings. A second hearing was held on March 17, 2010 ("Second Hearing"), pursuant to the remand, and further proceedings were held on September 15, 2010, before the Hearing Examiner. Holiday appeared *pro se* for the hearing on March 17, 2010, but failed to appear for the September 15, 2010 hearing.

During the Second Hearing, the Division offered into the record the testimony of three FTV investors and multiple exhibits, including: (i) bank records for FTV's operating account and other business accounts into which FTV investor funds were transferred; (ii) bank records for Holiday's personal account; and (iii) summary charts showing what happened to the funds of one specific FTV investor, David Wickert ("Wickert").

In its Post-Hearing Brief ("Brief"), the Division contended that it provided clear and convincing evidence of the violations of the Act. Also, in its Brief, the Division requested that the Commission order Holiday to pay fines in the amount of $115,000. Finally, the Division asked that the Commission permanently enjoin Holiday from transacting business in securities within the Commonwealth.

Holiday did not submit a Post-Hearing brief.

The Hearing Examiner issued his Report on February 1, 2013 ("Second Report"). In the Second Report, the Hearing Examiner found that the Division presented clear and convincing evidence supporting 24 violations, including both registration violations and securities fraud violations under the Act. The Second Report recommended that Holiday be fined $110,000 and that she be permanently enjoined from transacting any business involving the sale of securities in the Commonwealth. However, the Hearing Examiner found that the Division did not present clear and convincing evidence to show that the funds of Wickert had been misused by Holiday in violation of § 13.1-502 (3) of the Act.

On February 22, 2013, the Division filed Comments to the Second Report ("Comments"). The Division agreed: (1) with the Hearing Examiner's findings that Holiday violated the registration requirements of the Act and sold unregistered securities; (2) that Holiday made material omissions or misrepresentations; and (3) that Holiday should be permanently enjoined from transacting any business involving the sale of securities in the Commonwealth.

As part of its Comments, however, the Division contended that the Hearing Examiner applied an incorrect standard to find that the Division had not met its burden of proof to show a violation of § 13.1-502 (3) of the Act. Specifically, the Division argued that no specific "court approved" methodology is required to show securities fraud misappropriation. Instead, the Division stated that it only needed to show that Wickert's funds, as deposited by Holiday into FTV's operating account, were diverted by her and spent in a manner that departed from expressed FTV business purposes. The Division stated that applying the standard required by the Second Report would require a departure from current practice, create inconsistencies with federal and state securities law, and increase the burden of proving misappropriation to the detriment of investors protected by the Act.

Holiday did not file any comments to the Second Report.

NOW THE COMMISSION, upon consideration of the Rules, the record, the Second Report, the Comments, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable, supported by the evidentiary record and should be adopted. We do not, however, adopt the Hearing Examiner's conclusions and interpretations of law concerning Holiday's violation of § 13.1-502 (3) of the Act.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 1, 2013, Hearing Examiner's Report are hereby adopted, in part, and reversed, in part.

(2) In accordance with the Commission's regulatory duties and powers pursuant to 13.1-521 A of the Act, a judgment is entered for the Commonwealth against the Defendant for her violations of the Act.

(3) As a result of this judgment, the Defendant is permanently enjoined pursuant to § 13.1-519 of the Act from violating the Act in the future and from transacting any business in securities in the Commonwealth.

(4) As a result of this judgment, the Defendant is penalized in the amount of $110,000 pursuant to § 13.1-521 A of the Act.

(5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NOS. SEC-2009-00041 AND SEC-2009-00043
SEPTEMBER 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLIANCE FINANCIAL SERVICES CORPORATION
and
SAMUEL B. JACOBS, II,
Defendants

JUDGMENT ORDER

On March 16, 2010, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rules") against Alliance Financial Services Corporation ("Alliance") and Samuel B. Jacobs, II ("Jacobs") (collectively, "Defendants"). The Rules summarized allegations by the Division of Securities and Retail Franchising ("Division"). The Division alleged that the Defendants violated various provisions of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

Specifically, this case involved the sale of securities that the Division alleged were unregistered and sold by unregistered agents. The Division further alleged that the Defendants made material misrepresentations or omissions in the offer and sale of securities on more than one occasion by: (a) using funds obtained from new investors to pay prior investors, (b) converting funds obtained from Alliance investors for Jacobs' personal use; and (c) failing to disclose Jacobs' prior Chapter 11 Bankruptcy filing and his prior tax lien. The Division also alleged that the Defendants misappropriated investor funds through business practices that operated or would have operated as a fraud or deceit upon Alliance investors.

The Rules, among other things, scheduled a hearing for May 5, 2010, and assigned the matter to a hearing examiner to conduct all further proceedings in this case.

The parties each filed responsive pleadings in addition to several procedural and evidentiary motions. Subsequently, an evidentiary hearing was rescheduled in these matters and was held on September 29 and 30 and October 1, 2010. Nathaniel J. Webb, Esquire ("Webb"), appeared on behalf of Jacobs. No appearance was entered on behalf of Alliance. Gauhar R. Naseem, Esquire, and Philip R. deHaas, Esquire, appeared on behalf of the Division.

At the hearing, the Division presented the testimony of four witnesses: Marc Bantel, senior investigator in the enforcement section of the Division, as well as the testimony of three investors, Stephen R. Harmeson, Devlaming A. Peace, Sr., and Irving D. Jackson. In addition, the Division offered portions of the depositions of Jacobs and Christopher C. Rice. The Defendants presented no testimony but presented some documentary evidence.

On July 10, 2013, the Chief Hearing Examiner issued her report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In her Report, the Chief Hearing Examiner found that: (i) the investments in the form of Alliance deposits offered and sold to investors meet the definition of "security" in the Act; (ii) Jacobs violated § 13.1-504 A of the Act on seven occasions by selling securities without being registered with the Division as an agent of the issuer or a broker/dealer; (iii) Alliance violated § 13.1-504 B of the Act on seven occasions by selling securities through Jacobs who was not registered as an agent of the issuer; (iv) Jacobs violated § 13.1-507 of the Act on seven occasions by offering and selling securities which were not registered under the Act or exempt from registration; (v) Alliance violated § 13.1-507 of the Act on 175 occasions by offering and selling securities that were not registered under the Act or exempt from registration; (vi) Jacobs violated § 13.1-502 (2) of the Act on 29 occasions by making material omissions or misrepresentations associated with the sale of securities; (vii) Alliance violated § 13.1-502 (2) of the Act on 366 occasions by making material omissions or misrepresentations associated with the sale of securities; (viii) Jacobs violated § 13.1-502 (3) of the Act on seven occasions by engaging in a transaction, practice, or course of business that operated or would operate as a fraud or deceit upon a purchaser; (ix) Alliance violated § 13.1-502 (3) of the Act on 175 occasions by engaging in a transaction, practice, or course of business that operated or would operate as a fraud or deceit upon a purchaser; (x) Jacobs should be fined $10,000 for each of the 14 registration violations of §§ 13.1-504 A and 13.1-507 of the Act for a total of $140,000 pursuant to § 13.1-521 of the Act; (xi) Alliance committed 182 registration violations of §§ 13.1-504 B and 13.1-507 of the Act. However, members of the Alliance Board of Directors were also victims of the fraud perpetrated by Jacobs and therefore no fines should be assessed on Alliance; (xii) Jacobs should be fined $10,000 for each of the 29 material omissions or misrepresentations committed in violation of § 13.1-502 (2) of the Act for a total of $290,000 pursuant to § 13.1-521 of the Act; (xiii) Alliance committed 366 material omissions or misrepresentations in violation of § 13.1-502 (2) of the Act. However, members of the Alliance Board of Directors were also victims of the fraud perpetrated by Jacobs and

therefore no fines should be assessed on Alliance; (xiv) Jacobs should be fined $10,000 for each of the seven occasions in which he engaged in a transaction, practice, or course of business that operated or would operate as a fraud or deceit upon a purchaser in violation of § 13.1-502 (3) of the Act, for a total of $70,000 pursuant to § 13.1-521 of the Act; (xv) Alliance violated § 13.1-502 (3) of the Act on 175 occasions in which it engaged in a transaction, practice, or course of business that operated or would operate as a fraud or deceit upon a purchaser. However, members of the Alliance Board of Directors were also victims of the fraud perpetrated by Jacobs and therefore no fines should be assessed on Alliance; and (xvi) Alliance and Jacobs should be permanently enjoined from any further violations of the Act.

The Report allowed the Defendants 21 days in which to provide comments. On July 30, 2013, Webb filed a motion to withdraw as counsel for Jacobs and comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of the Rules, the record, the Chief Hearing Examiner's Report, the comments, and the applicable statutes, is of the opinion and finds that the Chief Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) Webb's motion to withdraw as counsel for Jacobs is granted.

(2) The findings and recommendations of the July 10, 2013 Chief Hearing Examiner's Report are hereby adopted.

(3) In accordance with the Commission's regulatory duties and powers pursuant to § 13.1-521 of the Act, judgment is entered for the Commonwealth against Jacobs in the amount of $500,000.

(4) The Defendants are permanently enjoined from any further violation of the Act.

(5) This case is dismissed and the papers filed for ended causes.

CASE NO. SEC-2009-00137
MARCH 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
AREA REAL ESTATE INVESTORS, LLC,
WILLIAM STANLEY ARMSTRONG,
and
AREA FINANCE, LLC,
Defendants

FINAL ORDER

On April 19, 2012, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. The Staff of the Division of Securities and Retail Franchising has now reported to the Commission that Area Real Estate Investors, LLC, William Stanley Armstrong, and Area Finance, LLC, have fulfilled the requirements of the Order.

Accordingly, IT IS ORDERED THAT:

(1) This case is dismissed.

(2) All undertakings and provisions of a continuing nature set forth in the prior Settlement Order remain in full force and effect.

(3) Entry of this Final 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-2012-00015
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
JANI-KING OF WASHINGTON, D.C., INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Jani-King of Washington, D.C., Inc. ("Jani-King"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Jani-King is a Texas based corporation that has been registered with the Clerk of the Commission since July 20, 1989. Jani-King is a subsidiary of JAC Holdings, LLC, which wholly owns Jani-King through a series of wholly owned intermediate parent companies. Jani-King, which first registered a franchise with the Division June 5, 1989, is currently registered with the Division to offer and sell franchises. Jerry Crawford is Jani-King's President.

Based on its investigation, the Division alleges that Jani-King sold franchises to be operated in Virginia while omitting material disclosures concerning its corporate ownership and litigation settlements.

The Division also makes the following allegations:

(1) From November 2008 until January 2010, Jani-King offered and sold franchises to nine Virginia franchisees while providing these franchisees a Franchise Disclosure Document ("FDD") that failed to disclose, as part of Item 1 ("Franchisor, and any Parents, Predecessors and Affiliates"), that Jani-King is a wholly owned subsidiary of JAC Holdings, LLC.

(2) From May 2004 until July 2010, Jani-King offered and sold franchises to 14 Virginia franchisees while providing these franchisees a FDD that omitted material information in Item 3 ("Litigation") pertaining to the settlement of a lawsuit in Dallas County, Texas, involving Kimberlite, Inc. As part of the disclosure in Item 3, Jani-King stated that the lawsuit settled in October 2001 and that Jani-King has a continuing obligation to make payments of at least $8,000 a month. However, Jani-King failed to disclose in Item 3 the full dollar amount of the settlement and that payments to Kimberlite, Inc., would continue through 2019.

(3) From November 2008 until July 2010, Jani-King offered and sold franchises to 13 Virginia franchisees while providing these franchisees a FDD that omitted material information in Item 3 ("Litigation") concerning the $3 million settlement and the $27,000 monthly payments pertaining to a lawsuit in Dallas County, Texas, involving James Barnes. As part of its disclosure in Item 3, Jani-King omitted the full settlement amount of this lawsuit.

Based on its investigation, the Division alleges that Jani-King violated § 13.1-563 (2) of the Act by 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 sale or offer to sell a franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

Jani-King neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, Jani-King has made an offer of settlement to the Commission wherein Jani-King will abide by and comply with the following terms and undertakings:

(1) Jani-King will pay to the Treasurer of the Commonwealth of Virginia ("Commonwealth"), contemporaneously with the entry of this Order, the amount of Sixty-two Thousand Dollars ($62,000) in monetary penalties.

(2) Jani-King will pay to the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, the amount of Twenty-three Thousand Dollars ($23,000) to defray the costs of investigation.

(3) Jani-King will provide a copy of this Settlement Order to each Virginia franchisee that has a current Jani-King franchise agreement. Within 60 days after entry of this Settlement Order, Jani-King will submit an affidavit to the Division confirming that it provided a copy of the Settlement Order to each Virginia franchisee that has a current Jani-King franchise agreement. As part of the affidavit, Jani-King will include copies of certified mail receipts as evidence of the mailing.

(4) Jani-King will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Jani-King.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of Jani-King, and the recommendation of the Division, is of the opinion that Jani-King's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of Jani-King in settlement of the matter set forth herein is hereby accepted.

(2) Jani-King shall fully comply with the aforesaid terms and undertakings of this settlement.

(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 Jani-King from its reporting obligations, if any, to any regulatory authority.

CASE NO. SEC-2012-00025
NOVEMBER 21, 2013

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

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of the Defendant, FoodNet Franchising, Inc. ("FoodNet"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"). Based on its investigation, the Division alleges as follows:

(1) FoodNet, on more than one occasion violated, § 13.1-560 of the Act by offering unregistered franchises in the Commonwealth of Virginia ("Virginia"). FoodNet also violated § 13.1-563 (2) of the Act by making materially untrue statements or omissions in connection with the offer and sale of a franchise by: (i) failing to disclose potential conflicts of interest in a franchise transaction when it acted as an escrow agent for a financial transaction between an existing franchisee and new franchisee; and (ii) misrepresenting that a franchise could not be terminated without cause in the franchise agreement by simultaneously entering into a sublicensing agreement that allowed FoodNet to effectively terminate a franchise without cause.

(2) FoodNet is a franchisor incorporated under the laws of Virginia that offered franchising opportunities in the food services industry. FoodNet franchises in Virginia included Dominic's of New York sandwich shops.

(3) FoodNet registered its franchise to be offered and sold in Virginia beginning in 1997. On October 31, 2007, FoodNet's franchise registration expired, and it did not become registered again until July 24, 2008. During this time period, FoodNet offered unregistered franchises to three Virginia locations in violation of § 13.1-560 the Act.

(4) One of these transactions involved the offer and sale of an existing franchise to a new purchasing franchisee. The existing franchisee brokered the sale of the franchise and the sale was effected by and through FoodNet with the purchasing franchisee entering into a new franchise agreement with FoodNet. Separately, the purchasing franchisee agreed with the existing franchisee to pay an agreed-upon price for the existing franchise, which was owned in its entirety by the existing franchisee.

(5) In effecting the transaction on behalf of the existing franchisee, FoodNet agreed with the existing franchisee to act as an escrow agent for both parties in the transaction, the existing franchisee, and the purchasing franchisee. FoodNet failed to inform the purchasing franchisee that it intended to act as an escrow agent in the transaction. FoodNet then instructed the purchasing franchisee to pay the entire sum for the purchase of the franchise to FoodNet directly as opposed to the existing franchisee directly.

(6) FoodNet was, in fact, not a disinterested third party to the transaction. FoodNet had potential conflicts of interest with the purchasing franchisee as the franchisee was contractually and financially obligated to FoodNet under the terms of a newly executed franchise agreement. Furthermore, the existing franchisee owed FoodNet money, creating an additional conflict of interest for FoodNet in the transaction.

(7) FoodNet failed to disclose these potential conflicts of interest to the purchasing franchisee in violation of § 13.1-563 (2) of the Act.

(8) Additionally, FoodNet maintained a master license agreement to operate food service facilities in certain government buildings and at certain designated locations within such buildings. FoodNet entered into site sublicensing agreements with certain franchisees permitting them to occupy these locations to operate a FoodNet franchise.

(9) Under the terms of the sublicense agreement, FoodNet had the right to unilaterally terminate, for convenience, a franchisee's sublicense without cause upon 30 days' notice. By exercising its right to terminate without cause a franchisee's sublicense agreement, FoodNet could preclude a franchisee from operating its franchise in accordance with the franchise agreement at the designated site.

(10) Consequently, the termination provision of the sublicense agreement conflicted with the termination provisions of FoodNet's disclosure document and franchise agreement which precluded a franchise from being terminated without cause by FoodNet. As a result, FoodNet misrepresented that a FoodNet franchise could not be terminated without cause in violation of § 13.1-563 (2) of the Act.

If the standards of the statute are met, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

FoodNet neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, FoodNet has made an offer of settlement to the Commission wherein it will abide by and comply with the following terms and undertakings:

(1) Within ten (10) months from the date of entry of this Order, FoodNet will pay to the Treasurer of the Commonwealth ("Treasurer") the amount of Ten Thousand Dollars ($10,000) in monetary penalties.

(2) Within ten (10) months from the date of entry of this Order, FoodNet will pay to the Treasurer the amount of Two Thousand Five Hundred Dollars ($2,500) to defray the cost of investigation.

(3) Within fifteen (15) days from the date of entry of this Order, FoodNet will provide a copy of this Order to all current Virginia franchisees and to the franchisees referenced in this Order and identified by the Division to FoodNet prior to the entry of this Order.

(4) Within thirty (30) days from the date of entry of this Order, FoodNet will provide to the Division an affidavit, executed by FoodNet, attesting to its compliance with its obligations in undertaking paragraph (3).

(5) FoodNet's registration is hereby suspended for a period of one (1) year ("suspension period") from the date of entry of this Order. Accordingly, FoodNet is enjoined from offering and selling franchises within Virginia during the suspension period.

(6) FoodNet will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of FoodNet.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of FoodNet, and the recommendation of the Division, is of the opinion that FoodNet's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of FoodNet in settlement of the matter set forth herein is hereby accepted.

(2) FoodNet shall fully comply with the aforesaid terms and undertakings of this settlement.

(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 FoodNet's failure to comply with the terms and undertakings of the settlement.

CASE NO. SEC-2012-00036
JULY 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CAPITAL BUSINESS CONSULTANTS, LLC
and
ROBERTA CAPUTO,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Capital Business Consultants, LLC ("CBC") and Roberta Caputo ("Caputo") (collectively, "Defendants"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"). Based on its investigation, the Division alleges as follows:

(1) The Defendants, violated § 13.1-560 of the Act by selling or offering to sell an unregistered business brokerage franchise in the Commonwealth of Virginia. The Defendants also violated § 13.1-563 (2) of the Act by making materially false or untrue statements of fact through a website and in offering materials and documents provided to potential franchisees that misrepresented the size of the business brokerage industry and misrepresented the earning potential of business brokers. The Defendants further violated § 13.1-563 (4) (ii) of the Act by failing to provide potential franchisees with franchise disclosure documents cleared by the Division.

(2) CBC is incorporated under the laws of South Carolina with its principal office located in Deerfield Beach, Florida. Since its inception, Caputo was the Managing Member of CBC.

(3) CBC offered individuals the opportunity to own and operate a business brokerage firm under the CBC trademarked name of "Capital Business Solutions." A business broker serves as an intermediary between business owners who seek to sell their existing businesses and individuals or entities looking to purchase businesses.

(4) All individuals wishing to own and operate a Capital Business Solutions brokerage firm entered into both an "Independent Broker Agreement" and a "Licensing Agreement" ("The Agreements") with CBC whereby they were granted the use of the Capital Business Solutions trademark and provided with special training courses designed by CBC to assist in establishing and operating a business brokerage firm. Additionally, an individual

entering into The Agreements received marketing templates, forms, agreements, and contracts specially designed by CBC that were needed to conduct business in the business brokerage industry.

(5) Individuals entering into The Agreements would also be listed as affiliated business brokers on the Capital Business Solutions website. The website contains a database of listings of businesses for sale and the brokers associated with those listings that can be searched by visitors to the website.

(6) An individual entering into The Agreements with CBC was also required to pay an upfront fee of approximately $10,000 to CBC at the time of execution of The Agreements and an annual fee of $4,200.

(7) The Agreements satisfied the definition of "franchise" under the Act. However, CBC never registered Capital Business Solutions as a franchise.

(8) CBC solicited potential Capital Business Solutions franchisees through a website that contained general representations, both in print on the website and in a promotional video, regarding the business brokerage industry and the earning potential of business brokers. These representations included the following:

- The business brokerage industry was a $300 billion industry.
- A business broker, on average, earned $150,000 to $250,000 per year in commissions.
- Business brokers obtained 30-40% higher selling prices than sales by individual business owners.

(9) These statements were false and unsubstantiated.

(10) CBC and Caputo offered and sold a Capital Business Solutions franchise to a Virginia resident that operated in Virginia. The Virginia franchisee relied in part on these specific representations on the website and in other promotional material provided to him by CBC and Caputo in entering into The Agreements.

(11) As the franchise was not registered, CBC and Caputo also failed to obtain and provide the franchisee with a Franchise Disclosure Document ("FDD") cleared by the Division.

(12) Based on the conduct as described above, the Division alleges that Defendants offered and sold an unregistered franchise in the form of Capital Business Solutions' Agreements to be operated in Virginia in violation of § 13.1-560 of the Act. The Division further alleges that Defendants made materially false statements in violation of § 13.1-563 (2) of the Act. The Division also alleges that the Defendants failed to furnish the Virginia franchisee with an FDD cleared by the Division in violation of § 13.1-563 (4) of the Act.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants admit to the violation of § 13.1-560 of the Act, neither admit nor deny the remaining allegations, and 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 pursuant to the following:

(1) Within 30 days of the date of this Order, the Defendants will make a written offer of rescission sent by certified mail to the franchisee, which will include an offer to return the initial license fee paid pursuant to The Agreements. The rescission offer will contain a provision that gives the franchisee 30 days from the date of receipt to provide the Defendants with written notification of his decision to accept or reject the offer.

(2) The Defendants will provide to the Division a copy of the written rescission offer for its review and comment at least ten days prior to sending it to the franchisee.

(3) The Defendants will include with the written offer of rescission a copy of this Order.

(4) If the rescission offer is accepted, the Defendants will forward payment to the franchisee within 15 days of receipt of acceptance.

(5) Within 90 days from the date of this Order, the Defendants will submit to the Division an affidavit, executed by Caputo, which contains the date on which the franchisee received the written offer of rescission, the franchisee's response, and, if applicable, the amount and the date that payment was sent to the franchisee.

(6) The Defendants will pay to the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, the amount of Six Thousand Dollars ($6,000) in monetary penalties.

(7) The Defendants will pay to the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars ($3,000) to defray the cost of investigation.

(8) 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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2012-00038
MAY 13, 2013

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 ADOPTING AMENDED RULES

By order entered on December 21, 2012, all interested persons were ordered to take notice ("Order to Take Notice") that the State Corporation Commission ("Commission") would consider the adoption of revisions to Chapters 10, 20, 30, 40, 80 and 100 of Title 21 of the Virginia Administrative Code entitled Rules Governing the Virginia Securities Act ("Rules"). On January 4, 2013, the Division of Securities and Retail Franchising ("Division") e-mailed the Order to Take Notice of the proposed regulations to all interested parties pursuant to the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

The Order to Take Notice described the proposed regulations and afforded interested parties an opportunity to file comments with the Office of the Clerk of the Commission ("Clerk") on or before March 1, 2013. The Financial Services Institute, Inc. ("FSI"), the Securities Industry and Financial Markets Association ("SIFMA"), Barry Emswiler, S. Brian Farmer, and Robert P. Howard filed timely comments. No request for a hearing was filed with the Clerk.

Of the five filed comments, most were generally supportive of the proposed regulations. However, some commenters suggested changes or disagreed with certain of the proposed revisions.

FSI disagreed with the proposed revisions to 21 VAC 5-80-170, stating that the proposed revisions would add a new annual physical inspection requirement, and the new requirement would be burdensome and non-uniform.

SIFMA filed several comments regarding the proposed regulations, including: (1) its concern regarding the proposed definition of social media, particularly that the definition conflicts with state law governing privacy, and (2) the revision of 21 VAC 5-20-260 F regarding supervision.

Mr. Emswiler commented that the proposed revisions to custody requirements in Rule 21 VAC 5-80-146 no longer provide for an exemption for family trusts as does the current exemption.

Mr. Farmer, on behalf of the Virginia-based law firm of Hirschler Fleischer, filed two comments regarding proposed Rule 21 VAC 5-80-146. These comments concerned: (1) the departure from Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, and the additional cost imposed by a requirement that private hedge fund advisors engage an independent party under proposed Rule 21 VAC 5-80-146 to review the underlying assets of the fund, and (2) a request to revise the definition of "independent party" in clauses 3 and 4 of proposed Rule 21 VAC 5-80-146 to allow a private fund advisor to engage the same administrator for multiple private funds managed by the private fund advisor.

Mr. Howard, on behalf of the law firm of Murphy & McGonigle, filed comments requesting that the Commission: (1) define the term "annually" in proposed Rules 21 VAC 5-20-260 and 21 VAC 5-80-170; (2) clarify its expectations regarding the types of information that a broker-dealer should consider to ensure that its recommendation of a security to a customer is suitable under 21 VAC 5-20-280 A 3; (3) define the term "unreasonable"; and (4) provide for an exemption for family trusts in proposed Rule 21 VAC 5-80-146.

The Division filed its Response to the Comments with the Clerk on April 12, 2013.[1] As a result of these comments and its final review of the proposed Rules, the Division recommended that the proposed Rules be further revised as follows:

(1) Remove the definition of and reference to the term "social media" in Rule 21 VAC 5-10-40.

(2) Amend 21 VAC 5-20-30 A to add "or non-renewal under §13.1-505 E."

(3) Amend proposed Rule 21 VAC 5-80-146 to add a family exemption. This provision is found in subdivision C 6 of the Rule.

[1] The Division attached an exhibit to the Response proposing revisions that resulted from the comments and from its final review of the proposed regulations.

(4) Amend Rule 21 VAC 5-20-260 F to remove the language "have not violated any" to "are in compliance with," based on the SIFMA comment. Amend Rule 21 VAC 5-80-170 F to conform this supervisory language in the complementary rule governing state-covered investment advisors.

(5) Amend 21 VAC 5-20-280 to: (a) revise subsections A and B as requested by the Virginia Code Commission, and (b) clarify subdivision A 31.

(6) Amend Rule 21 VAC 5-20-330 B to add a reference to a Financial Industry Regulatory Authority rule, as requested by the Virginia Code Commission.

(7) Amend Rule 21 VAC 5-20-330 revising subdivision C 2 and removing references to the term "social media" from subdivision C 4.

(8) Add "amended by SR-FINRA-2008-0026, effective December 15, 2008" to the list of "DOCUMENTS INCORPORATED BY REFERENCE (21VAC5-20)" at the end of the Rules as requested by the Virginia Code Commission.

The Division did not recommend that the Commission make the following requested revisions:

(1) Mr. Farmer's requested revision to Rule 21 VAC 5-80-146 to allow private hedge fund advisors to engage the same independent party to review multiple hedge funds or to add a definition for the term "independent party." The Division stated that the proposed regulation focuses on private hedge funds that would fall under state regulatory authority, and noted that investment advisors regulated by the states are not governed by the Investment Advisers Act of 1940. With regard to adding a definition for the term "independent party," the Division stated that the proposed definition is derived from the definition used by all the states on the uniform registration form for all state investment advisors, and adding the language suggested by Mr. Farmer would cause the proposed Rule not to be uniform with other state regulations.

(2) Mr. Howard's requested revisions to: (a) Rule 21 VAC 5-20-260 and 21 VAC 5-80-170 to add a definition for the term "annually," (b) Rule 21 VAC 5-20-280 A 3 to clarify the broker-dealer information gathering requirements to determine customer suitability, and (c) 21 VAC 5-20-280 A 15 d to add a definition for the term "unreasonable." Regarding Mr. Howard's request to define "annually," the Division stated that defining it in the manner suggested by the commenter would permit a broker-dealer or investment advisor to avoid conducting reviews in the first two years. Further, the Division points out that the same language has been in the regulation for many years and there have been no issues to date with the plain reading of the clause. Regarding Mr. Howard's second suggested revision, the Division states that the state and federal regulatory authorities impose substantially the same requirements on broker-dealers to determine the suitability of investments for their customers. Finally, regarding Mr. Howard's request to add a definition for the term "unreasonable," the Division pointed out that this term has been in the Commission's regulations for many years, and is not defined specifically because the industry standard changes or is different based on industry practice in a particular area, the type of product offered, and the method for which the product is being offered.

In addition, in response to FSI's comment stating that the proposed revision to 21 VAC 5-80-170 would add a new annual physical inspection requirement, the Division stated that the proposed revisions only shift the requirement from subsection E to subsection F.

NOW THE COMMISSION, upon consideration of the proposed amendments to the Rules, the comments filed, and the Division's response and recommendations, finds that the proposed amendments to the Rules should be adopted, as revised and appended hereto.

Accordingly, IT IS ORDERED THAT:

(1) The proposed Rules, as attached hereto, and made a part hereof, are hereby ADOPTED effective June 3, 2013.

(2) This matter is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

(3) AN ATTESTED COPY of this Order shall be sent to each of the following by regular mail by the Division to: Mr. Chris Hayes, Financial Services Institute, Inc., 607 14th Street, N.W., Suite 750, Washington, D.C. 20005; Mr. Barry Emswiler, 12708 Saylers Creek Lane, Herndon, Virginia 20170; Nancy Donohoe Lancia, Managing Director, State Government Affairs, SIFMA, 120 Broadway, 35th Floor, New York, New York 10271; Mr. S. Brian Farmer, Hirschler Fleischer, 2100 East Cary Street, Richmond, Virginia 23223; and Robert P. Howard, Jr., Murphy & McGonigle, 555 18th Street N.W., Washington, D.C. 20004; the North American Securities Administrators Association, Inc., 750 First Street, N.E., Suite 1140, Washington, D.C. 20002; and a copy shall be delivered to the Commission's Division of Information Resources and Office of General Counsel.

(4) The Commission's Division of Information Resources shall cause a copy of this Order, together with the adopted amendments to Chapters 10, 20, 30 40, 80 and 100 of Title 21, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations.*

(5) The Commission's Division of Information Resources shall make available this Order and the attached adopted amendments on the Commission's website: http://www.scc.virginia.gov/case.

NOTE: A copy of the attachment entitled "Rule Changes_2012_ Securities" 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-2012-00040
FEBRUARY 13, 2013

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 on November 16, 2012 ("Order to Take Notice"), 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 ("Regulations") entitled "Retail Franchising Act Rules." On November 27, 2012, the Division of Securities and Retail Franchising ("Division") mailed the Order to Take Notice of the proposed Regulations 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 regulations and afforded interested parties an opportunity to file comments or request a hearing.

On January 17, 2013, the International Franchise Association ("IFA") filed a comment with regard to a proposed amendment to Rule 21 VAC 5-110-40, which would require a franchisor to amend its effective registration within thirty (30) days after the occurrence of a material change. The IFA, while generally supportive of the proposed amendments overall, commented that this proposed change should be modified to conform with the current Federal Trade Commission ("FTC") Franchise Rule that requires material amendments be filed within a "reasonable time after the close of the quarter." The IFA did not request a hearing.

The Division filed its response to the IFA's comments on January 30, 2013. The Division recommended that the Commission not revise the proposed Rule as requested because the FTC standard may not provide timely material information necessary for a potential franchisee to make an informed decision with regard to the purchase of the franchise. The current rule requires the franchisor to file amendments immediately. Thus, giving a franchisor a thirty (30) day time period to file an amendment is reasonable given that the information to be provided must be material. In addition, in states like Virginia that regulate franchises under their own laws and conduct pre-review of disclosure documents, only one state, Illinois, follows the FTC standard.

NOW THE COMMISSION, upon consideration of the proposed amended Regulations, the IFA's comments, the Division's response, and the record in this case, finds that the proposed amendments to the Regulations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed Regulations are attached hereto, made a part hereof, and are hereby ADOPTED effective March 1, 2013.

(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-2012-00041
DECEMBER 19, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TENGFEI, INC.,
and
WEI HE ZHANG,
Defendants

JUDGMENT ORDER

On March 12, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Tengfei, Inc. ("Tengfei"), and Wei He Zhang ("Zhang") (collectively, "Defendants"). The Rule summarized allegations by the Division of Securities and Retail Franchising ("Division") against the Defendants. Specifically, the Division alleged the Defendants violated § 13.1-563 (4) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia, by making an unlawful offer and violated § 13.1-563 (2) of the Act by omitting material facts in the offer and sale to Virginia franchisees.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for June 25, 2013. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before April 15, 2013, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Rule also advised the Defendants that they may be found in default if they failed to either timely file a responsive pleading or if they failed to appear at the hearing.

The Defendants failed to file a response to the Rule and the Division filed a Motion for Default Judgment on May 24, 2013.

Following a request for extension by the Defendants and by Ruling dated June 14, 2013, the Defendants were directed to file a responsive pleading to the Rule on or before July 12, 2013. In addition, the June 25, 2013 hearing was canceled, and the matter was continued pending further ruling by the Hearing Examiner. The Defendants again failed to file a response to the Rule or the Motion for Default Judgment as directed by the Hearing Examiner.

On July 17, 2013, the Division filed a Renewed Motion for Entry of Default Judgment stating that Defendants had failed again to file a responsive pleading or to contact the Division.

On July 25, 2013, Defendants filed another request for an extension of thirty (30) days to find counsel.

By Ruling dated August 9, 2013, the Renewed Motion for Entry of Default Judgment was taken under advisement, and the hearing was rescheduled for September 25, 2013.

An evidentiary hearing was held on September 25, 2013. The Division was represented by Debra M. Bollinger, Esquire. Zhang appeared *pro se* and with an interpreter. Tengfei was not represented by counsel as required by Rule 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*. Proof of service was marked as Exhibit 1 and made a part of the record.

The Division presented the testimony of the complainant, Yu Yin Chow ("Mr. Chow"), in the form of an affidavit. Jude Richnafsky, Division Senior Examiner, and Jonathan Hawkins, Division Senior Investigator, testified at the hearing. Zhang was afforded the opportunity to question Mr. Richnafsky and Mr. Hawkins following their testimonies.

On November 12, 2013, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendants violated the Act, as charged in the Rule, and that the Division's Motion for Default Judgment be granted. In addition, the Hearing Examiner recommended that: (i) Tengfei, Inc., be penalized, pursuant to § 13.1-570 of the Act, the sum of $250,000 for ten violations of the Act; (ii) Zhang be penalized, pursuant to § 13.1-570 of the Act, the sum of $250,000 for ten violations of the Act; (iii) the penalties should be waived if the Defendants make restitution to Mr. Chow in the amount of $32,000 within a reasonable period of time as determined by the Commission; (iv) the renewal application for Tengfei, Inc., currently on file with the Division, should be denied; and (v) the Defendants should be permanently enjoined from any act which constitutes a violation of the Act.

The Report allowed the parties 21 days to provide comments. Zhang timely filed comments to the Report on December 2, 2013. Zhang requested that the $250,000 in penalties be waived based upon an offer to make restitution to Mr. Chow. Zhang also requested the amount of restitution be lowered and that he be allowed to make payments over a thirty (30) month period. However, Zhang also indicated that as a sign of good faith, he would be willing to make full restitution. In addition, Zhang indicated that he wished to continue to do franchise business in Virginia.

The Division did not file any comments to the Report.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, the comments, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-570 A of the Act, Tengfei, Inc., shall be fined in the amount of $250,000, and Zhang shall be fined in the amount of $250,000 for violations of the Act. Pursuant to § 13.1-570 of the Act, however, the Commission shall waive the monetary penalties if the Defendants pay restitution in the amount of $32,000 to Mr. Chow within thirty-six (36) months of the date of the entry of this Judgment Order. The first restitution payment shall be due to Mr. Chow on or before January 31, 2014.

(2) Upon the Defendants' completion of restitution to Mr. Chow, the Defendants will be eligible to apply with the Division for registration of their franchise.

(3) The Commission retains jurisdiction over this matter for all purposes, and this matter is continued pending further order of the Commission.

CASE NO. SEC-2012-00042
JUNE 21, 2013

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

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of AAMCO Transmissions, Inc. ("AAMCO"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

AAMCO is a Pennsylvania corporation formed on November 6, 1963. Marc Graham ("Graham") was President and CEO of AAMCO from September 2009 until February 2013. Graham was President of an entity, EZ Lube, LLC, when it filed for bankruptcy in December 2008. Graham first became President of EZ Lube, LLC, in April 2008. Despite this short tenure, this information was a disclosable item to be included in Item 4 of a Franchise Disclosure Document ("FDD"). Failure to disclose this information in the FDD violates § 13.1-563 (2) of the Act. Graham became President and CEO of

AAMCO in September 2009. AAMCO did not disclose in its FDD Graham's involvement with EZ Lube, LLC, until AAMCO made its filing with the Division in May of 2012.

Based on the investigation, the Division alleges the Defendant violated § 13.1-563 (2) of the Act by 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 sale or offer to sell a franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code 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").

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 date of the entry of this Order, the amount of Ten Thousand Dollars ($10,000) in monetary penalties.

(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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(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 NO. SEC-2012-00045
AUGUST 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VERITRAX CORPORATION,
DALE TOLER
and
DAVID KEITH FREEMAN,
Defendants

ORDER

On November 16, 2012, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Veritrax Corporation ("Veritrax"), Dale Toler ("Toler") and David Keith Freeman ("Freeman") (collectively, "Defendants"). The Rule alleged several violations of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for January 15, 2013. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before December 10, 2012, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Defendants were advised that they may be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if they filed such pleading and failed to make an appearance at the hearing. The Defendants were advised that if found in default, they would be deemed to have waived all objections to the admissibility of evidence and may have entered against them a judgment by default imposing one or more of the sanctions permitted by law.

On December 21, 2012, the Division of Securities and Retail Franchising ("Division") filed a Motion to Continue wherein the Division indicated that it had been unable to achieve service upon the Defendants at their last known address. The Division requested that the hearing be continued to provide them with additional time to perfect service of the Rule, as well as afford the Defendants additional time to respond to the Rule.

By Ruling dated December 27, 2012, the Hearing Examiner, among other things, cancelled the hearing and directed the Division to file a motion requesting the Commission's issuance of an Amended Rule to Show Cause reflecting the change in manner of service and establishing a new hearing date and responsive pleading deadline.

The Division filed its Motion to Amend Rule to Show Cause on March 26, 2013. After various procedural rulings, the Commission issued an Amended Rule to Show Cause ("Amended Rule") on May 17, 2013. The Amended Rule, among other things, scheduled an evidentiary hearing for July 23, 2013, and ordered the Defendants to file a responsive pleading on or before June 7, 2013. The Rule was directed to be served upon the Secretary of the Commonwealth.

On June 20, 2013, the Division filed a Motion for Default Judgment requesting that the scheduled hearing be waived and that the Defendants be found in default. In support, the Division stated that service of the Amended Rule was achieved through the Secretary of the Commonwealth, and the Defendants had failed to file a responsive pleading as directed. The Division noted that the Defendants were advised in the Amended Rule that they may be found in default and the hearing waived if they failed to file a timely responsive pleading.

The Defendants filed no response to the Division's Motion for Default Judgment.

On July 15, 2013, the Hearing Examiner issued her Report. In her Report, she found that: (1) the factual allegations set forth in the Amended Rule, as supported by the affidavit of Gail Moore, Senior Investigator for the Division, should be accepted; (2) the Motion for Default Judgment should be granted; (3) Veritrax (i) violated § 13.1-507 of the Act on two occasions by offering and selling securities that were not registered under the Act, and (ii) violated § 13.1-504 B of the Act on two occasions by selling securities through unregistered persons (Toler and Freeman); (4) Toler (i) violated § 13.1-507 of the Act on three occasions by offering and selling securities that were not registered under the Act, and (ii) violated § 13.1-504 A of the Act on one occasion by selling securities without being registered with the Division as an agent of the issuer, Veritrax; (5) Freeman (i) violated § 13.1-507 of the Act on one occasion by offering and selling securities that were not registered under the Act, and (ii) violated § 13.1-504 A of the Act on one occasion by selling securities without being registered with the Division as an agent of the issuer, Veritrax; (6) the Defendants should be permanently enjoined from offering and selling securities in Veritrax within or from the Commonwealth of Virginia; and (7) the Second Amended Rule should be dismissed. Additionally, the Report allowed the Defendants 21 days in which to provide comments in her Report. The Defendants did not file comments.

NOW THE COMMISSION, upon consideration of the Amended Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that 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 July 15, 2013 Hearing Examiner's Report hereby are adopted.

(2) The Division's Motion for Default Judgment hereby is GRANTED.

(3) The Amended Rule in this case hereby is DISMISSED.

(4) The Defendants hereby are PERMANENTLY ENJOINED from offering and selling securities in Veritrax within or from the Commonwealth.

(5) This case is dismissed, and the papers filed herein shall be passed to the file for ended causes.

CASE NO. SEC-2012-00048
FEBRUARY 27, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ATLANTIC SUN CONTROL, INC.
and
BRIEN LOONEY,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Atlantic Sun Control, Inc. ("ASC"), and Brien Looney (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

ASC is a Virginia corporation with its principal office in Manassas, Virginia. From its inception, Brien Looney served as president of ASC.

Between 2005 and 2009, the Defendants offered and sold three (3) window film and tinting retail locations in the Commonwealth of Virginia ("Commonwealth") by giving store managers contracts to operate the business.

The Division determined the "License and Distribution Agreement" ("Agreements") between the previous managers and ASC were franchise agreements under the Act. The Defendants did not register these franchises prior to offering and selling them in the Commonwealth.

According to the Act, prospective franchisees should receive a Franchise Disclosure Document ("FDD") prior to entering into a franchise agreement. Before the store managers entered into the Agreements, however, they did not receive a FDD. The FDD allows the prospective franchisee to make an informed decision regarding the franchise by providing the prospective franchisee with material information about the franchise. Without the FDD, the prospective franchisees did not have access to certain financial and logistical information such as audited financial statements, other locations operated by the Defendants, litigation, or fees and other franchise charges.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in the Commonwealth prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) (ii) of the Act by failing to, directly or indirectly, provide franchisees with an FDD as required.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code 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 the amount of Fifteen Thousand Dollars ($15,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation.

(3) The Defendants will provide a copy of this Order to all franchises located in the Commonwealth, past and present, within thirty (30) days of the date of entry of this 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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00001
JANUARY 14, 2013

APPLICATION OF
MICROCREDIT ENTERPRISES

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 MicroCredit Enterprises ("MCE"), which the Commission received December 5, 2011, as amended December 7, 2012, with attached exhibits. The application requested that MCE's Global Poverty Alleviation 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.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) MCE is a California corporation, organized and operated not for private profit but exclusively for charitable purposes; (ii) MCE intends to offer and sell the Notes in an approximate aggregate amount of up to $10,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) the Notes are to be offered and sold only by broker-dealers registered under the Act.

Based on the facts asserted by MCE in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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.

CASE NO. SEC-2013-00002
JUNE 7, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BROOKLYN WATER BAGEL FRANCHISE CO., INC.
and
DR. JOSEPH WEST,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Brooklyn Water Bagel Franchise Co., Inc. ("Brooklyn Water Bagel"), and Dr. Joseph West ("Dr. West") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Brooklyn Water Bagel is a Florida entity with its principal office located in Boca Raton, Florida. Dr. West is the President of Brooklyn Water Bagel. Harold Kestenbaum of Gordon & Rees, LLP, attorney for Brooklyn Water Bagel ("Attorney"), handled Brooklyn Water Bagel's franchise filings with the Division since their initial registration. Brooklyn Water Bagel registered its food-service franchises with the Division on November 9, 2010, and it remains registered. No offers or sales took place in Virginia.

Brooklyn Water Bagel disclosed it was insolvent as part of its initial registration in November 2010 and reported its deteriorating financial condition during Brooklyn Water Bagel's renewal filing in November 2011. Brooklyn Water Bagel, however, failed to file an Amendment with the Division earlier in 2011 when this material change in its financial condition occurred. Brooklyn Water Bagel's auditors' report dated April 18, 2011, covered financial statements showing a decrease in equity of over $600,000 between the years 2009 and 2010. Pursuant to 21 VAC 5-110-40 of the Retail Franchising Act Rules, 21 VAC 5-110-10 *et seq.* ("Rules"), upon the occurrence of a material change, the franchisor shall amend the effective registration filed at the Commission.

The Attorney for Brooklyn Water Bagel submitted multiple Form E filings to the Division, signed by Dr. West, stating the company was solvent when, in fact, Brooklyn Water Bagel was insolvent. By submitting multiple Form Es when they were not eligible to do so, the Defendants did not file them in accordance with Rule 21 VAC 5-110-60.

Form E is an optional form which is unique to Virginia. A franchisor may submit this form to the Division in order for the franchisor to continue to offer and sell franchises while the Division completes the review of its renewal or amendment. In order to use Form E, the franchisor must not be insolvent or in danger of becoming insolvent, in that its liabilities exceed its assets (determined in accordance with Generally Accepted Accounting Principles).

The Division notified the Attorney in 2011 that the Defendants could not submit a Form E if Brooklyn Water Bagel was insolvent. Despite this, the Attorney had Dr. West sign and notarize a subsequent Form E that the Attorney then submitted to the Division in 2012 while the company was still insolvent.

Based on the investigation, the Division alleges the Defendants violated: (i) Rule 21 VAC 5-110-40 by failing to amend Brooklyn Water Bagel's effective registration with the Commission upon the occurrence of a material change; and (ii) Rule 21 VAC 5-110-60 by failing to file a Form E in accordance with the Rules.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code 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 ("Commonwealth"), contemporaneously with the entry of this Order, the amount of Three Thousand Five Hundred Dollars ($3,500) in monetary penalties.

(2) The Defendants will pay to the Treasurer of the Commonwealth, by June 17, 2013, the amount of Two Thousand Five Hundred Dollars ($2,500) to defray the costs of investigation.

(3) Dr. West or Jon Morgenstem of Brooklyn Water Bagel will complete the "Fran-Guard" course offered by the International Franchise Association within 120 days from the date of entry of this Order and will provide the Division with a copy of their certificate of course completion.

(4) The Defendants will be enjoined from filing a Form E with the Division for a period of three years from the date of entry of this Order.

(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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) Dr. West or Jon Morgenstem of Brooklyn Water Bagel shall complete the "Fran-Guard" course offered by the International Franchise Association within 120 days from the date of entry of this Order and shall provide the Division with a copy of their certificate of course completion.

(4) The Defendants shall be enjoined from filing a Form E with the Division for a period of three years from the date of entry of this Order.

(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-2013-00003
JULY 8, 2013

IN THE MATTER OF
JAMES F. CRAWFORD
and
NEAL M. WOODARD,
Defendants

ORDER IMPOSING SPECIAL SUPERVISORY PROCEDURES

As a condition of registration as an agent, James F. Crawford, CRD # 1327638, and Neil M. Woodard, CRD # 5461015 (collectively, "Applicants"), and the employing broker-dealer, Independent Finance Group, LLC ("IFG"), CRD # 7717, have offered and agreed to implement and be bound by the following special supervisory procedures:

(1) The Applicants will be placed on special supervision for a period of two years from the date of entry of this Order ("probation period"). During the probation period, the Applicants agree to submit to, and IFG agrees to perform, at least two random audits of their client files to ensure their compliance with IFG's internal compliance guidelines and the State Corporation Commission's ("Commission") Rules and regulations, the requirements of the Virginia Securities Act ("Act"), and all other applicable rules and regulations and statutory requirements.

(2) If IFG discovers any material irregularity or deficiency in connection with any audit as it relates to the offer or sale of securities by the Applicants to any firm client, IFG shall promptly notify the Division of Securities and Retail Franchising ("Division") in writing within 15 days of completion of the audit of any such irregularity or deficiency;

(3) The Applicants will be required to submit to the Division, either directly or on their behalf, a report on a quarterly basis detailing all sales in alternative investments made by the Applicants during the quarter to any client. The first such report shall be submitted to the Division at the end of the second quarter for 2013. The report shall identify:

(a) the name of the client;

(b) contact information for the client;

(c) the products purchased by the client and the date upon which the product was purchased;

(d) the total amount invested by the client in these products;

(e) the date upon which the client opened his/her brokerage account with IFG;

(f) the client's age, income at the time of sale, and net worth exclusive of personal residence; and

(g) the risk tolerance of the client as reported on the client's account form.

(4) It is recognized and understood that if Applicants or IFG fail to comply with any of the foregoing terms and undertakings, the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding for contempt, or under the Act, and the Commission's Rules Governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.*, based upon such failure to comply.

CASE NO. SEC-2013-00003
JULY 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
JAMES F. CRAWFORD
and
NEAL M. WOODARD,
Defendants

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of James F. Crawford ("Crawford") and Neal M. Woodard ("Woodard") (collectively, "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code"). Based on its investigation, the Division alleges as follows:

(1) The Defendants, on several occasions, made material misrepresentations and untrue statements of fact in the offer and sale of securities designated as high risk to some of their retail brokerage clients by improperly marketing them as lower to moderate risk securities in violation of § 13.1-502 (2) of the Act and 21 VAC 5-20-280 G of the Commission's Rules Governing Broker-dealers, Broker-dealer Agents, and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"). Additionally, in selling these high risk securities to their clients, the Defendants failed to appropriately determine whether these securities were suitable for their clients in violation of Rule 21 VAC 5-20-280 A (3).

Defendants' Backgrounds

(2) Crawford is a broker-dealer agent (CRD # 1327638) registered to offer and sell securities within the Commonwealth of Virginia ("Commonwealth"). Crawford first became registered to act as an agent for Pacific West Securities, Inc. ("Pac West"), on July 1, 2005. From this date until December 31, 2011, Crawford offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia.

(3) Woodard is a broker-dealer agent (CRD # 5461015) registered to offer and sell securities within the Commonwealth. Woodard first became registered to act as an agent for Pac West on January 31, 2008. From this date until December 31, 2011, Woodard offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia.

(4) During their time as agents with Pac West, Crawford and Woodard offered, as part of a total investment strategy, a class of securities referred to as "alternative investments" to some Pac West clients which included investments tied to real estate such as real estate investment trusts ("REITs"). Crawford, to a lesser extent, also sold tenancy-in-common interests ("TICs"). Woodard did not sell TICs. Crawford and Woodard also offered and sold investment interests in funds investing in oil and gas ventures. Crawford and Woodard presented these alternative investment strategies to some of their clients whom they believed met the general suitability requirements to purchase such investments.

Background on Alternative Investments Sold by the Defendants

(5) A REIT is a complex investment generally involving a company that owns income-producing real estate or assets related to real estate. REITs provide a way for individual investors to earn a share of the income produced through commercial real estate ownership by purchasing interests or shares in the REIT. The income-producing real estate assets owned by a REIT may include office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, and mortgages or loans. A REIT is distinguishable from other real estate companies in that a REIT must acquire and develop its real estate properties primarily to operate them as part of its own investment portfolio over an extended period of time, as opposed to reselling those properties after they have been developed.

(6) REITs may be registered with the Securities and Exchange Commission ("SEC") and can be traded publicly on exchanges. These are known as publicly traded REITs. There also are, however, REITs that are non-publicly traded. Non-publicly traded REITs are illiquid, long-term investments and generally require investors to maintain the investment for a long holding period before investors are able to liquidate their principal investment. Additionally, for tax purposes, a real estate fund must meet certain specific criteria to be qualified as a REIT. Almost all REITs offered by Woodard and Crawford to their brokerage clients were non-publicly traded REITs.

(7) A TIC is a complex real estate investment in which an investor owns a physically undivided interest in a parcel of property with a group of other investors. Each investor is entitled to share with the other investors the associated rights to a proportionate share of rents or profits from the property, to transfer the interest, and, in some cases, to demand a partition of the property. TICs offer investors with smaller sums of money to invest in the opportunity to own larger and more expensive real estate holdings such as commercial property.

(8) An investment in a TIC can provide some investors with the ability to defer capital gains taxes. This feature can be attractive for those investors who have obtained funds from the sale of individually owned real estate since the investment allows them to take advantage of § 1031 of the Internal Revenue Code, 26 U.S.C. § 1031. Such a transaction is commonly referred to as a "1031 Exchange."

(9) The oil and gas alternative investments offered by Crawford and Woodard typically were for shares or other forms of investment interests in entities involved in oil and gas extraction.

(10) In almost every single case, the REITs offered by Crawford and Woodard were for start-up or early stage funds or investment pools with limited or no operating histories. TICs offered by Crawford were similarly for early stage companies. The oil and gas alternatives were also early-stage or start-up companies with limited or no operating histories. The REITs and TICs offered by Crawford and Woodard typically had sponsoring companies with principals, managers, and board members managing such investments and investment funds for the benefit of retail and institutional investors. The REITs, TICs, and many of the oil and gas ventures typically had a projected holding period of five to seven years and in some cases could not be redeemed, sold, or liquidated during this time period.

Risks Associated with Alternative Investments

(11) Nearly all illiquid alternative investments offered by Crawford and Woodard involved a high degree of risk and were speculative in nature. These products were expressly designated as such in the disclosure documents for these investments.

(12) Other significant risks associated with these products as generally expressed in the disclosure documents, and summarized here, included the following:

- Because some of the products were not publicly traded, there was a substantial barrier to their resale, and any resale would likely occur at a discount from the purchase price.
- The companies and funds associated with these investments were in every case early stage companies and had limited operating histories making future performance difficult to predict and largely speculative.
- The general risks involved in ownership of real estate created no guarantees of any return on investment and loss of investment throughout the life of the investment.
- Many of the early-stage REIT operations for the investments offered and sold resulted in net losses making their future performance difficult, if not impossible, to predict.
- There was no guarantee of income distributions for the REITs and TICs over time because of operational risks.
- REITs were permitted to use offering proceeds to pay distributions to investors and to borrow funds to pay distributions.
- Certain REITs had the ability to incur debt for operations from the equity in the property purchased which could have led to an inability to pay distributions to shareholders and could have decreased the value of the investment in the event that income on the property fell or the value of the property secured by debt fell.
- REITs depended on the financial health of an outside advisor to manage the fund and to select the properties associated with the REIT.
- There were conflicts of interest between the outside REIT advisors and their other affiliated funds including significant conflicts in allocating time among the funds they managed and other similar programs they sponsored.
- For REITs, if the issuer failed to raise the maximum amount of offering proceeds, it could result in the REIT issuer not investing in a diverse portfolio of properties making the value of the investment variable based on the performance of a more limited number of properties in the portfolio.
- The REITs in many cases were not pre-qualified as REITs and could have potentially failed to meet the tax requirements to qualify as a REIT causing payment of additional taxes and reducing funds available to make distributions and also the value of the fund in general.
- Investors purchasing TICs could be faced with the prospect of a "capital call" by the TIC manager requiring the investor to pay additional funds into the TIC above and beyond their initial principal investment in the event a TIC property devalued or the company operating the TIC went bankrupt.

Internal Compliance and Suitability Standards for Selling Alternative Investments

(13) The alternative investments offered and sold by Crawford and Woodard were listed in Pac West's compliance manual for registered agents ("Manual") as non-conventional investments ("NCIs"). Both Crawford and Woodard were required to follow these guidelines for NCIs in determining whether these alternative investments were suitable for their clients.

(14) The Manual expressly stated that the disclosures made in the prospectuses or disclosure documents for NCIs alone were not sufficient to satisfy the agent's due diligence requirements when evaluating risk for their clients. Therefore, the Manual required that Crawford and Woodard, in evaluating risk, obtain additional information about the NCI and, if such information was unavailable, the product was to be considered inappropriate for sale. Therefore, not only was the information relating to risks within disclosure documents pertinent and relevant to a sale, but an agent was required to go beyond the disclosure document and uncover or learn of additional risks associated with the product.

(15) Because NCIs are complex and not easily understood, an agent could not rely solely on a client's financial status as the basis for recommending an NCI for purchase. In fact, the Manual specifically referenced the National Association for Securities Dealers ("NASD") Notice to Members 03-71 ("Notice"). The NASD Notice expressly cautioned agents that NCIs with particular risks might only be suitable for a very narrow band of investors capable of evaluating and being financially able to bear those risks.

(16) In recommending the purchase of alternative investments, Crawford and Woodard were required to use care to ensure the concentration of alternative investments within a client's investment portfolio were suitable for the client, in part, because of the liquidity and other risks associated with these investments.

The Defendants' Misrepresentations of Risk Associated with Alternative Investments

(17) Crawford and Woodard marketed themselves to clients as specialists in alternative investments and routinely offered these products to some of their clients as "alternatives" to traditional securities publicly traded over national exchanges. Crawford and Woodard offered these products to their customers as part of an investment strategy they believed added diversity to a portfolio beyond holding only traditional exchange-traded securities. Almost

all alternative investments offered and sold by Crawford and Woodard were non-publicly traded products. Crawford and Woodard derived the majority of their commissions from the sale of these products.

(18) On several occasions, despite Crawford and Woodard informing their clients that they could lose their principal investment, Crawford and Woodard understated the material risks associated with the alternative investments they sold to some of their clients and minimized the possibility of a total loss. Specifically, Crawford and Woodard misrepresented or misled some of their clients to believe that these high-risk and speculative securities carried a lower risk than what was expressed in the disclosure documents for these products.

(19) In some cases, Crawford downplayed the risks represented in the disclosure documents for these products, as referenced above, when the documents were provided to some of their clients. In many cases, he referred to the high risk language and express risk factors in these documents as "boilerplate" despite express compliance and regulatory requirements cautioning against the minimization of risks associated with these types of products.

(20) In some cases, Crawford told his clients they could achieve a 12% return on investment while the risks associated with the products were minimized. In one case, Crawford represented to a couple to whom he sold TICs, following the couples' sale of a substantial piece of their farmland for over $2 million, that they could obtain "a six figure income" with zero capital gains taxes. The couple ("Investors 1 and 2") was advised by Crawford to invest almost half the proceeds of the sale of their farmland into four different TICs to take advantage of the 1031 Exchange allowing them to defer their capital gains tax liability from the sale of their farmland. Crawford minimized the capital call risks, discussed above, associated with the product. After Investor 1 expressly asked about the possibility of the risk, Crawford stated to the client that it was unlikely and downplayed the capital call risks and other risks stated in the disclosure documents for these products. Crawford also minimized the potential tax liability risk in the event the TIC property was devalued or the TIC went bankrupt causing a loss on the principal investment requiring the investor to pay any deferred capital gains tax from other sources.

(21) In one of the four TICs purchased by Investors 1 and 2, the TIC manager exercised its right to a capital call because the TIC failed. The couple was required to pay more money into the TIC above and beyond their principal investment. Upon the TIC failing, they became immediately liable to pay the deferred capital gains tax from the 1031 Exchange on this TIC. They were unable to pay the tax from the principal investment in the failed TIC requiring them to pay from other sources.

(22) In another case, Crawford recommended to a client ("Investor 3") that he move $450,000 in personal savings and in cash he had obtained from the sale of stock that he inherited in a major pharmaceutical company into high risk and speculative alternative securities. Crawford and Woodard minimized the risks associated with these products to the client who indicated that he was led to believe they carried little risk. The client has since lost a substantial portion of the $450,000 discussed above.

(23) As a general practice, when selling REITs, Crawford and Woodard employed an investment strategy whereby they usually offered and sold REITs to clients at the end of an offering period for each particular REIT. Crawford and Woodard represented to their clients that by purchasing REITs at the tail end of an offering period, the specific risks as expressed in the offering documents were mitigated because the REIT fund was close to raising or had raised all the money it intended and had also purchased a substantial book of properties from which to draw income. Crawford and Woodard also represented to clients that by adding this type of real estate investment to their portfolios, the total portfolio risk became generally safer and less volatile than one containing only traditional securities such as stocks and mutual funds.

(24) Representing that disclosed risks were reduced as a result of employing this strategy was improper. At no time did the risk factors as referenced in the disclosure documents change. The risk factors expressly referenced in the disclosure documents remained during, and well after, the offering period ended for the REITs in question. Simply approaching or reaching the target maximum funds during the offering period and even purchasing properties within a REIT did not mitigate the operational risk of the fund or the tax consequences for those REITs over the life of the investment. As stated previously, nearly all alternative investments offered by Crawford and Woodard were in early-stage funds or companies with limited or no operational history. The offering period for these products typically represented only a 10- to 18-month period, and reaching the target offering amount did not eliminate the risks associated with the investment, as stated in the disclosure documents, over the five to seven year projected period the investor could be holding the security.

(25) For example, fluctuations in the value of real estate over time would have had a dramatic influence on the value of a REIT, and reaching the target offering amount did nothing to mitigate this risk. The performance of the businesses in leased REIT properties and their ability to continue meeting their lease obligations was also a factor unrelated to the amount of offering proceeds collected. These risks and others, as expressed above in paragraph (12), continued throughout the life of these investments and were minimized by Crawford and Woodard.

The Defendants' Failure to Conduct an Adequate Suitability Determination

(26) On several occasions, Crawford and Woodard also failed to make an appropriate suitability determination when recommending the alternative investments they sold to some of their clients. Crawford and Woodard relied too heavily on a client's financial status and net worth in recommending the purchase of alternative investments and improperly placed some clients into high concentrations of alternative investments.

(27) Crawford and Woodard considered placement in alternative investments as an option for some clients even before they had completed the necessary steps to open Pac West brokerage accounts for clients based in large part on the amount of money their clients had.

(28) For example, in one case, Crawford met with a potential client ("Investor 4") who had over $1 million in proceeds from the sale of his propane business. Investor 4 indicated that Crawford initially met with him in a restaurant and discovered how much money he had to invest. Crawford later invited him to his office where Crawford and Woodard discussed alternative investments as an option for this client's portfolio before the necessary steps were taken to consider whether alternative investments were appropriate for Investor 4. Later, Crawford and Woodard recommended that he purchase $200,000 in three investments which included a $50,000 investment in a high-risk alternative investment. According to Investor 4, the alternative investment was categorized as carrying a moderate level of risk. This product was in fact designated as high-risk and speculative. The client subsequently lost a substantial amount of this investment due to the investment's poor performance.

(29) Crawford and Woodard also placed some of their clients into inappropriately high concentrations of high risk alternative investments in relation to their net worth. In the case of Investor 3, a former production control manager, his alternative investment holdings comprised more than one-third of his total net worth at the time of his investment, exclusive of equity in his personal residence. In the case of Investors 1 and 2, the funds they

obtained from the sale of their farmland represented almost half of their net worth, exclusive of equity in their personal residence at the time of their investment. Also, Investors 1 through 3 were placed into high concentrations of these risky investments despite the fact that they classified themselves as "moderate risk" investors, and their new account forms with Pac West designated them as having "moderate" risk tolerances.

(30) Based on the Defendants' misrepresentations to their clients and failure to comply with both internal compliance procedures and the Commission's Rules, the Defendants' clients are known to have lost more than $1 million.

(31) Based on the conduct as described above, the Division alleges that the Defendants violated § 13.1-502 (2) of the Act and Rule 21 VAC 5-20-280 G by making materially untrue statements or omissions of fact in the offer and sale of securities. The Division further alleges that the Defendants violated Rule 21 VAC 5-20-280 A (3) by recommending to some clients the purchase of alternative investments without reasonable grounds to believe that the recommendation was suitable for their clients based upon reasonable inquiry concerning their client's investment objectives, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-521 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-521 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code 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) Within three years from the date of entry of this Order, the Defendants will pay jointly to the Treasurer of the Commonwealth the amount of Thirty Thousand Dollars ($30,000) in monetary penalties.

(2) Within one year from the date of entry of this Order, the Defendants will pay jointly to the Treasurer of the Commonwealth the amount of Five Thousand Dollars ($5,000) to defray the cost of investigation.

(3) The Defendants' agent registrations are hereby suspended for a period of three months. However, the time period for such suspensions shall be considered to have begun on December 23, 2012, and ended on March 23, 2013, given the Defendants' voluntary agreement not to sell or make any commissions from the sale of alternative investments during this time period.

(4) Within 180 days of the date of entry of this Order, the Defendants will enroll in and complete training courses totaling 40 hours altogether in the offer and sale of alternative investments and private placement investments under the SEC's Rule 506, Regulation D, and also financial advisor training courses. Such courses must be approved by the Division prior to enrollment. Following completion of these courses, the Defendants will submit proof satisfactory to the Division evidencing enrollment and attendance in such courses.

(5) The Defendants will be placed on probation for a period of two years ("probationary period") from the date of entry of this Order. The Defendants agree to abide by and comply with the conditions of an Order Imposing Special Supervisory Procedures ("Special Supervisory Order") during the probationary period that shall be entered simultaneously upon the entry of this Order. The Defendants agree that any failure of the Defendants to comply and abide by the material terms and conditions of the Special Supervisory Order shall be considered a violation of this Order and, following the issuance of a Rule to Show Cause alleging such failure to comply, may serve as grounds for, in accordance with the Commission's authority under the Act, the immediate suspension or revocation of the Defendants' registration, in addition to the payment of monetary penalties, contempt penalties and investigative costs, and the imposition of any injunctive relief that may be requested by the Division.

(6) Within 30 days of the date of entry of this Order, the Defendants will provide a copy of this Order via certified U.S. mail to all their current clients and former clients having opened a securities account with the Defendants' through Pac West from July 1, 2005, to the date of entry of this Order. Within 45 days of the date of entry of this Order, proof of such mailing shall be provided to the Division.

(7) The Defendants will not violate the Act in the future.

Accordingly, IT IS 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) This Order concludes the investigation by the Commission and any other action that the Commission could commence against the Defendants under applicable law on behalf of the Commonwealth as it relates to the violations described in this Order, up to and including activity occurring through the date of this Order.

(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 NO. SEC-2013-00005
APRIL 29, 2013

APPLICATION OF
FUNDRISE 906 H STREET NE, LLC

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Fundrise 906 H Street NE, LLC ("Fundrise 906"), dated July 23, 2012, with attached exhibits, and subsequently amended, requesting that Class C Membership Units ("Units") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Three Hundred Fifty Dollars ($350) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Fundrise 906 is a Virginia limited liability company that owns and manages the real estate located at 906 H Street, NE, Washington, D.C.; and (ii) Fundrise 906 intends to offer and sell 3,500 Units for an aggregate amount of up to $350,000. The Units will be offered and sold by an agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Fundrise 906 in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in Virginia through an offering circular, a copy of which is filed as a part of the record.

No material change in Fundrise 906's conditions or terms of offering may be made in the offering circular without prior submission to the Division of Securities and Retail Franchising and acceptance by the Commission.

CASE NO. SEC-2013-00007
JULY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHANELLO'S PIZZA INTERNATIONAL, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Chanello's Pizza International, Inc. ("Chanello's" or "Defendant"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"). Based on its investigation, the Division alleges:

(1) The Defendant, on more than one occasion, violated § 13.1-560 of the Act by selling unregistered franchises in the Commonwealth of Virginia ("Commonwealth"). The Defendant further violated § 13.1-563 (4) of the Act by failing to provide Virginia franchisees with a Franchise Disclosure Document ("FDD") cleared by the Division.

(2) Chanello's is a Virginia corporation formed on July 15, 2002. Chanello's was formerly incorporated under its predecessors, Chanello's Pizza International, Inc., also a Virginia corporation formed on May 7, 1999, and Chanello's Pizza, Inc., a Virginia corporation formed on March 26, 1998. At all times relevant to the allegations herein, Chanello's operated under the title of one of these corporations and continues to operate as a successor-in-interest to these prior incorporated entities. Chanello's operates and sells pizza delivery stores within the Commonwealth under the Chanello's trademark.

(3) Since at least 2000, Chanello's has been aware of the registration requirements of the Act and the requirement to provide approved FDDs to potential franchisees. An FDD is a standard franchise industry document that must be provided by a franchisor to any potential franchisee prior to the franchisee entering into a franchise agreement. An FDD contains material disclosures pertaining to the franchisor and the offered franchise opportunity such as the franchisor's general financial condition, operating history, and the details of any fees or royalties that will be owed to a franchisor over the course of a franchise agreement.

(4) From 1998 through 2004, Chanello's entered into five Asset Purchase Agreements ("Agreements") with the store managers of five different Chanello's pizza locations for the purchase of these stores. The Agreements granted the purchaser an exclusive right to own and operate a pizza store at a designated location under the Chanello's trademark for a fee. Pursuant to the Agreements, the stores were to be operated by the purchaser under operating guidelines prescribed by Chanello's which included food specifications and preparation methods, uniform requirements, and special training.

(5) The Agreements satisfied the definition of "franchise" under § 13.1-559 of the Act. However, Chanello's never registered the Agreements as franchises with the Division prior to offering and selling them. Additionally, none of the individuals purchasing a Chanello's franchise received an FDD cleared by the Division.

(6) The Division alleges that the Defendant violated § 13.1-560 of the Act by selling or offering to sell franchises in Virginia in the form of Chanello's Agreements prior to registering under the provisions of the Act. Additionally, the Division alleges that the Defendant violated § 13.1-563 (4) of the Act by failing to provide franchisees entering into Chanello's Agreements with an FDD cleared by the Division.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code 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").

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, within six months of the date of entry of this Order, the amount of Seven Thousand Five Hundred Dollars ($7,500) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth the amount of Five Thousand Dollars ($5,000) to defray the cost of investigation. The Defendant will pay Two Thousand Five Hundred Dollars ($2,500) of the investigative costs contemporaneously with the entry of this Order. Within 30 days of the date of entry of this Order, the Defendant will pay the remaining Two Thousand Five Hundred Dollars ($2,500) of the investigative costs.

(3) Within 120 days of the date of entry of this Order, the Defendant will submit a Franchise Registration application to the Division in accordance with Rule 21 VAC 5-110-30 of the Commission's Retail Franchising Act Rules, 21 VAC 5-110-10 *et seq*. The Defendant further agrees not to offer or sell, directly or indirectly, any Chanello's franchises or subfranchises in the Commonwealth until such time as it has been cleared for registration by the Division.

(4) Within 30 days of the entry of this Order, the Defendant will provide a copy of this Order via certified U.S. mail to all existing franchisees. Within 45 days of the date of entry of this Order, the Defendant shall provide proof of such certified mailing to the Division.

(5) 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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(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.

(4) This Order concludes the investigation by the Commission and any other action that the Commission could commence against the Defendants under applicable law on behalf of the Commonwealth as it relates to the violations described in this Order, up to and including activity occurring through the date of this Order.

CASE NO. SEC-2013-00009
MARCH 26, 2013

APPLICATION OF
BAPTIST GENERAL CONFERENCE CORNERSTONE FUND,
d/b/a CONVERGE CORNERSTONE FUND

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 Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund ("Fund"), which the Commission received March 1, 2013, with attached exhibits. The application requested that Fixed Rate Certificates, Demand Certificates, and Individual Retirement 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 the officers of the Fund 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: (i) the Fund is an Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the Fund intends to offer and sell the Certificates in an approximate aggregate amount of up to $100,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of the Fund who will not be compensated for their sales efforts; and (iv) the Fund 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.

Based on the facts asserted by the Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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 are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2013-00012
AUGUST 1, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ALL ABOUT HONEYMOONS FRANCHISE CORPORATION,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of All About Honeymoons Franchise Corporation ("All About Honeymoons" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

(1) All About Honeymoons is a franchisor formed under the laws of Colorado that offers franchising opportunities in the travel industry. All About Honeymoons is headquartered in Greenwood Village, Colorado.

(2) All About Honeymoons offered and sold franchises without being properly registered in Virginia. The Defendant attempted to register the franchise with the Division in 2005 and 2009. In both instances, however, the registration was withdrawn.

(3) In 2008, the Division investigated the alleged offer and sale of unregistered franchises by the Defendant. As part of the investigation, the Division requested the Defendant provide the name of every Virginia franchisee as well as the receipt pages for the disclosure documents provided to the franchisees, copies of all agreements, and the date and amount of all payments made by the franchisees.

(4) In response to the Division's request, All About Honeymoons provided information and documentation for three Virginia franchisees.

(5) As a result of the investigation, and based upon the representations made by All About Honeymoons, the Commission entered into a Settlement Order with the Defendant on November 24, 2008, in Commission Case No. SEC-2008-00099 ("2008 Order"). The 2008 Order alleged unregistered offers and sales of a franchise, as well as the failure to provide franchisees with the required franchise agreement and disclosure documents.

(6) A condition of the 2008 Order required All About Honeymoons to make an offer of rescission to the Virginia franchisees.

(7) All About Honeymoons submitted an affidavit, dated November 11, 2008, to the Division from its president, Gregory Strobach, attesting rescission had been offered and it had fully complied with the terms and conditions of the 2008 Order.

(8) Subsequently, the Division determined All About Honeymoons failed to disclose two Virginia franchisees to the Division. Both franchisees received disclosure documents from the Defendant, signed Franchise Agreements, and had been active in the franchise system at the time of the previous investigation and 2008 Order. The Defendant failed to provide this information to the Division. Additionally, All About Honeymoons failed to offer either franchisee rescission as ordered in the 2008 Order.

Based on the current investigation, the Division alleges the Defendant violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in the Commonwealth of Virginia ("Commonwealth") prior to registering under the provisions of the Act; (ii) violated § 13.1-563 (4) (ii) of the Act by failing, directly or indirectly, to provide franchisees with such disclosure documents as may be required by rule or order of the Commission; and (iii) violated § 13.1-570 of the Act by knowingly making misrepresentations of a material fact for the purpose of inducing the Commission to take action or to refrain from taking action.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits to the violation of § 13.1-560 of the Act, neither admits nor denies the remaining allegations, and admits 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 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, within three years of the date of entry of this Order, the amount of Nine Thousand Five Hundred Dollars ($9,500) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth, within three years of the date of entry of this Order, the amount of Two Thousand Five Hundred Dollars ($2,500) to defray the cost of investigation.

(3) The Defendant will make restitution to the Virginia franchisees pursuant to the terms outlined in the Division's June 25, 2013 correspondence, in addition to the following:

(a) Within 30 days of the date of entry of this Order, the Defendant will give notice to the Virginia franchisees in writing, sent by certified mail, of their restitution payment.

(b) The Defendant will include with the written notice of restitution a copy of this Order.

(c) The Defendant will forward all restitution payments to the Virginia franchisees within three years of the date of entry of this Order.

(d) Within three years from the date of the entry of this Order, the Defendant will submit to the Division an affidavit, executed by its president, Greg Strobach, which contains the date on which the Virginia franchisees received the restitution payment, and proof of such restitution payment.

(4) The Defendant is permanently enjoined from offering and selling franchises in the Commonwealth.

(5) 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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00014
APRIL 4, 2013

APPLICATION OF
CHANTILLY BIBLE CHURCH

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 Chantilly Bible Church ("Applicant"), which the Commission received March 5, 2013, with attached exhibits. The application requested that the Applicant's First Mortgage Bonds, 2013 Series A ("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, in addition to others not enumerated herein, appear to exist: (i) the Applicant is a Virginia corporation, organized and operated not for private profit but exclusively for religious, educational, benevolent and charitable purposes; (ii) the Applicant intends to offer and sell the Bonds in an approximate aggregate amount of up to $2,205,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) the Bonds are to be offered and sold only by broker-dealers registered under the Act.

Based on the facts asserted by the Applicant in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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.

CASE NO. SEC-2013-00017
OCTOBER 29, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ANY TEST FRANCHISING, INC.
and
JOSEPH NEELY,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Any Test Franchising, Inc. ("Any Test"), and Joseph Neely ("Neely") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Based upon its investigation, the Division alleges the following:

(1) Any Test is a franchisor formed under the laws of Georgia that offers franchising opportunities in labs that specialize in the collection of blood, urine, and DNA for testing and analysis. Any Test locations also offer immunizations and therapeutic injections. Any Test's franchise was first registered to be offered and sold in the Commonwealth of Virginia ("Virginia") in 2007.

(2) Neely is a resident of Georgia. At all relevant times Neely was the CEO of Any Test.

(3) For the first several years the franchise was registered, Any Test included optional Financial Performance Representations in Item 19 of its disclosure document. Item 19 allows, but does not require, franchisors to include actual or projected financial performance of franchisee or franchisor-owned locations. Pursuant to 21 VAC 5-110-95 of the Commission's Retail Franchising Act Rules, 21 VAC 5-10-10 *et seq.*, a franchisor is required to have a reasonable basis for the financial representation at the time the representation was made as well as written substantiation. In addition, Any Test was required to disclose any unique characteristics of the locations included in the financial representations that differed materially from those outlets that were offered to the prospective franchisees.

(4) Despite these requirements, Any Test and Neely failed to disclose the fact that every outlet listed in Item 19 was owned by a medical doctor. The Division alleges that a medical doctor who owns the location is able to refer patients to the locations as well as read the results of tests without charging the locations a fee for doing so. The Division alleges that by failing to disclose all of the outlets listed in Item 19 were owned by a medical doctor, the Defendants violated § 13.1-563 (2) of the Act.

(5) Prior to entering into a franchise relationship, prospective Virginia franchisees were invited to a "Discovery Day" at Any Test, hosted by Neely.

(a) At Discovery Day, Neely showed prospective franchisees a presentation and provided them with an electronic copy of a Financial Model Worksheet which is offered as a template that includes formulas to be used by a prospective franchisee.

(b) In the presentation, Any Test listed nine tests its franchisees offered. It then broke down the tests by retail cost, cost of each test, gross margin, gross margin percentage, and mark-up percentage.

(c) The electronic Financial Model Worksheet contained formulas created by Any Test. Upon a prospective franchisee entering data, these formulas would calculate expenses and revenues for the prospective franchisees as well as gross margins.

(d) A franchisor may only make financial performance representations through Item 19 in its disclosure document. Therefore, a franchisor cannot make any financial performance representations to prospective franchisees outside its disclosure document. The Financial Model Worksheet, which contained formulas for a prospective franchisee, and the presentation at Discovery Day were not the disclosures made by Any Test in Item 19 of its disclosure document. According to the Division, both the Discovery Day presentation that listed gross margins and mark-ups for nine tests offered by the franchise locations as well as the Financial Model Worksheet that provided formulas for the calculation of expenses and revenues represent prohibited financial representations and violated § 13.1-563 (2) of the Act.

(6) The disclosure document cleared by the Division contains exhibits, including an Area Developer Agreement. According to the Division, the Area Developer Agreement provided to the Division was materially different than the one the franchisees signed in that certain fees, the fee structure, and the training requirements differed between the disclosure document provided to the Division and the one the Virginia franchisees signed violating § 13.1-563 (4) (ii) of the Act.

(7) After concluding its investigation, the Division alleges the Defendants violated: (i) § 13.1-563 (2) of the Act by 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 sale or offer to sell a franchise; and (ii) § 13.1-563 (4) (ii) of the Act by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a 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 to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

For the purposes of this Settlement Order ("Order"), the Defendants neither admit nor deny the foregoing allegations, but admit to the Commission's jurisdiction and authority to enter this 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 ("Treasurer"), contemporaneously with the entry of this Order, the amount of Thirty Thousand Dollars ($30,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation.

(3) Within 30 days of the date of entry of this Order, the Defendants will provide all current and former franchisees who had a franchise location in Virginia with a copy of this 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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00018
OCTOBER 23, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALICE BAYER MIDDLETON
and
CATHEDRAL CAPITAL MANAGEMENT, LLC,
Defendants

JUDGMENT ORDER

On June 6, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Alice Bayer Middleton and Cathedral Capital Management, LLC (collectively, "Defendants"). The Rule summarized allegations by the Division of Securities and Retail Franchising ("Division"). The Division alleged that the Defendants violated certain sections of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and the Commission's Rules Governing Investment Advisors, 21 VAC 5-80-10 *et seq*. ("Commission Rule").

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for July 31, 2013. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before July 1, 2013, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Rule also advised the Defendants that they may be found in default if they failed to either timely file a responsive pleading or if they failed to appear at the hearing.

The Defendants failed to file an answer or other responsive pleading to the Rule.

On July 15, 2013, the Division filed a Motion for Default Judgment ("Motion"). In support of its Motion, the Division stated that a copy of the Rule was served on the Defendants at their addresses on file with the Division by certified mail, return receipt requested. Copies of the certified mail receipts were attached to the Motion, and they indicate that the Defendants received the Rule. As of the date of the Division's Motion, the Defendants had not made an appearance in the case nor had they made any attempt to contact the Division. Consequently, the Division moved for a default judgment. The Division stated that it would appear at the hearing and present testimony supporting the imposition of penalties and permanent injunctions against the Defendants.

An evidentiary hearing on the Rule was held on July 31, 2013. The Division was represented by its counsel, Gauhar R. Naseem, Esquire. The Defendants failed to appear at the hearing. The Division presented the testimony of one witness, Brian L. Silverman, Senior Examiner, in the Division's registration section.

On September 10, 2013, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendants violated § 13.1-506 (5) of the Act and Commission Rule 21 VAC 5-80-40 A. Based on these findings as detailed in the Report, the Hearing Examiner recommended that the Defendants' registrations should be revoked.

The Report allowed the Defendants 21 days in which to provide comments. The Defendants did not file comments nor have they made any appearance of any kind in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-519 of the Act, the Defendants are hereby PERMANENTLY ENJOINED from violations of the Act.

(2) The Defendants' registrations as an investment advisor and investment advisor representative are hereby REVOKED.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. SEC-2013-00019
JUNE 18, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK A. GOWIN,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Mark A. Gowin ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

The Defendant is currently not registered as an agent or investment advisor representative in Virginia. An application for registration as an agent and investment advisor representative has been filed and currently is pending. Previously, the Defendant was registered as an agent and investment advisor representative in Virginia of AXA Advisors, LLC ("AXA"), from June 1, 2005, through July 24, 2012.

AXA has been a registered broker-dealer in Virginia since September 22, 1981. Also, AXA filed notice with the Commission to be a federal-covered advisor on September 7, 1987. The company's principal office is in New York, New York.

On May 18, 2012, the Defendant, in his capacity as an AXA agent, effected securities transactions involving shares of Facebook, Inc., in two accounts for an AXA customer without obtaining the customer's authority to do so, in violation of 21 VAC 5-20-280 A (4) through 21 VAC 5-20-280 B (6) of the Commission's rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules").

On May 18, 2012, the Defendant, in his capacity as an AXA investment advisor representative, recommended and facilitated a securities transaction involving shares of Facebook, Inc., in one fee-based, advisory account for an AXA investment advisor customer without the customer's approval, or without securing any written discretionary approval from the customer within ten days of the transaction, in violation of Rule 21 VAC 5-80-200 B (4).

Based upon the investigation, the Division alleges that the Defendant violated: (i) Rule 21 VAC 5-20-280 A (4) through Rule 21 VAC 5-20-280 B (6) by executing securities transactions in a customer's account without the authority to do so; and (ii) Rule 21 VAC 5-80-200 B (4) by exercising discretionary authority for a customer in connection with the recommendation and subsequent purchase of securities without obtaining written discretionary authority from the customer within ten days of the first transaction.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a 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, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits to one violation of Rule 21 VAC 5-20-280 A (4) through Rule 21 VAC 5-20-280 B (6), neither admits nor denies the remaining alleged violations, and admits 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 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 ("Commonwealth"), contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, the amount of One Thousand Dollars ($1,000) to defray the costs of the investigation.

(3) The Defendant agrees to refrain from registering or transacting business as an agent or an investment advisor representative for a period of 30 days, for which he is credited during the time his registration application was pending during the course of the investigation.

(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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00020
DECEMBER 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DON BRAZELTON
and
BRAZELTON LOAN PARTNERS,
Defendants

JUDGMENT ORDER

On June 17, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Don Brazelton ("Brazelton") and Brazelton Loan Partners ("Loan Partners") (collectively, "Defendants"). The Rule summarized allegations by the Division of Securities and Retail Franchising ("Division") against the Defendants. Specifically, the Division alleged that the Defendants sold unregistered partnership interests in violation of the provisions of §§ 13.1-507 and 13.1-504 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code"), and that Brazelton made material misrepresentations and omissions in the offer and sale of the partnership interests in violation of § 13.1-502 (2) of the Act.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for October 2, 2013. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before July 17, 2013, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Rule also advised the Defendants that they may be found in default if they failed to either timely file a responsive pleading or if they failed to appear at the hearing.

On July 19, 2013, the Division filed a Motion to Amend Rule to Show Cause. Because the Division had been unsuccessful in its attempts to serve the Defendants at their last known address, counsel for the Division sought to serve the Secretary of the Commonwealth with an Amended Rule to Show Cause ("Amended Rule"). Pursuant to a Hearing Examiner's Ruling and Certification to the Commission dated July 29, 2013, the Division's motion was certified to the Commission with a recommendation that the Commission issue the Amended Rule. The Commission issued an Amended Rule on August 1, 2013. In the Amended Rule, the Commission directed the Defendants to file responsive pleadings on or before September 6, 2013, and to appear at a hearing scheduled for October 2, 2013.

The Defendants failed to file any responsive pleadings or otherwise make an appearance in this case.

An evidentiary hearing on the Amended Rule was held on October 2, 2013. The Division was represented by its counsel, Donnie L. Kidd, Jr., Esquire. The Defendants failed to appear at the hearing following service of the Amended Rule and after receiving notice of the hearing. At the hearing, counsel for the Division moved for default judgment against the Defendants. In support of the motion for default judgment, the Division presented proof of service on the Defendants as well as an affidavit containing the testimony of William R. Ward, Senior Investigator in the Division's Enforcement Section, along with supporting attachments.

On November 8, 2013, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that Brazelton committed: (i) four violations of § 13.1-507 of the Act; (ii) four violations of § 13.1-504 A of the Act; and (iii) four violations of § 13.1-502 (2) of the Act. Similarly, he found that the Division provided by clear and convincing evidence that Loan Partners committed four violations of § 13.1-504 B of the Act. In addition, the Hearing Examiner found that each Defendant should be fined the maximum penalty amount of $10,000 for each violation pursuant to § 13.1-521 A of the Act.

Based on these findings, the Hearing Examiner recommended that Brazelton be fined $120,000 and Loan Partners be fined $40,000. Pursuant to § 13.1-521 C of the Act, however, the Hearing Examiner recommended that the Commission waive the monetary penalties if the Defendants pay restitution in the amount of $20,000 to the investors within 30 days of the entry of the Commission's order in this proceeding. In addition, he found that, pursuant to § 13.1-518 A of the Act, Brazelton should be assessed $6,504.75, and Loan Partners should be assessed $2,168.25 to pay the actual costs of the Division's investigation.

Finally, the Hearing Examiner found that, pursuant to § 13.1-519 of the Act, each of the Defendants should be permanently enjoined from: (i) registering or transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative and from selling securities within the Commonwealth of Virginia; and (ii) violating the Act in the future.

The Report allowed the parties 21 days to provide comments. Neither the Defendants nor the Division filed comments.

NOW THE COMMISSION, upon consideration of the Amended Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 13.1-521 A of the Act, Brazelton shall be fined in the amount of $120,000 and Loan Partners shall be fined in the amount of $40,000 for their violations of the Act. Pursuant to § 13.1-521 C of the Act, however, the Commission shall waive the monetary penalties if the Defendants pay restitution in the amount of $20,000 to the investors within thirty (30) days of the entry of this Judgment Order.

(2) Pursuant to § 13.1-519 of the Act, the Defendants are hereby PERMANENTLY ENJOINED from: (i) registering or transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative and from selling securities within the Commonwealth of Virginia; and (ii) violating the Act in the future.

(3) Pursuant to § 13.1-518 A of the Act, Brazelton is assessed the amount of $6,504.75, and Loan Partners is assessed the amount of $2,168.25 to pay the actual costs of the Division's investigation.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. SEC-2013-00021
JUNE 19, 2013

APPLICATION OF
HOSANNA VICTORY CHURCH

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 Hosanna Victory Church ("Hosanna"), which the Commission received March 22, 2013, with attached exhibits, as subsequently amended. The application requested that First Deed Trust Bonds, Series 2013-B ("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 the Trustees of Hosanna 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: (i) Hosanna is a Virginia unincorporated nonprofit organization operating exclusively for religious purposes; (ii) Hosanna intends to offer and sell the Bonds in an approximate aggregate amount of up to $600,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; (iii) said securities are to be offered and sold by Trustees of Hosanna who will not be compensated for their sales efforts; and (iv) the Bonds may also be offered and sold by broker-dealers registered under the Act.

Based on the facts asserted by Hosanna in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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 Trustees are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2013-00023
AUGUST 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HERITAGE FINANCIAL SYSTEMS, INC.
and
BRIAN K. LUREEN,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Heritage Financial Systems, Inc. ("Heritage") and Brian K. Lureen ("Lureen") (collectively, "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Heritage is a broker-dealer registered with the Commission's Division. Heritage is located at 5 Great Valley Parkway, Suite 334, Malvern, Pennsylvania 19355, and does not have an office located in Virginia. Lureen is President and Chief Compliance Officer of Heritage. Lureen is also a registered agent with the Commission's Division.

The Division's investigation and the alleged violations arise from the relationship between the Defendants and Warren Street Partners, LLC ("Warren Street"), a Virginia-based company offering membership interests ("Units") in a private securities offering pursuant to Regulation D, Rule 506 ("Offering").[1] On September 9, 2010, the Defendants entered into a Managing Broker-Dealer Agreement ("MBDA") to act as the managing broker-dealer for the Offering.

During its investigation, the Division determined that the Defendants violated 21 VAC 5-20-280 A (12) (a) of the Commission's rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10, *et seq.* ("Commission Rules"). Specifically, the Defendants required Warren Street to reimburse it, pursuant to § 9 of the MBDA, for out-of-pocket expenses incurred in connection to activities relating to the promotion of the Offering. These out-of-pocket expenses included state registration fees and renewals. However, the Defendants charged excessive fees when they charged Warren Street for all 50 state registrations, when in fact offers and sales of the Units were made only in five states - Virginia, Tennessee, Pennsylvania, Michigan, and New Hampshire.

In addition, the Division alleges that the Defendants violated Commission Rule 5-20-280 A (12) (a) by charging excessive fees in regard to a second agreement concerning the Offering. On April 6, 2012, Heritage required Warren Street to enter into an Accommodation Agreement ("Agreement") with Heritage's parent company, Heritage Fincorp, Inc. ("Fincorp"). Unlike Heritage, Fincorp is not a registered broker-dealer. The Agreement, however, required Warren Street to pay Fincorp $7,500 per month for Heritage to provide support services not provided under the MBDA. The Division alleges that the Defendants charged excessive fees in that the Division found the additional support services rendered to Warren Street did not justify the fee.

It is further alleged that the Defendants violated Commission Rule 21 VAC 5-20-280 A (3) when they failed to: (1) have a substantive, pre-existing relationship with at least three of the Warren Street investors in the Offering; and (2) conduct and continue to conduct appropriate due diligence of the Warren Street offering document so that the Defendants could make an appropriate determination that the offering was suitable.

The Division also alleges that the Defendants provided misleading or false information on numerous occasions in violation of § 13.1-502 (2) of the Act. Specifically, the Defendants stated to an investor that $2.5 million in additional funds were being added, which would bring the total amount raised to $6 million. The additional contemplated raise never materialized. Furthermore, the Division alleges that the Defendants told an investor that his investment was subject of a first deed of trust, when the Defendants knew that the land was already encumbered by a bridge loan. Additionally, the Division alleges that the Defendants provided misleading information to investors in the issuer's Supplement #3 issued on September 12, 2012, by failing to disclose: (1) the dire financial status of the company, (2) no additional equity was raised since May 2012, (3) the bridge loan was in default, and (4) the actual reason for the change of Managing Member.

In addition, the Division alleges that the Defendants conducted general solicitation of the Offering. As noted, Warren Street claimed an exemption from registration of its Offering pursuant to Regulation D, Rule 506. Regulation D, Rule 506 offering issuers are prohibited from making solicitations to the public via mass mailings. The Defendants participated in producing and issuing a letter to hundreds of Virginia Polytechnic and State University alumni during 2012. It is alleged that by such action, the Offering was no longer exempt under federal and state securities law. Thus, it is alleged that the Defendants violated § 13.1-507 of the Act.

Based on the investigation, the Division alleges the Defendants violated: (i) Commission Rule 21 VAC 5-20-280 A (12) (a) by charging unreasonable and inequitable state registration fees and fees for services performed, including miscellaneous services such as collection of moneys due for principal, dividends or interest, exchange or transfer of securities, appraisals, safekeeping, or custody of securities and other services related to its securities business; (ii) Commission Rule 21 VAC 5-20-280 A (3) by recommending to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer; (iii) § 13.1-502 (2) of the Act by directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iv) § 13.1-507 of the Act by non-willfully failing to comply with Regulation D, Rule 506 and Commission Rule 21 VAC 5-45-20 when the Defendants unintentionally participated in general solicitations via mail distributed by Warren Street as prohibited by Rule 502 (17 CFR 230.502 (c)).

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a 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, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants admit that even though they created and maintained a comprehensive due diligence file and did, in fact, conduct due diligence, they engaged in non-willful conduct that failed to comply with Rule 502 of Regulation D. Defendants also admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). The Defendants, however, neither admit nor deny any of the remaining allegations.

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) Within 180 days of the entry of this Order, the Defendants will pay to the Treasurer of the Commonwealth of Virginia ("Commonwealth") the amount of $20,000 as a civil penalty for the alleged violations.

(2) The Defendants will pay to the Commonwealth, contemporaneously with the entry of this Order, the amount of $5,000 to defray the costs of investigation.

[1] 17 CFR 230.506 of the Securities and Exchange Act of 1933.

(3) Within 180 days of the date of entry of this Order, the Defendants will return a total of $28,335 in fees previously received from Warren Street to each Warren Street investor in proportion to the amount of their investment.

(4) Within 30 days from the date of the final fee payment made to Warren Street investors, the Defendants will provide to the Division an affidavit, executed by the Defendants, attesting that all fees have been paid as well as provide proof thereof (i.e. cancelled check).

(5) The Defendants agree that Lureen shall cease acting in the capacity of a producing manager for a period of five years beginning on January 1, 2014.

(6) The Defendants agree that Lureen will voluntarily withdraw his agent registration with the Division for a period of five years.

(7) The Defendants will not violate the Act in the future.

(8) This Order shall not be construed and is no way intended to serve as a basis for any statutory disqualification.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00023
DECEMBER 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HERITAGE FINANCIAL SYSTEMS, INC.
and
BRIAN K. LUREEN,
Defendants

AMENDED SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Heritage Financial Systems, Inc. ("Heritage"), and Brian K. Lureen ("Lureen") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Heritage is a broker-dealer registered with the Commission's Division. Heritage is located at 5 Great Valley Parkway, Suite 334, Malvern, Pennsylvania 19355, and does not have an office located in Virginia. Lureen is President and Chief Compliance Officer of Heritage. Lureen is also a registered agent with the Commission's Division.

The Division's investigation and the alleged violations arise from the relationship between the Defendants and Warren Street Partners, LLC ("Warren Street"), a Virginia-based company offering membership interests ("Units") in a private securities offering pursuant to Regulation D, Rule 506 ("Offering").[1] On September 9, 2010, the Defendants entered into a Managing Broker-Dealer Agreement ("MBDA") to act as the managing broker-dealer for the Offering.

During its investigation, the Division determined that the Defendants violated 21 VAC 5-20-280 A (12) (a) of the Commission's Rules Governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10, *et seq.* ("Commission Rules"). Specifically, the Defendants required Warren Street to reimburse it, pursuant to Section 9 of the MBDA, for out-of-pocket expenses incurred in connection to activities relating to the promotion of the Offering. These out-of-pocket expenses included state registration fees and renewals. However, the Defendants charged excessive fees when they charged Warren Street for all 50 state registrations, when, in fact, offers and sales of the Units were made only in five states - Virginia, Tennessee, Pennsylvania, Michigan, and New Hampshire.

In addition, the Division alleges that the Defendants violated Commission Rule 5-20-280 A (12) (a) by charging excessive fees in regard to a second agreement concerning the Offering. On April 6, 2012, Heritage required Warren Street to enter into an Accommodation Agreement ("Agreement") with Heritage's parent company, Heritage Fincorp, Inc. ("Fincorp"). Unlike Heritage, Fincorp is not a registered broker-dealer. The Agreement, however, required Warren Street to pay Fincorp $7,500 per month for Heritage to provide support services not provided under the MBDA. The Division alleges that the Defendants charged excessive fees in that the Division found the additional support services rendered to Warren Street did not justify the fee.

[1] 17 CFR 230.506 of the Securities and Exchange Act of 1933.

It is further alleged that the Defendants violated Commission Rule 21 VAC 5-20-280 A (3) when they failed to: (1) have a substantive, pre-existing relationship with at least three of the Warren Street investors in the Offering; and (2) conduct and continue to conduct appropriate due diligence of the Warren Street offering document so that the Defendants could make an appropriate determination that the offering was suitable.

The Division also alleges that the Defendants provided misleading or false information on numerous occasions in violation of § 13.1-502 (2) of the Act. Specifically, the Defendants stated to an investor that $2.5 million in additional funds were being added, which would bring the total amount raised to $6 million. The additional contemplated raise never materialized. Furthermore, the Division alleges that the Defendants told an investor that his investment was the subject of a first deed of trust, when the Defendants knew that the land was already encumbered by a bridge loan. Additionally, the Division alleges that the Defendants provided misleading information to investors in the issuer's Supplement #3 issued on September 12, 2012, by failing to disclose: (1) the dire financial status of the company, (2) that no additional equity was raised since May 2012, (3) that the bridge loan was in default, and (4) the actual reason for the change of Managing Member.

In addition, the Division alleges that the Defendants conducted a general solicitation of the Offering. As noted, Warren Street claimed an exemption from registration of its Offering pursuant to Regulation D, Rule 506. In Regulation D, Rule 506, offering issuers are prohibited from making solicitations to the public via mass mailings. The Defendants participated in producing and issuing a letter to hundreds of Virginia Polytechnic and State University alumni during 2012. It is alleged that by such action, the Offering was no longer exempt under federal and state securities law. Thus, it is alleged that the Defendants violated § 13.1-507 of the Act.

Based on the investigation, the Division alleges the Defendants violated: (i) Commission Rule 21 VAC 5-20-280 A (12) (a) by charging unreasonable and inequitable state registration fees and fees for services performed, including miscellaneous services such as collection of moneys due for principal, dividends or interest, exchange or transfer of securities, appraisals, safekeeping, or custody of securities and other services related to its securities business; (ii) Commission Rule 21 VAC 5-20-280 A (3) by recommending to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer; (iii) § 13.1-502 (2) of the Act by directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iv) § 13.1-507 of the Act by non-willfully failing to comply with Regulation D, Rule 506 and Commission Rule 21 VAC 5-45-20 when the Defendants unintentionally participated in general solicitations via mail distributed by Warren Street as prohibited by Rule 502 (17 CFR 230.502 (c)).

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a 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, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants admit that even though they created and maintained a comprehensive due diligence file and did, in fact, conduct due diligence, they engaged in non-willful conduct that failed to comply with Rule 502 of Regulation D. Defendants also admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). The Defendants, however, neither admit nor deny any of the remaining allegations.

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) Within 180 days of the entry of this Order, the Defendants will pay to the Treasurer of the Commonwealth of Virginia ("Commonwealth") the amount of $20,000 as a civil penalty for the alleged violations.

(2) The Defendants will pay to the Commonwealth, contemporaneously with the entry of this Order, the amount of $5,000 to defray the costs of investigation.

(3) Within 180 days of the date of entry of this Order, the Defendants will return a total of $28,335 in fees previously received from Warren Street to each Warren Street investor in proportion to the amount of his or her investment.

(4) Within 30 days from the date of the final fee payment made to Warren Street investors, the Defendants will provide to the Division an affidavit, executed by the Defendants, attesting that all fees have been paid as well as provide proof thereof (i.e. cancelled check).

(5) The Defendants will not violate the Act in the future.

(6) This Order shall not be construed and is no way intended to serve as a basis for any statutory disqualification.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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-2013-00026
NOVEMBER 12, 2013

COMMONWEALTH OF VIRGINIA *ex rel.*
STATE CORPORATION COMMISSION
v.
RBC CAPITAL MARKETS, LLC,
Defendant

CONSENT ORDER

RBC Capital Markets, LLC ("RBC"), is a broker-dealer registered in the Commonwealth of Virginia ("Virginia") with a Central Registration Depository number of 31194; and

State securities regulators ("Regulators") have conducted coordinated investigations into the registration of RBC Client Associates ("CAs") and RBC's supervisory system with respect to the registration of CAs; and

RBC has cooperated with Regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing Regulators with access to facts relating to the investigations; and

RBC has advised Regulators of its agreement to resolve the investigations pursuant to the terms specified in this Consent Order ("Order"); and

RBC agrees to make certain changes in its supervisory system with respect to the registration of CAs and to make certain payments in accordance with the terms of this Order; and

RBC elects to waive permanently any right to a hearing and appeal under §§ 12.1-28 and 12.1-39 of the Code of Virginia ("Code") with respect to this Order; and

Solely for the purpose of terminating the multi-state investigations, and in settlement of the issues contained in this Order, RBC, without admitting or denying the findings of fact or conclusions of law contained in this Order, consents to the entry of this Order.

NOW, THEREFORE, the State Corporation Commission ("Commission"), as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code, hereby enters this Order:

I.

FINDINGS OF FACT

1. RBC admits the Commission's jurisdiction and authority to enter this Order.

Background on Client Associates

2. The CAs function as sales assistants and typically provide administrative and sales support to one or more of RBC's registered representatives ("RRs"). There are different CA positions, including Registered Client Associate and Registered Senior Client Associate.

3. The primary job duties vary depending on the specific CA position. In varying degrees, the "Major Job Accountabilities" of a CA include:

a. Handling client requests;

b. Resolving client inquiries;

c. Determining if client issues require escalation to the RR or the branch management team; and

d. Processing of operational documents such as letters of authorization and client check requests.

4. In addition to the responsibilities described above, and of particular significance to this Order, some CAs are permitted to accept unsolicited orders from clients; others are permitted, with the assistance of a RR, to prospect for new clients, open new accounts, gather assets, and select investments to recommend to clients. As discussed below, RBC's written policies and procedures require that any CAs accepting client orders first obtain the necessary licenses and registrations.

5. Notably, RRs might have a "primary CA" and a "secondary CA" or a "primary CA team" and a "secondary CA team." As suggested by the designation, the customary practice is that the primary CA or team would handle the RR's administrative matters and client orders. However, if the primary CA or team was unavailable, the secondary CA or team would step in to handle the RR's administrative matters and client orders.

6. During the period from 2005 to 2009, RBC employed an average of approximately 672 CAs per year.

Registration Required

7. Section 13.1-504 A of the Act provides that it shall be unlawful for any person to transact business in Virginia as an agent, except in transactions exempted by subsection B of § 13.1-514 of the Act unless the agent is registered under the Act.

8. Pursuant to the general prohibition under § 13.1-504 A of the Act, a person cannot accept unsolicited orders in Virginia without being registered in Virginia.

9. Pursuant to § 13.1-521 A of the Act, the Commission may impose a civil penalty against a broker-dealer for selling securities in Virginia through agents other than agents registered in Virginia.

RBC Requires Registration of Client Associates

10. In order for a CA to accept client orders, RBC generally required each CA to pass the Series 7 and 63 qualification exams and to register in the appropriate jurisdictions.

11. At all times relevant to this Order, RBC's policies and procedures specified that each CA maintain registrations in the same jurisdictions as his or her FA, or broadly required that each CA maintain registrations in all necessary jurisdictions.

Regulatory Investigations and Findings

12. During late 2009, RBC received regulatory inquiries regarding CA registrations.

13. The multi-state investigation focused on systemic issues with RBC CA registrations and related supervisory structure. Specifically:

a. After accepting an order from a client, CAs accessed the electronic order entry system to place the order;

b. The order entry system automatically recorded the identity of the person entering the order using the user's login information. If the order was received from the client by someone other than the person entering the order, the person entering the order was required to identify the person who accepted the order from the client by typing the name or initials in a text box;

c. RBC's trading system checked the registration of the RR assigned to the account, but did not check the registration status of the person accepting the order, if different from the RR (the "who accepted field"), to ensure that the person was registered in the appropriate jurisdiction.

14. The multi-state investigation identified instances in which CAs supported RRs registered in Virginia when the CAs were not registered in Virginia as agents of RBC. This difference in registration status increased the possibility that CAs would accept orders which they did not solicit from customers without proper registration.

15. The multi-state investigation determined that it was highly likely that certain RBC CAs accepted orders which they did not solicit in Virginia at times when the CAs were not appropriately registered in Virginia.

16. As a result of the inquiries by the Regulators, RBC conducted a review of its CA registration practices.

17. RBC's review found that as of November 2008, the firm had 692 registered CAs. While CAs were registered in approximately seven states, at that time RRs were registered, on average, in seventeen states. Approximately 454, almost 66%, of those registered CAs were only registered in their home state or their home state and one additional state.

18. Many RBC CAs were not registered in the same jurisdictions as their respective RRs. RBC's review identified incidences where CAs who were not properly state registered accepted orders they had not solicited.

19. Beginning in 2010, RBC took steps to enhance its policies and procedures regarding CAs' state registrations, and added a substantial number of CA state registrations.

a. In January 2010, RBC amended its registration policy to require that each CA register in the same states as the RRs whom they support. RBC alerted the field to this policy.

b. In November 2010, Supervisors in RBC's branches and complexes reviewed the current CA registrations to ensure the CAs were properly registered prior to the annual renewals.

c. RBC updated its training to include additional information on registration requirements and on the firm's policies on CA registration. RBC also, as part of the annual registration renewal process, added to the annual renewal notice information regarding the CA registration policy.

d. RBC modified its procedures regarding the manner in which it grants electronic order entry access to client accounts. The required forms were revised to identify supporting CAs, and the forms are provided to the Licensing and Registration department to verify that proper registrations are in place for RRs and CAs when access is granted.

e. RBC conducted Compliance Training sessions for CAs covering information on order entry procedures and registration requirements.

f. RBC revised its registration forms to identify assigned CAs on RRs' registration forms and assigned RRs on CAs' registration forms. This allows the registration and licensing group to submit registrations for the CAs that mirror those held by the RRs whom they support.

20. RBC has also undertaken to implement enhancements to its order entry systems and to its supervision of the order entry procedures. The order entry systems will require the individual entering an order either to attest that he or she also accepted the order or to identify the person who accepted the order by entering that person's system ID. RBC policies and procedures prohibit RBC personnel from using any credentials but their own to log on to the order entry systems. RBC is developing an exception report to identify any trades entered in an account for which the person who accepted the order did not hold the necessary state registration.

21. RBC provided timely responses and substantial cooperation in connection with the regulatory investigations into this issue.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to the Act.

2. RBC's failure to establish an adequate system to monitor the registration status of persons accepting client orders constitutes a failure to exercise diligent supervision over the securities activities of all its agents pursuant to Commission Rule 21 VAC 5-20-260 B.

RBC's failure to ensure its CAs were registered in the appropriate jurisdictions constitutes a failure to enforce its established written procedures pursuant to Commission Rule 21 VAC 5-20-260 D.

4. RBC's acceptance of orders in Virginia through CAs who were not properly registered constitutes a violation of §13.1-504 A of the Act.

5. Pursuant to § 13.1-521 A of the Act, the violations described above constitute basis for the assessment of a civil penalty against RBC.

6. The Commission finds the following relief appropriate and in the public interest.

III.

UNDERTAKINGS

RBC hereby undertakes and agrees to establish and maintain policies, procedures, and systems that reasonably supervise the trade process so that a person can only accept client orders that originate from jurisdictions where the person accepting the order is appropriately registered.

IV.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and RBC's consent to the entry of this Order,

IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising and any other action that the Commission could commence against RBC under the Act as it relates to unregistered activity in the Commonwealth by RBC's CAs and RBC's supervision of CA registrations during the period from January 1, 2005, through the date of the entry of this Order.

2. This Order is entered into solely for the purpose of resolving the referenced multi-state investigation and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against RBC, limit or create liability of RBC, or limit or create defenses of RBC, to any claims.

3. RBC is hereby ordered to pay the sum of Fifty Thousand, Nine Hundred Forty Dollars and Seventeen Cents ($50,940.17) to the Treasurer of Virginia within ten days of the date of the entry of this Order. Of this sum, pursuant to § 13.1-521 A of the Act, Twenty-seven Thousand Seven Hundred Twenty Dollars and Seventeen Cents ($27,720.17) shall be civil penalties, and pursuant to § 13.1-518 A of the Act, Twenty-three Thousand Two Hundred Twenty Dollars ($23,220.00) shall be the cost of investigation.

4. RBC is hereby ordered to comply with the Undertakings contained herein.

5. This Order is not intended by the Commission to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person," means RBC or any of its affiliates and their current or former officers or former officers, directors, employees, or other persons that would otherwise be disqualified as a result of the Orders (as defined below).

6. This Order and the order of any other state issued or entered in related proceedings against RBC (collectively, the "Orders") shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed, or permitted to perform under applicable securities laws of the Commonwealth and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

7. This Order shall be binding upon RBC and its successors and assigns, as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

NOW THE COMMISSION, having considered the record herein, the consent offer of RBC, and the recommendation of the Division, is of the opinion that RBC's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) RBC's consent offer in settlement of the matter set forth herein is hereby accepted.

(2) RBC shall comply with the aforesaid terms and undertakings of the Consent Order.

(3) The matter shall be placed in the file for ended causes.

CASE NO. SEC-2013-00027
SEPTEMBER 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALEXANDER PERRY CORPORATION
and
BRYAN A. PERRY,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Alexander Perry Corporation ("AP Corp.") and Bryan A. Perry ("Perry") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Based upon its investigation, the Division alleges that:

(1) AP Corp. is a registered investment advisor in the Commonwealth of Virginia ("Virginia") with its principal office in Montross, Virginia. Perry is the President and Chief Compliance Officer. AP Corp. was organized on July 6, 1999, and has been registered in Virginia since August 20, 1999. Perry is the only investment advisor representative with AP Corp. and has been registered in Virginia since December 20, 2000.

(2) The investor is an elderly, retired widow with very little investment experience. The Defendants entered into an investment advisory contract with the complainant in September 2007. At that time, the complainant and her then living husband, residents of the state of Missouri, entered into the advisory contract with the Defendants. Until his death in 2008, the complainant's husband handled all financial affairs for the couple. As agreed in the September 2007 advisory contract, the complainant and her husband paid the Defendants a 2% annual fee of the assets under management. Since the death of her husband, the complainant's annual income fell below $50,000 annually. She expressed to the Defendants her concerns about protecting the principal of the remaining investments. Furthermore, she began to use the investments to subsidize her monthly living expenses. The investor continued the advisory relationship with Perry and relied on him fully for assistance in managing her investment portfolios. Perry knew about the death of the investor's husband. In addition, Perry knew the investor desired income. He acknowledged the investor's concerns about protecting the investment assets, but Perry did not amend any of the investor's account information to reflect a change in objectives or her risk tolerances to reflect her objectives. Perry also failed to secure a new advisory contract.

(3) Perry engaged in a strategy to subsidize the investor's annual income by generating capital gains in lieu of income from investments. From September 2009 through December 2010, Perry recommended to the investor, and subsequently facilitated, more than 400 securities transactions annually, on average, involving equities, exchange-traded funds, options, and other securities. Many of these transactions resulted in holding securities within the portfolio for a time period less than one year. The aggregate amount of these transactions exceeded the average portfolio balance for a 12-month period by 31 times in 2009 and 19 times in 2010. The activity subjected the investor to more tax liability and increased the costs associated with investment transactions. The investor paid $5,642.94 in brokerage commissions in 2009 and $3,838.92 in 2010. In addition, Perry also employed a similar investment strategy in the investor's retirement account, resulting in $4,491.39 in brokerage commissions in 2009 and $2,823.35 in 2010.

(4) Perry purchased the securities through margin privileges in which he borrowed money based on the equity value of the portfolio to purchase securities. As a result, the investor incurred more interest expenses while exposing her portfolio to greater risk. In 2009, the investor paid $2,893.89 in interest from margin balances maintained in her accounts. In 2010, she paid $2,832.57.

(5) After considering the margin interest paid, in addition to the management fees paid to the Defendants and commission charges the investor paid for the respective years, Perry's strategy needed to yield a return that exceeded 16.03% of the assets under management in 2009 and 17.94% in 2010. However, Perry's strategy failed to provide said yield while subjecting the investor to unwanted risks.

(6) Absent interest charges associated with the use of margin in the retirement account, Perry's investment strategy needed to yield a return that exceeded 9.81% in 2009 and 8.92% in 2010 to produce gains in the investor's retirement account. Perry's strategy failed to do so.

(7) In addition to Perry's investment management of the investor's assets, Perry wrote and edited articles for publication in the third-party newsletter *Cash Machine*. Perry writes and edits articles for the newsletter outside of the business activities of AP Corp. He is a contracted employee of the third-party publisher and is compensated for his contributing articles published in the newsletter.

(8) As part of this investigation into the securities recommendations to the investor, Division staff also reviewed public-content areas of the *Cash Machine* website and Facebook webpage maintained for the newsletter publication.

(9) In the articles written by Perry for *Cash Machine*, he guarantees results of his management strategy to those subscribers reading his articles, which includes clients of AP Corp. On the "Getting Started" page of the *Cash Machine* website, Perry wrote articles that contain the following

representations: (a) "In my *Cash Machine* advisory service, I comb through hundreds of income-generating ideas that are available to invest in to create a total portfolio that will pay a reliable stream of income even during the worst of times."[1]; and (b) "Everyone wants a guaranteed paycheck in the mail. That's why my *Cash Machine* service takes a two-tiered approach toward high-income markets. This way, aggressive and conservative investors both can invest in various assets paying three times what their bank does on guaranteed fixed-income securities".[2] The "About" section on *Cash Machine's* Facebook webpage also contains the representations made above with only slight variation; *e.g.* – The writing style changes to third person but the representations are similar.

After concluding its investigation, the Division alleges that the Defendants violated: (i) 21 VAC 5-80-200 A 1 and B 1 of the Commission's Rules Governing Investment Advisors, 21 VAC 5-80-10 *et seq.* ("Rules") by recommending securities to the investor that were not suitable in light of her objectives, financial circumstances, and level of sophistication; (ii) Rules 21 VAC 5-80-200 A 5 and B 5 by recommending, and subsequently facilitating, an excessive level of trading activity in the investor's accounts; and (iii) Rules 21 VAC 5-80-200 A 16 and B 16 by failing to secure a new written advisory agreement from the investor. In addition, the Division also alleges that Perry violated (i) Rule 21 VAC 5-80-200 B 12 by misrepresenting the potential attainable goals of the investment advice Perry offers to the public and clients of AP Corp.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a 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, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code 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 result of this investigation, Perry independently retained the services of a third-party consulting company to assist the Defendants in creating a program to achieve compliance with the Act and the Rules, in addition to maintaining good industry practices. Compliance reviews and testing of business practices are also included as part of the third-party consulting arrangement, which will be documented with the Division's recommended corrective actions, if any. Perry has offered to document this information and provide it to Division staff to demonstrate his commitment to continued compliance.

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, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation.

(2) In lieu of paying a penalty, the Defendants will make an offer of restitution to the investor in the amount of $57,000. The Defendants will make payments to the investor in equal quarterly installments over a period of 12 months, pursuant to the following:

(a) The Defendants will begin restitution payments in October 2013. The Defendants will forward four separate payments of equal installments in the amount of $14,250 to the investor on the following dates, via certified mail: October 30, 2013, January 30, 2014, April 30, 2014, and July 30, 2014. Should one of these dates not fall on a business day, the Defendants shall forward the respective payment on the next available business day.

(b) The Defendants will include with the first payment a copy of this Order.

(c) The Defendant shall confirm to Division staff, either by first class mail or by means of electronic mail, that the respective installment payment was sent to the investor no later than the dates referenced in section (a) above.

(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.

NOW 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 ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(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.

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[1] Perry, Bryan A. (Author/Editor). *Getting Started With Cash Machine* [*Cash Machine* newsletter article].

Retrieved from: http://cashmachine.investorplace.com/resource-center/getting-started/index.html

[2] Perry, Bryan A. (Author/Editor). *Getting Started With Cash Machine* [*Cash Machine* newsletter article].

Retrieved from: http://cashmachine.investorplace.com/resource-center/getting-started/index.html

CASE NO. SEC-2013-00028
NOVEMBER 22, 2013

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

CONSENT ORDER

UBS Financial Services, Inc. ("UBS"), is a broker-dealer registered in the state of Virginia, with a Central Registration Depository ("CRD") number of 8174; and

State securities regulators ("Regulators"), as part of a North American Securities Administrators Association ("NASAA") working group ("NASAA Working Group"), have conducted an investigation into the registration of UBS Client Service Associates ("CSAs") and UBS's supervisory system with respect to the registrations of CSAs; and

UBS has cooperated with the Regulators and the NASAA Working Group conducting the investigation by responding to inquiries, providing documentary evidence and other materials, and providing access to facts relating to the investigations; and

UBS has advised the NASAA Working Group of its agreement to resolve the investigation pursuant to the terms specified in this Consent Order ("Order") and pursuant to the multi-state resolution recommended by the NASAA Working Group; and

UBS has made certain changes in its supervisory system with respect to the registration of CSAs and will make certain payments in accordance with the terms of this Order; and

UBS elects to waive permanently any right to a hearing and appeal under §§12.1-28 and 12.1-39 of the Code of Virginia ("Code") with respect to this Order; and

Solely for the purpose of terminating the NASAA Working Group investigation, and in settlement of the issues contained in this Order, UBS, without admitting or denying the findings of fact or conclusions of law contained in this Order, consents to the entry of this Order.

NOW, THEREFORE, the State Corporation Commission ("Commission"), as administrator of the Virginia Securities Act ("Act"), §13.1-501 *et seq*. of the Code, hereby enters this Order:

I. FINDINGS OF FACTS

1. UBS admits the jurisdiction of the Commission in this matter.

Background on Client Service Associates

2. The CSAs function as sales assistants and typically provide administrative and sales support to one or more of UBS's Financial Advisors ("FAs"). There are different titles within the CSA position, including Client Service Associate, Registered Client Associate, and Senior Registered Client Service Associate.

3. The responsibilities of CSAs specifically include, among other things:

a. Extending invitations to UBS-sponsored events;

b. Providing published quotations to clients, if asked;

c. Inquiring whether a current or prospective client wishes to discuss investments with a registered representative of UBS; and

d. Entering an order, provided the order was accepted by an appropriately registered individual in those instances where the CSA is not registered in the state in which the client is located.

4. In addition to the responsibilities described above, and of particular significance to this Order, some CSAs are permitted to accept orders from clients. As discussed below, UBS's written policies and procedures require that any CSAs accepting client orders first obtain the necessary licenses and comply with self-regulatory organization and state registration requirements.

5. UBS issued a revised policy on registration requirements on March 28, 2007, which stated, *inter alia*, that managers are responsible for ensuring that all employees under their supervision are appropriately registered and licensed to perform the functions of their position.

6. During the period of 2004 to 2010, UBS employed, on average, approximately 2,277 CSAs per year.

Registration Required

7. Section 13.1-504 of the Act provides that it shall be unlawful for any person to transact business in Virginia as an agent, except in transactions exempted by subsection B of §13.1-514 of the Act, unless the agent is registered in Virginia under the Act.

8. Pursuant to the general prohibition under §13.1-504 A of the Act, a person cannot accept unsolicited orders in or from Virginia without being registered in Virginia.

9. Pursuant to §13.1-521 A of the Act, the Commission may impose a civil penalty against a broker-dealer for selling securities in Virginia through agents other than agents registered in Virginia.

UBS Requires Registration of Client Service Associates

10. UBS requires CSAs to become properly registered, licensed, and appointed with the necessary self-regulatory organizations, state regulators, and business entities before taking solicited or unsolicited transaction orders from clients in securities or other financial products, receiving transaction-related compensation, or otherwise engaging in the offer or sale of securities or other financial products.

11. UBS's policies and procedures state that CSAs engaging in securities activities must register in, at a minimum, the state from which they conduct business (*i.e.*, home state).

12. Additionally, UBS also required CSAs to register in states in which a CSA anticipated:

a. Maintaining an additional place of business;

b. Prospecting clients;

c. Soliciting new accounts;

d. Servicing existing accounts; or

e. Effecting any securities transactions and/or receiving compensation as a result of such transactions.

Regulatory Investigation and Findings

13. In March 2010, the Regulators initiated an investigation into the practices of UBS in connection with its CSA registrations.

14. The multi-state investigation focused on systemic issues with UBS's CSA registrations and related supervisory structure instead of attempting to identify each incidence of unregistered activity. Specifically, with respect to the order entry process, the investigation found:

a. After accepting a client order, UBS CSAs accessed UBS's automated Consolidated Order Entry System ("COE") to enter the order;

b. When entering an order through the COE, CSAs were asked by the system, "Did another person receive this order?" If the question was answered "no," the order was processed. If the question was answered "yes," a free text field appeared for the CSA to enter the name or employee code of the person who accepted the order;

c. In some instances, when this question was answered "yes," CSAs did not include a name or code of the employee who accepted the order in the free text field. In other instances, the free text field did not contain accurate identifying information about the employee who accepted the trade;

d. Further, while UBS maintained a system to verify that the FA of record for a particular account was registered in the state where the client resided, UBS did not maintain a system to verify the registration status of the employee accepting a client order when that employee was not the FA for the account.

15. The multi-state investigation found that on certain occasions, some UBS CSAs, while Series 7 registered and registered in one or more other states, accepted unsolicited orders to buy or sell securities from clients residing in Virginia at times when the CSAs were not appropriately registered in Virginia.

UBS's Remedial Measure and Cooperation

16. In November 2010, after the initial inquiry by the Regulators, UBS enhanced the COE System to automatically validate the registration of employees during the order entry process.

17. Specifically, with respect to branch support staff (*i.e.*, CSAs), employees are now required to indicate the person who directly accepted the order from a client by selecting "self" or "other" within the electronic ticket on the COE.

18. If a CSA selects "self," the COE validates whether the CSA who accepted the order is properly registered in the state where the client resides.

19. If a CSA selects "other," the CSA must provide identifying information of the person who accepted the order. The COE system subsequently validates whether the identified person who accepted the order is properly registered in the state where the client resides.

20. If the identified person is not properly registered in the client's state of residence, the order is routed to branch management who must ensure that a properly registered person accepts or confirms the order before execution.

21. UBS provided timely responses and substantial cooperation in connection with this regulatory investigation.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to the Act.

2. UBS's failure to establish an adequate system to monitor the registration status of persons accepting client orders constitutes a failure to exercise diligent supervision over the securities activities of all its agents pursuant to Commission Rule 21 VAC 5-20-260 B.

3. UBS's maintenance of order tickets which do not accurately identify the person who accepted client orders constitutes a failure to maintain all books and records required to be kept pursuant to 21 VAC 5-20-240.

4. UBS's acceptance of orders for purchases and sales of securities from clients residing in Virginia through CSAs not registered in Virginia constitutes violations of § 13.1-504 A and B of the Act. Section 13.1-521 A of the Act provides that a broker-dealer who employs unregistered agents/sales representatives is subject to a civil penalty not exceeding $10,000 per violation.

5. The Commission finds the following relief appropriate and in the public interest.

III. ORDER

NOW THE COMMISSION, having considered the record herein, the consent offer of UBS, and the recommendation of the Division, is of the opinion that UBS's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising ("Division") and any other action that the Division could commence against UBS and its officers, directors, and present or former employees under the Act on behalf of Virginia as it relates to unregistered activity in Virginia by UBS's CSAs and UBS's supervision of CSA registrations during the period from January 1, 2004, through December 31, 2010.

(2) This Order is entered into solely for the purpose of resolving the referenced multi-state investigation and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against UBS, including limit or create liability of UBS, or limit or create defenses of UBS, to any claims.

(3) UBS is hereby ordered to pay the sum of Seventy-five Thousand Six Hundred Seventy-seven Dollars and Forty-five Cents ($75,677.45) to the Treasurer of Virginia, within twenty days of the date of entry of this Order. Of this sum, pursuant to §13.1-521 A of the Act, Fifty-thousand is the civil penalty imposed, and pursuant to §13.1-518 of the Act, Twenty-five Thousand Six Hundred Seventy-seven Dollars and Forty-five Cents ($25,677.45) is to reimburse the Division.

(4) This order is not intended by the Commission to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organization, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person," means UBS or any of its affiliates and their current or former officers or former officers, directors, employees, or other persons that could otherwise be disqualified as a result of the Orders (as defined below).

(5) This Order and the order of any other state in any proceeding related to UBS's agreement to resolve the above referenced multi-state investigation (collectively, the "Orders") shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed, or permitted to perform under applicable securities laws or regulations of the [state], and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

(6) This Order shall be binding upon UBS and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

CASE NO. SEC-2013-00030
SEPTEMBER 25, 2013

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 ("Lutheran Fund"), which the Commission received August 28, 2013, with attached exhibits. The application requested that Lutheran Fund's Young Investor Stamps, Dedicated Certificates, Family Emergency StewardAccount Certificates, StewardAccount Certificates, FlexPlus Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Congregation Demand Certificates, Congregation StewardAccount Certificates, Congregation Cemetery Care StewardAccount Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, and Y.I. StewardAccount Certificates (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 officers of Lutheran Fund 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: (i) Lutheran Fund is a Missouri corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) Lutheran Fund intends to offer and sell the Notes in an approximate aggregate amount of up to $75,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of Lutheran Fund who will not be compensated for their sales efforts; and (iv) Lutheran Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of Notes described herein.

Based on the facts asserted by Lutheran Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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 Lutheran Fund's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2013-00032
OCTOBER 8, 2013

APPLICATION OF
WELS CHURCH EXTENSION FUND, 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 WELS Church Extension Fund, Inc. ("WELS Fund"), which the Commission received September 24, 2013, with attached exhibits. The application requested that WELS Fund's Loan Certificates, Savings Certificates, and Retirement/IRA 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 officers and employees of WELS Fund 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: (i) WELS Fund is a Wisconsin nonstock corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) WELS Fund 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; and (iii) said securities are to be offered and sold by officers and employees of WELS Fund who will not be compensated for their sales efforts.

Based on the facts asserted by WELS Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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 WELS Fund's officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2013-00035
OCTOBER 30, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PAUL SOUDER,
Defendant

CONSENT ORDER

In October of 2012, the Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") opened an investigation into the Defendant, Paul Souder's, activities involving the alleged offer and sale of securities within the Commonwealth of Virginia ("Virginia"). Based on that investigation, the Division alleges that the Defendant acted as an unregistered investment advisor in violation of § 13.1-504 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"), and violated 21 VAC 5-80-146 B of the Commission's rules governing investment advisors and investment advisor representatives, 21 VAC 5-80-10 *et seq.* ("Rule"). The Division further alleges as follows:

(1) The Defendant is an individual residing in Harrisonburg, Virginia. From at least June of 2007 until on or about October of 2013, the Defendant is alleged to have obtained approximately $1.2 million from at least 18 advisory clients through the issuance of promissory notes ("Notes") whereby he promised to pay a return under the Notes ranging up to 10% per quarter calculated upon a benchmark determined by a moving average of the S&P Index. The Defendant pooled these funds into an account under his name and under his signature control and authority at BB&T Bank ("BB&T").

(2) The Defendant represented to his clients that he would invest the borrowed money online using his personal trading strategy.

(3) The Defendant used a single retail trading account online under his name with TD Ameritrade, Inc. ("Ameritrade"), which he exclusively controlled. The Defendant then transferred funds from the BB&T account to the Ameritrade account and executed trades online. The Defendant would take a fee based on the performance of the fund. The Defendant periodically withdrew funds from the Ameritrade account, after having executed trades online, and deposited them back into the BB&T account. From these returned funds, the Defendant made distributions back to his investors as interest and principal payments on the Notes.

(4) The Defendant's trading strategy has since failed and, to date, investors have lost over $600,000 of their principal investment.

(5) The Defendant has never been registered as an investment advisor under the Act or with the Securities and Exchange Commission. The Defendant also has never been a "qualified custodian" as defined under Rule 21 VAC 5-80-146 A, nor did he employ the services of a qualified custodian when taking possession of investor funds.

(6) The Defendant continues to maintain custody of client funds in accounts with Ameritrade and BB&T.

In an effort to resolve the Defendant's alleged registration and custody violations, the Defendant will abide by and comply with the following temporary terms and undertakings:

(1) Upon entry of this Consent Order ("Order"), the Defendant will be enjoined from acting as an investment advisor, investment advisor representative, or otherwise engaging in securities business within Virginia until such time as an order has been entered by the Commission dismissing this matter from the Commission's docket.

(2) The Defendant agrees to allow BB&T, Ameritrade, and any other depository institution or broker-dealer, to freeze all accounts that contain funds or securities obtained or purchased by the Defendant in connection with any investment advisory services he provided within Virginia, upon request by the Division to BB&T, Ameritrade, and any other such depository institution or broker-dealer following entry of this Order and agrees to allow such freeze to continue until further order of the Commission in this case.

(a) Prior to the entry of this Order, the Defendant will identify to the Division all accounts where alleged investor funds are maintained that were obtained pursuant to any investment advisory services he provided within Virginia as alleged in this Order.

(b) Immediately following entry of this Order, the Division will provide a copy of this Order to BB&T, Ameritrade, and any other depository institutions or broker-dealers identified by the Defendant and request that all accounts be frozen pursuant to paragraph 2 (a).

(3) Within 15 days from the date of entry of this Order, the Defendant will deliver a copy of this Order via certified mail to all investors who were issued a Note by the Defendant. The Defendant will provide proof of such certified mailing to the Division within 30 days from the date of entry of this Order.

In light of the foregoing, the Division has recommended that this Order be entered in this matter.

NOW THE COMMISSION, having considered the record herein and the recommendations of the Division, is of the opinion that this Order should be entered.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant shall abide by and comply with the terms and undertakings of this Order.

(2) By entry of this Order, the Defendant has waived his right to a hearing and to judicial review of this Order under § 13.1-521 A of the Act and § 12.1-39 of the Code.

(3) Entry of this Order will not preclude the Division from taking any actions and pursuing any remedies available under the Act for any alleged violations of the Act arising from the Defendant's conduct as alleged by the Division in this Order.

(4) Entry of this Order does not waive any rights or remedies available to the Defendant by law or under the Act in the event the Division pursues any action or remedy available under the Act.

(5) This Order shall be binding upon the Defendant and each of his successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions that may arise from this Order.

CASE NO. SEC-2013-00037
NOVEMBER 12, 2013

APPLICATION OF
ENTERPRISE COMMUNITY LOAN FUND, 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 Enterprise Community Loan Fund, Inc. ("Enterprise Fund"), which the Commission received October 15, 2013, with attached exhibits. The application requested that Enterprise Fund's Enterprise Community Impact 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 officers and employees of Enterprise Fund 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: (i) Enterprise Fund is a Maryland corporation operating not for private profit but exclusively for charitable and educational purposes; (ii) Enterprise Fund intends to offer and sell the Notes in an approximate aggregate amount of up to $50,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; (iii) said securities are to be offered and sold by officers and employees of Enterprise Fund who will not be compensated for their sales efforts; (iv) the Notes may be offered and sold by broker-dealers registered under the Act; and (v) Enterprise Fund will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Notes described herein.

Based on the facts asserted by Enterprise Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and 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 Enterprise Fund's officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2013-00039
NOVEMBER 13, 2013

APPLICATION OF
FUNDRISE 1539 7th STREET NW, LLC

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Fundrise 1539 7th Street NW, LLC ("Fundrise 1539"), dated August 2, 2013, with attached exhibits, and subsequently amended, requesting that Class C Membership Units ("Units") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Three Hundred Fifty Dollars ($350) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Fundrise 1539 is a Virginia limited liability company that owns and manages the real estate located at 1539 7th Street, NW, Washington, D.C.; and (ii) Fundrise 1539 intends to offer and sell 3,500 Units for an aggregate amount of up to $350,000. The Units will be offered and sold by an agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Fundrise 1539 in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising ("Division"), is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in Virginia through an offering circular, a copy of which is filed as a part of the record.

No material change in Fundrise 1539's conditions or terms of offering may be made in the offering circular without prior submission to the Division and acceptance by the Commission.

DIVISION OF UTILITY AND RAILROAD SAFETY

CASE NO. URS-2009-00326
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated February 11, 2010,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Atmos Energy Corporation ("Atmos" or "Company") for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, Atmos consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide affidavits executed by the Vice President – Operations of Atmos certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and affidavits documenting that the specified remedial actions have been completed were filed by Atmos on March 4, 2011, and December 13, 2012. Therefore, the remaining balance of One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of One Hundred Six Thousand Six Hundred Fifty Dollars ($106,650) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

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[1] 2010 S.C.C. Ann. Rept. 708.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2010-00166
MAY 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated July 30, 2010,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company") for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, WGL consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the President of WGL certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been completed was filed by WGL on September 13, 2010. Therefore, the remaining balance of Six Thousand Dollars ($6,000) of the penalty should be vacated, and this case should be dismissed.

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[1] 2010 S.C.C. Ann. Rept. 732.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Six Thousand Dollars ($6,000) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2010-00389
MAY 9, 2013

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

FINAL ORDER

By entry of the Order of Settlement ("Order") dated April 1, 2011,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CGV" or "Company"), for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide affidavits executed by the General Manager of CGV certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and affidavits documenting that the specified remedial actions have been completed were filed by CGV on April 11, 2011, May 31, 2011, December 28, 2011, and January 2, 2013. Therefore, the remaining balance of One Hundred Seventy-four Thousand Dollars ($174,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of One Hundred Seventy-four Thousand Dollars ($174,000) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

[1] 2011 S.C.C. Ann. Rept. 608.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2010-00391
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated May 26, 2011,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Appalachian Natural Gas Distribution Company ("ANGD" or "Company") for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, ANGD consented to the form, substance, and entry of the Order.

[1] 2011 S.C.C. Ann. Rept. 612.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

Undertaking Paragraphs (2) and (3) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide affidavits executed by the President of ANGD certifying that the Company had commenced or completed remedial measures required by Undertaking Paragraphs (2) and (3) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and affidavits documenting that the specified remedial actions have been commenced or completed were filed by ANGD on July 1, 2011, December 30, 2011, January 31, 2012, and March 26, 2012. Therefore, the remaining balance of Sixty-five Thousand Dollars ($65,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Sixty-five Thousand Dollars ($65,000) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2010-00392
MAY 9, 2013

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

FINAL ORDER

By entry of the Order of Settlement ("Order") dated August 23, 2011,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Dominion Transmission, Inc. ("DTI" or "Company"), for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, DTI consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide affidavits executed by the Vice President of Pipeline Engineering and Plant Operations of DTI certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and affidavits documenting that the specified remedial actions have been completed were filed by DTI on October 17, 2011, and April 30, 2013. Therefore, the remaining balance of Eleven Thousand Dollars ($11,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Eleven Thousand Dollars ($11,000) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

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[1] 2011 S.C.C. Ann. Rept. 614.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2011-00100
JULY 2, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WINDSTREAM KDL-VA, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 March 4, 2011, Windstream KDL-VA, Inc. ("Company"), excavated at or near North Sheppard Street between Floyd Avenue and Cary Street, Richmond, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed in 15 instances to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed in 15 instances to expose all utility lines which would be in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Commission's Rules").

(4) On the occasion set out in paragraph (1) above, the Company failed in 15 instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 8 of the Commission's Rules.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

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 Ten Thousand Nine Hundred Dollars ($10,900) to 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.

(2) That it will fully expose all underground utility lines within the work areas as described on Miss Utility Ticket numbers B105301734 and B105301729 by means of soft digging as that term is defined in § 56-265.15 of the Code to ensure that proper separation of utility lines was maintained in accordance with § 56-257 of the Code. Further, the Company will inspect the utility lines to ensure their integrity was not compromised. All excavation performed in accordance with this paragraph will be subject to the Division's oversight.

(3) That it will provide to the Division records of all utility lines previously installed by the Company for the City of Richmond Public Schools Administration. Based on the records provided in accordance with this paragraph, the Company may be subject to additional inspections at the request of the Division and shall expose any utility line crossings selected by the Division for exposure by means of soft digging as that term is defined in § 56-265.15 of the Code.

(4) That it will participate in a meeting to discuss the probable violations contained in this Order with representatives from the City of Richmond Public Schools Administration and the City of Richmond Public Utilities Department.

(5) That it will provide the Division with an affidavit, executed by the president of the Company, certifying that the Company has completed the remedial actions described in Undertaking Paragraphs (2), (3), and (4) above.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein, and documentation evidencing completion thereof has been submitted in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Ten Thousand Nine Hundred Dollars ($10,900).

(3) The sum of Ten Thousand Nine Hundred Dollars ($10,900) tendered contemporaneously with the entry of this Order is accepted.

(4) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2011-00409
JUNE 28, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated March 20, 2012,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company"), for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, WGL consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the president of WGL certifying that the Company had completed certain remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been completed was filed by WGL on May 13, 2013. Therefore, the remaining balance of Thirty-five Thousand Dollars ($35,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty of Thirty-five Thousand Dollars ($35,000) shall be vacated.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

[1] Doc. Con. Cen. No. 120320205.

[2] See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2012-00130
MAY 9, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated May 23, 2012,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company"), for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, WGL consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide affidavits executed by the President of WGL certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and affidavits documenting that the specified remedial actions have been completed were filed by WGL on June 19, 2012, August 9, 2012, and December 11, 2012. Therefore, the remaining balance of Two Hundred Nineteen Thousand Seven Hundred Dollars ($219,700) of the penalty should be vacated, and this case should be dismissed.

[1] Doc. Con. Cen. No. 120540093.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Two Hundred Nineteen Thousand Seven Hundred Dollars ($219,700) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2012-00235
MAY 9, 2013

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

FINAL ORDER

By entry of the Order of Settlement ("Order") dated October 17, 2012,[1] the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CGV" or "Company"), for alleged violations of the minimum gas pipeline safety standards,[2] which the Commission is authorized to enforce under § 56-257.2 *et seq*. of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Vice President – Pipeline Safety and Compliance of CGV certifying that the Company had completed remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been completed was filed by CGV on April 22, 2013. Therefore, the remaining balance of Seventy-seven Thousand One Hundred Dollars ($77,100) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Seventy-seven Thousand One Hundred Dollars ($77,100) shall be vacated.

(2) This case is hereby dismissed from the State Corporation Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

[1] Doc. Con. Cen. No. 121030041.

[2] *See* Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2012-00251
APRIL 15, 2013

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*., 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.[1] 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.

[1] Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program; Case No. PUE-1989-00052,

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.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C. F. R. § 192.605 (a) - Failure on multiple occasions of the Company to follow Engineering and Operating Standards, Section 4053, Continuing Surveillance, developed to comply with § 192.613 (a), by not taking appropriate action in unusual operations and maintenance conditions.

(b) 49 C. F. R. § 192.605 (a) - Failure on multiple occasions of the Company to follow Engineering and Operating Standards, Section 2010, developed to comply with 49 C.F.R. § 192.605 (b) (3), by not having an active gas pipeline facility accurately displayed on Company maps.

(c) 49 C. F. R. § 192.605 (a) - Failure on multiple occasions of the Company to follow Engineering and Operating Standards, Section 4010, by not performing a complete leak survey of inside meter sets.

(d) 49 C. F. R. § 192.605 (b) (1) – Failure of the Company to have adequate procedures relative to distribution leakage survey by not including detailed procedures on how to conduct a leakage survey.

(e) 49 C. F. R. § 192.605 (b) (1) – Failure of the Company to have adequate procedures relative to distribution leakage survey by not including detailed procedures on how or when to conduct a leakage survey of inside meter sets.

(f) 49 C. F. R. § 192.613 – Failure of the Company to have adequate procedures relative to continuing surveillance in identifying any unusual operating and maintenance conditions.

(g) 49 C. F. R. § 192.805 - Failure of the Company to have an adequate operator qualification program for leakage survey of its facilities.

(h) 49 C. F. R. § 192.805 - Failure of the Company to have an adequate operator qualification program for continuing surveillance of its facilities.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Eight Hundred Seven Thousand Dollars ($807,000), of which Two Hundred Ninety-four Thousand Seven Hundred Dollars ($294,700) shall be paid contemporaneously with the entry of this Order. The remaining Five Hundred Twelve Thousand Three Hundred Dollars ($512,300) shall be due as outlined in Undertaking Paragraph (5) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraph (4) herein. 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, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

a. Within 90 days of the date of this Order, WGL shall revise its operating and maintenance and operator qualification procedures to require examination of the conditions listed in Undertaking Paragraph (2) (b) below whenever WGL and contract employees are in the field and working around meter sets. If an immediate hazard exists, the Company shall take prompt and appropriate corrective actions and document the inspection and corrective actions taken as required by Paragraph (2) (e) below. Within the same 90-day period, the Company shall complete the training and operator qualification on the revised procedures for all WGL and contract field employees that work around meter sets;

b. Within 90 days of the date of this Order, WGL shall begin a continuing three-year program to inspect all meter sets to determine if the following conditions exist and take all appropriate corrective actions as necessary:

i. Atmospheric corrosion – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the outlet of the customer meter or at the connection to the customer's piping, the Company shall evaluate the meter set for the presence of atmospheric corrosion as required by 49 C.F.R § 192.479. If the Company makes a determination that cleaning and coating of the meter set is not necessary for the continued safe operation of the facility, the Company shall document this determination. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

ii. Service regulator vent location – For each service regulator vent, the Company shall make a determination whether or not the vent is rain and insect resistant, is located where the gas from the vent can escape freely into the atmosphere and away from any opening into the building, is located no less than three feet away from any source of ignition, and is protected from damage caused by submergence in areas where flooding may occur. In addition, for inside meters, the Company shall make a determination whether or not the meter is located no less than three feet away from any source of heat that might damage the meter. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iii. Meter alignment/support – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall evaluate whether the meter set is installed so as to minimize anticipated strain and external loading upon the connecting piping and meter set. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

c. For any of the conditions in Paragraph 2 (b) found during these inspections, if an immediate hazard exists, the Company shall take prompt and appropriate corrective actions. For those conditions in Paragraph 2 (b) found during these inspections that do not constitute an immediate hazard, WGL shall include its findings as part of the Company's distribution integrity management plan ("DIMP") and take corrective actions in accordance with the DIMP plan and 49 C.F.R. Part 192.

d. Within 90 days of the date of this Order, the Company shall develop and implement a Quality Assurance/Quality Control ("QA/QC") program to monitor WGL and contract field employees that work around meter sets for compliance with the revised procedures developed pursuant to Paragraph 2 (a) above. In addition, the QA/QC program shall also be used during the three-year program required by Paragraph 2 (b) above to ensure the adequacy and completeness of the program.

e. The Company shall document its findings for each of the inspections performed in compliance with Paragraph 2 (b) above and keep the records for a minimum of ten years. The documentation shall include, at a minimum, the date of the inspection, the name of the inspector(s), whether any of the conditions listed in Paragraph 2 (b) exist, the type of the corrective action, if any, and the date of the corrective action.

f. The Company shall submit a progress report to the Division every six months, beginning six months from the date of this Order, detailing the results of the inspections and the corrective actions for the previous six months until the initial three-year inspection program in Paragraph (2) (b) is complete.

g. The Company shall develop and implement a preventive screening process using information from active notices of excavation to identify occurrences where structures may be planned to be built on top of existing gas service lines. This process shall include, at a minimum, a means of educating the individual providing the notice of the potential safety issues with structures over gas service lines. This process shall also include a method by which the Company verifies that the structure was not built over the Company's service line.

h. The Company shall work with local building permit agencies to include in new building permits clearance requirements that condition work acceptance upon resolution of any building structure conflicts with underground natural gas facilities.

i. With respect to the existing gas facilities, the Company shall develop and implement a process to identify any facilities that are located under structures and correct the issues discovered within 90 days of the date of discovery, verified by a field inspection.

j. The Company shall complete a pilot project that automates and streamlines leak surveying and pinpointing operations through a global positioning enabled system. The project shall also include the electronic capture of the remedial work identified during the survey and the subsequent transmission of the information to the Company's work management system. A performance analysis of this project shall be conducted by the Gas Technology Institute ("GTI") to gauge the overall success of the project. Within 45 days of WGL's receipt of GTI's project report, WGL shall prepare a final report of its findings from this project and provide it to the Division.

K The Company shall develop and implement a program to improve the quality of its leak survey results. The program shall include, among other things, a quality control audit plan. On or before April 15, 2013, the Company shall submit a copy of this plan to the Division.

l. The Company shall participate and cooperate with Virginia Natural Gas, Inc., to conduct testing of typical natural gas service regulators to determine the areas affected around a service regulator vent by the dispersion of natural gas when it has failed and is venting. The testing shall also include the determination of the concentrations of gas around the area of the regulator vent outlet. The results of these tests may help the Virginia gas operators to better comply with the requirements of 49 C.F.R. Part 192 relative to the placement of the regulator vent outlet and any openings into buildings.

m. The Company shall develop and implement a program to determine areas where "cross-bores" may have occurred in its system. The plan shall also address the methods by which any cross-bores are cleared.

n. On or before May 1, 2013, the Company shall revise its operating and maintenance and operator qualification procedures to correct the issues noted in allegations 2 (d), 2 (e), 2 (f), 2 (g), and 2 (h) described. A copy of the revised procedures shall be submitted to the Division by May 15, 2013.

(3) The Company has complied fully with the terms and undertakings outlined in Undertaking Paragraphs (2) (g) and 2 (m). In addition, the Company has completed the pilot project required by Undertaking Paragraph (2) (j) and the development and implementation of a leak survey quality control audit plan required by Undertaking Paragraph (2) (k). However, the submission of the final report required by Undertaking Paragraph (2) (j) and the submission of the plan required by Undertaking Paragraph (2) (k) have not been completed as of the date of this Order.

(4) On or before July 1, 2016, WGL shall tender to the Clerk of the Commission with a copy to the Director of the Division, a notarized affidavit signed by the Vice President – Operations, Engineering, Construction, and Safety, certifying that the Company has begun the remedial actions set forth in Undertaking Paragraph (2) above.

(5) Upon timely receipt of the affidavit required by Undertaking Paragraph (4) above, the Commission may suspend and subsequently vacate up to Five Hundred Twelve Thousand Three Hundred Dollars ($512,300) of the remaining amount set forth in Undertaking Paragraph (1) above. Should WGL fail to tender said affidavit, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Five Hundred Twelve Thousand Three Hundred Dollars ($512,300) shall become due, and the Company shall immediately notify the Division of the reasons for WGL's failure to accomplish the actions required by Undertaking Paragraphs (2) and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than the remaining Five Hundred Twelve Thousand Three Hundred Dollars ($512,300), 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is docketed and assigned Case No. URS-2012-00251.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Washington Gas Light Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Washington Gas Light Company shall pay the amount of Eight Hundred Seven Thousand Dollars ($807,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Two Hundred Ninety-four Thousand Seven Hundred Dollars ($294,700) tendered contemporaneously with the entry of this Order is accepted. The remaining Five Hundred Twelve Thousand Three Hundred Dollars ($512,300) 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 Undertaking Paragraph (2) above and timely files the certification of the remedial actions required by Undertaking Paragraph (4) above.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further orders of the Commission.

CASE NO. URS-2012-00331
NOVEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STOCKNER'S ROCKVILLE NURSERIES, INC.
T/A STOCKNER'S NURSERY AND
T/A TWIGS,
Defendant

ORDER 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 March 21, 2012, Stockner's Rockville Nurseries, Inc. t/a Stockner's Nursery and t/a Twigs ("Company"), damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 12 Tilstone Road, Hampton, Virginia, while excavating.

(2) On or about April 5, 2012, the Company damaged a one-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 7325 Vicenzo Drive, Powhatan County, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) 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.

(4) On the occasion set out in paragraph (1) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Nine Hundred Dollars ($5,900) to be paid contemporaneously with the entry of this Order. The payment will be by check 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 the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Nine Hundred Dollars ($5,900) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2012-00374
FEBRUARY 15, 2013

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 ("Code"), 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. 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, 2012, and June 29, 2012, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(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 B of the Code.

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, 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 Nine Thousand Three Hundred Fifty Dollars ($9,350) 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.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Nine Thousand Three Hundred Fifty Dollars ($9,350) 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.

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. URS-2012-00429
JANUARY 17, 2013

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

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 March 15, 2012, Ironhorse Const. Inc. ("Company") damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 173 Wadsworth Drive, Richmond, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(4) On or about November 1, 2012, the Company damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 13322 Slayden Circle, Hanover County, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to expose the underground utility lines to their extremities by hand digging, in violation of § 56-265.24 A of the Code.

(6) On or about November 1, 2012, the Company excavated at or near Ambys Lane, Slayden Circle, and Windywood Court, Woodside Estates Subdivision, Hanover County, Virginia (Miss Utility Ticket numbers B228501862, B228501864, B228501866, B228501867, B228501870, B228501872, and B228501869).

(7) On the occasions set out in paragraph (6) above, the Company failed on seventy-one (71) occasions to expose the underground utility lines to their extremities by hand digging, in violation of § 56-265.24 A of the Code.

(8) On the occasions set out in paragraph (6) above, the Company failed on one occasion to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code.

(9) On the occasions set out in paragraph (6) above, the Company failed on one occasion to make an additional call to the notification center after observing clear evidence of the presence of an unmarked utility line, in violation of § 56-265.24 C of the Code.

(10) On the occasions set out in paragraph (6) above, the Company failed on one occasion to immediately notify the operator of damage, in violation of § 56-265.24 D of the Code.

(11) On the occasions set out in paragraph (6) above, the Company failed on sixty-two (62) occasions to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 4 of the Rules.

(12) On the occasions set out in paragraph (6) above, the Company failed on sixty-two (62) occasions to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 8 of the Rules.

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 and Dismissing Proceeding.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Ninety-two Thousand One Hundred Fifty Dollars ($92,150), of which Twenty Thousand Two Hundred Sixty-one Dollars ($20,261) shall be paid contemporaneously with the entry of this Order. The remaining Seventy-one Thousand Eight Hundred Eighty-nine Dollars ($71,889) shall be due as outlined in Undertaking Paragraph (2) herein and may be suspended and subsequently vacated in whole or in part by the Commission. The initial payment and any subsequent payments shall be made by cashier's check or money order, 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, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

(a) On or before December 1, 2012, the Company shall fully expose all underground utility lines within the work areas as described on Miss Utility Ticket numbers B206801728, B228501862, B228501864, B228501866, B228501867, B228501870, B228501872, and B228501869 by means of soft digging as it is defined in § 56-265.15 of the Code and inspect utility lines to ensure their integrity has not been compromised. All excavations performed under this paragraph shall be subject to the oversight of the operators of these utility lines.

(b) On or before December 1, 2012, the Company shall accept a training session for its employees on the subject of Underground Utility Damage Prevention. Such training shall emphasize the Commission's Rules for trenchless excavation and compliance therewith.

(3) The Company has fully complied with the terms and undertakings as outlined in Undertaking Paragraph (2) above. Documentation evidencing the completion of the remedial actions has been submitted on a timely basis to the Division.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of compliance with the terms and undertakings as outlined in Undertaking Paragraph (2) above. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

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 is hereby penalized in the amount of Ninety-two Thousand One Hundred Fifty Dollars ($92,150).

(3) The sum of Twenty Thousand Two Hundred Sixty-one Dollars ($20,261) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, Seventy-one Thousand Eight Hundred Eighty-nine Dollars ($71,889), is hereby vacated.

(5) This case is hereby 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.

CASE NO. URS-2012-00449
APRIL 15, 2013

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.*, 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.[1] 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.

[1] Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program; Case No. PUE-1989-00052,

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.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.143(a) - Failure on one occasion of the Company to design a pipeline with a component that is rated to withstand anticipated operating pressures without impairment of its serviceability;

(b) 49 C.F.R. § 192.199 (e) - Failure on one occasion of the Company to install a pressure relieving device that discharges into the atmosphere without undue hazard;

(c) 49 C.F.R § 192.273 (b) – Failure on one occasion of the Company to make an electrofusion as stated in its Operations Procedure Manual, Division IV, Section 6.5.3 (f), by disturbing the fused joint before the specified cooling time had elapsed;

(d) 49 C.F.R § 192.355 (b) (2) – Failure on ten occasions of the Company to install a service regulator that is placed where gas from the vent can escape freely into the atmosphere and away from any opening into the building;

(e) 49 C.F.R. § 192.455 (a) - Failure on one occasion of the Company to install a pipeline that is protected by a cathodic protection system;

(f) 49 C.F.R. § 192.461 (a) - Failure on one occasion of the Company to install a pipeline with a protective coating for the purpose of external corrosion control;

(g) 49 C.F.R. § 192.605 (a) - Failure of the Company to have a procedure that is sufficient for performing the task of leak survey;

(h) 49 C.F.R. § 192.605 (a) - Failure on nine occasions of the Company to follow its Operations Procedure Manual, Division II, Section 13.5, developed to comply with 49 C.F.R § 192.613 (a), by not taking appropriate action after observing a service regulator vent near a building opening;

(i) 49 C.F.R. § 192.605 (a) - Failure on two occasions of the Company to follow its Operations Procedure Manual, Division II, Section 13.5, developed to comply with 49 C.F.R § 192.613 (a), by not taking appropriate action after observing a service regulator vent that could not vent freely into the atmosphere;

(j) 49 C.F.R. § 192.605 (a) - Failure on seven occasions of the Company to follow its Operations Procedure Manual, Division II, Section 13.5, developed to comply with 49 C.F.R § 192.613 (a), by not taking appropriate action after observing a customer meter improperly aligned and supported;

(k) 49 C.F.R. § 192.605 (a) - Failure on two occasions of the Company to follow its Operations Procedure Manual, Division II, Section 2.6.1 and 2.6.5, developed to comply with 49 C.F.R § 192.613 (a), by not taking appropriate action after observing a service line under a structure;

(l) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have a comprehensive procedure that addresses the installation and maintenance of pressure recorders and telemetry devices as required in 49 C.F.R. § 192.741;

(m) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have a comprehensive procedure that addresses all aspects of regulator maintenance as required by 49 C.F.R. § 192.739 by not requiring verification of set points and inspection of pressure controllers;

(n) 49 C.F.R. § 192.613 (a) - Failure of the Company to have adequate procedures for continuing surveillance of its facilities;

(o) 49 C.F.R. § 192.614 (c) (6) (i) - Failure on one occasion of the Company to inspect a pipeline as frequently as necessary during and after excavation activities to verify the integrity of the pipeline;

(p) 49 C.F.R. § 192.616 (a) - Failure on one occasion of the Company to develop and implement a public awareness program in accordance with American Petroleum Institute's Recommended Practice 1162, Section 8.4, by not properly assessing the effectiveness of the Company's Public Awareness Program over a four-year period;

(q) 49 C.F.R. § 192.616 (d) (2) - Failure of the Company to include a process in its public awareness program to educate the appropriate government organizations regarding the possible hazards associated with unintended releases from VNG's gas transmission pipeline by not providing an overview of the Company's integrity management plan to these organizations;

(r) 49 C.F.R. § 192.739 (a) (1) - Failure on one occasion of the Company to follow its Operations Procedure Manual, Division II, Section 12.3.1 (f) (1) (c) by not allowing the monitor regulator to take over pressure control during the annual inspection;

1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(s) 49 C.F.R. § 192.805 (a) - Failure of the Company to identify the maintenance, operation and inspection of pressure recorders and telemetry devices as a covered task; and

(t) 49 C.F.R. § 192.805 - Failure of the Company to have an adequate operator qualification program to properly qualify employees performing a leak survey to recognize and react to abnormal operating conditions such as customer meters that are improperly aligned, service lines located under structures, or service regulator vents that cannot vent freely into the atmosphere.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Sixteen Thousand Dollars ($216,000), of which Seventy-five Thousand Six Hundred Dollars ($75,600) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Forty Thousand Four Hundred Dollars ($140,400) shall be due as outlined in Undertaking Paragraph (5) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein. 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, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

a. Within 90 days of the date of this Order, VNG shall revise its operating and maintenance and operator qualification procedures to require examination of the conditions listed in Undertaking Paragraph (2) (b) below whenever VNG and contract employees are in the field and working around meter sets. If an immediate hazard exists, the Company shall take prompt and appropriate corrective actions and document the inspection and corrective actions taken as required by Paragraph (2) (e) below. Within the same 90-day period, the Company shall complete the training and operator qualification on the revised procedures for all VNG and contract field employees that work around meter sets;

b. Within 90 days of the date of this Order, VNG shall begin a continuing three-year program to inspect all meter sets to determine if the following conditions exist and take all appropriate corrective actions as necessary:

i. Atmospheric corrosion – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the outlet of the customer meter or at the connection to the customer's piping, the Company shall evaluate the meter set for the presence of atmospheric corrosion as required by 49 C.F.R § 192.479. If the Company makes a determination that cleaning and coating of the meter set is not necessary for the continued safe operation of the facility, the Company shall document this determination. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

ii. Service regulator vent location – For each service regulator vent, the Company shall make a determination whether or not the vent is rain or insect resistant, is located where the gas from the vent can escape freely into the atmosphere and away from any opening into the building, is located no less than three feet from any source of ignition or any source of heat, or is protected from damage caused by submergence in areas where flooding may occur. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iii. Meter protection – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall make a determination whether or not protection from vehicular damage is required. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iv. Meter alignment/support – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall evaluate whether the meter, regulator and other appurtenances are installed so as to minimize anticipated strain and external loading upon the connecting piping and meter set. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

c. For any of the conditions in Paragraph 2 (b) found during these inspections, if an immediate hazard exists, the Company shall take prompt and appropriate corrective actions. For those conditions in Paragraph 2 (b) found during these inspections that do not constitute an immediate hazard, VNG shall include its findings as part of the Company's distribution integrity management plan ("DIMP") and take corrective actions in accordance with the DIMP plan and 49 C.F.R. Part 192;

d. Within 90 days of the date of this Order, the Company shall develop and implement a Quality Assurance/Quality Control ("QA/QC") program to monitor all VNG and contractor field employees that work around meter sets for compliance with the revised procedures developed pursuant to Paragraph 2 (a) above. In addition, the QA/QC program shall also be used during the three-year program required by Paragraph 2 (b) above to ensure the adequacy and completeness of the program;

e. The Company shall document its findings for each of the inspections performed in compliance with Paragraph 2 (b) above and keep the records for a minimum of ten years. The documentation shall include, at a minimum, the date of the inspection, the name of the inspector(s), whether or not any of the conditions listed in Paragraph 2 (b) exist, the type of corrective action taken, if any, and the date of the corrective action;

f. The Company shall submit a progress report to the Division every six months, beginning six months from the date of this Order, detailing the results of the inspections and the corrective actions taken the previous six months until the initial three-year inspection program in Paragraph (2) (b) is complete;

g. Within 90 days of the date of this Order, VNG shall revise the Company's operating procedures to include a reference to the manufacturer's procedures for the installation and maintenance of pressure regulating and relieving devices, including pressure regulators, relief devices, and controllers;

h. Within 90 days of the date of this Order, VNG shall revise the Company's Operator Qualification procedures to include the maintenance, operation and inspection of pressure recorders and telemetry devices as a covered task. VNG shall also qualify any Company or contractor employee maintaining, operating, or inspecting pressure recorders and telemetry devices using the revised procedures within the same 90-day period.

i. Within 90 days of the date of this Order, the Company shall develop and implement a testing protocol to evaluate the quantity, rate of flow, and dispersion of natural gas from the vent outlets of typical gas service regulators under failure conditions used throughout the Commonwealth. The protocol developed will be submitted to the Division for review prior to implementation. The protocol development and the testing implementation shall be conducted in conjunction with other gas operators belonging to the Virginia Gas Operators' Association ("VGOA") including Columbia Gas of Virginia, Roanoke Gas and Washington Gas. The results of the testing shall be used by the members of the VGOA and the Division to develop "best practices" to be used for the installation of gas service regulator vents in compliance with the Safety Standards.

(3) Within 120 days of the date of this Order, VNG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice President of VNG, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (a), (2) (d), (2) (g), and (2) (h) above.

(4) On or before August 1, 2016, VNG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice President of VNG, certifying that the Company has begun the remedial actions set forth in Undertaking Paragraphs (2) (b) and (2) (c) above.

(5) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to One Hundred Forty Thousand Four Hundred Dollars ($140,400) of the amount set forth in Undertaking Paragraph (1) above. Should VNG fail to tender the affidavits required by Undertaking Paragraphs (3) and (4), or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Forty Thousand Four Hundred Dollars ($140,400), shall become due, and the Company shall immediately notify the Division of the reasons for VNG's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Forty Thousand Four Hundred Dollars ($140,400), 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is docketed and assigned Case No. URS-2012-00449.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Virginia Natural Gas, Inc., is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Virginia Natural Gas, Inc., shall pay the amount of Two Hundred Sixteen Thousand Dollars ($216,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Seventy-five Thousand Six Hundred Dollars ($75,600) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Forty Thousand Four Hundred Dollars ($140,400) shall be 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 Undertaking Paragraph (2) of this Order and timely files the certifications of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

CASE NO. URS-2012-00450
JANUARY 22, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, 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.[1] 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 and operation and maintenance activities involving Roanoke Gas Company ("RGC" or "Company"), the Defendant, and alleges that:

(1) RGC is a person within the meaning of § 56-257.2 B of the Code of Virginia.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.353 - Failure on three occasions of the Company to install meter protection in a location where vehicular damage may be anticipated.

(b) 49 C.F.R. § 192.355 (b) (1) - Failure on one occasion of the Company to install the regulator vent so as to be rain resistant.

(c) 49 C.F.R. § 192.355 (b) (2) - Failure on one occasion of the Company to install a service regulator that is placed where gas from the vent can escape freely into the atmosphere and away from any opening into the building.

(d) 49 C.F.R. § 192.361 (d) - Failure on one occasion of the Company to install a plastic service line in such a manner as to minimize anticipated piping strain and external loading.

(e) 49 C.F.R. § 192.613 (a) - Failure of the Company to have adequate procedures for continuing surveillance of its facilities.

(f) 49 C.F.R. § 192.616 (d) (2) - Failure of the Company to include a process in its public awareness program to educate the appropriate government organizations regarding the possible hazards associated with unintended releases from RGC's gas transmission pipeline by not providing an overview of the Company's integrity management plan to these organizations.

(g) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with the American Petroleum Institute's ("API") Recommended Practice ("RP") 1162, Section 8.4.1, by not having a process to monitor and document the actual program outreach for each stakeholder audience within the Company's service territory.

(h) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with API RP 1162, Section 8.4.1, by not determining the percentage of the individuals or entities reached for each stakeholder audience within the Company's service territory.

(i) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with API RP 1162, Section 8.4.2, by not assessing the percentage of each intended stakeholder audience that understood and retained the key information in the messages received, within the Company's service territory.

(j) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with API RP 1162, Section 8.4.3, that requires a determination of whether all stakeholder audiences have understood the appropriate preventive behaviors when needed, and whether appropriate response and mitigative behaviors would occur and/or have occurred when necessary.

(k) 49 C.F.R. § 192.805 - Failure of the Company to have an adequate operator qualification program to properly qualify employees performing a leak survey to recognize and react to abnormal operating conditions such as missing vehicular protection around meters, service regulator vents that are not rain resistant, or service regulator vents that cannot vent freely into the atmosphere.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Thirty-two Thousand Dollars ($32,000), of which Nine Thousand Three Hundred Dollars ($9,300) shall be paid contemporaneously with the entry of this Order. The remaining Twenty-two Thousand Seven Hundred Dollars ($22,700) shall be due as outlined in Undertaking Paragraph (5) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein. 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, Virginia 23218-1197.

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[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(2) The Company shall undertake the following remedial actions:

a. Within ninety (90) days of the date of this Order, RGC shall revise its operating and maintenance and operator qualification procedures to require examination and documentation of the conditions listed in Undertaking Paragraph (2) (b) below whenever employees are in the field and working around meter sets. Within the same ninety-day period, the Company shall complete the training and operator qualification on the revised procedures for all RGC and contractor field employees that work around meter sets.

b. Within ninety (90) days of the date of this Order, RGC shall begin a three-year program to inspect all meter sets to determine if the following conditions exist and take all appropriate corrective actions as necessary:

i. Atmospheric corrosion – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the outlet of the customer meter or at the connection to the customer's piping, the Company shall evaluate the meter set for the presence of atmospheric corrosion as required by 49 C.F.R. § 192.479. If the Company makes a determination that cleaning and coating of the meter set is not necessary for the continued safe operation of the facility, the Company shall document this determination. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

ii. Service regulator vent location – For each service regulator vent, the Company shall make a determination whether or not the vent is rain or insect resistant, is located where the gas from the vent can escape freely into the atmosphere and away from any opening into the building, is located no less than three feet from any source of ignition or any source of heat, or is protected from damage caused by submergence in areas where flooding may occur. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iii. Meter protection – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall make a determination whether or not protection from vehicular damage is required. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iv. Meter alignment/support – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall evaluate whether the meter, regulator and other appurtenances are installed so as to minimize anticipated strain and external loading upon the connecting piping and meter set. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

c. For any of the conditions in Undertaking Paragraph 2 (b) above found during these inspections, if an immediate hazard exists, the Company shall take prompt and appropriate corrective actions. For those conditions in Undertaking Paragraph 2 (b) above found during these inspections that do not constitute an immediate hazard, RGC shall include its findings as part of the Company's distribution integrity management plan ("DIMP") and take corrective actions in accordance with the DIMP plan and 49 C.F.R. Part 192.

d. Within ninety (90) days of the date of this Order, the Company shall develop and implement a Quality Assurance/Quality Control ("QA/QC") program to monitor all RGC and contractor field employees that work around meter sets for compliance with the revised procedures developed pursuant to Undertaking Paragraph 2 (a) above. In addition, the QA/QC program shall also be used during the three-year program required by Undertaking Paragraph 2 (b) above to ensure the adequacy and completeness of the program.

e. The Company shall document its findings for each of the inspections performed in compliance with Undertaking Paragraph 2 (b) above and keep the records for the life of the facility. The documentation shall include, at a minimum, the date of the inspection, the name of the inspector(s), whether or not any of the conditions listed in Undertaking Paragraph 2 (b) above exist, the type of corrective action taken, if any, and the date of the corrective action.

f. The Company shall submit a progress report to the Division every six months from the date of this Order, detailing the results of the inspections and the corrective actions for the previous six months until the program is complete.

g. Within ninety (90) days of the date of this Order, the Company shall begin a three-year program to place damage prevention decals incorporating the Dig with C.A.R.E. message on all new and existing meters.

h. Within ninety (90) days of the date of this Order, the Company shall develop and implement a process to determine the affected public, excavator, public official, and emergency official stakeholder groups in the Company's service territory and track the actual percentages of each group that receives educational materials disseminated by the Company in accordance with RGC's Public Awareness Plan.

i. Within ninety (90) days of the date of this Order, the Company shall develop and implement a review process to determine whether the information disseminated relative to the Company's Public Awareness Plan to each of the affected public, excavator, public official, and emergency official stakeholder groups is understood by these groups. This process shall include performance metrics to measure the effectiveness of the information used to educate these groups on taking the appropriate mitigative behavior, when necessary.

j. Within ninety (90) days of the date of this Order, the Company shall submit the revisions made to its Public Awareness Plan as required by Undertaking Paragraphs (2) (h) and (2) (i) above to the Division.

(3) On or before May 15, 2013, RGC 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 completed the remedial actions set forth in Undertaking Paragraphs (2) (a), (2) (d), (2) (g), (2) (h), and (2) (i) above.

(4) On or before May 30, 2013, RGC 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 begun the remedial actions set forth in Undertaking Paragraphs (2) (b) and (2) (c) above.

(5) Upon timely receipt of said affidavits and submission of the revised portions of the Company's Public Awareness Plan, the Commission may suspend and subsequently vacate up to Twenty-two Thousand Seven Hundred Dollars ($22,700) of the amount set forth in Undertaking Paragraph (1) above. Should RGC fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Twenty-two Thousand Seven Hundred Dollars ($22,700) shall become due and payable, and the Company shall immediately notify the Division of the reasons for RGC's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Twenty-two Thousand Seven Hundred Dollars ($22,700), 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Accounts 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 Utility Accounting and Finance.

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 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-2012-00450.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Roanoke Gas Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Roanoke Gas Company shall pay the amount of Thirty-two Thousand Dollars ($32,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Nine Thousand Three Hundred Dollars ($9,300) tendered contemporaneously with the entry of this Order is accepted. The remaining Twenty-two Thousand Seven Hundred Dollars ($22,700) shall be 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 Undertaking Paragraph (2) of this Order and tenders the requisite certifications of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

CASE NO. URS-2012-00451
FEBRUARY 11, 2013

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.*, 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.[1] 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] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(1) CGV is a person within the meaning of § 56-257.2 B of the Code of Virginia.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.11(a) - Failure on twelve (12) occasions of the Company to follow National Fire Protection Association (NFPA) 59, 4.7.1 and Table 4.5.2.2 J by placing Liquidtight non-metallic flexible electrical conduit in a designated National Electric Code Class I, Division I classified area.

(b) 49 C.F.R. § 192.317 (b) - Failure of the Company 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 the traffic or by installing barricades.

(c) 49 C.F.R. § 192.327 (a) - Failure of the Company to install a transmission line with thirty-six (36) inches of cover as required in Class 2, 3, and 4 locations.

(d) 49 C.F.R. § 192.355 (b) (2) - Failure on fourteen (14) occasions of the Company to install a service regulator that is placed where gas from the vent can escape freely into the atmosphere and away from any opening into the building.

(e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards Procedure GS 1708.020, developed to comply with 49 C.F.R. § 192.613 (a), by not determining that an unusual operating and maintenance condition existed after observing atmospheric corrosion.

(f) 49 C.F.R. § 192.605 (a) - Failure on five (5) occasions of the Company to follow its Operating and Maintenance Plan 1650, developed to comply with 49 C.F.R. § 192.613 (a), by not taking appropriate action after observing a service regulator vent near a building opening.

(g) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards Procedure GS 1708.020, developed to comply with 49 C.F.R. § 192.613 (a), by not taking appropriate action after observing a barrel lock on an open stopcock.

(h) 49 C.F.R. § 192.605 (a) - Failure of the Company to repair a pipeline anomaly according to the manufacturer's procedure.

(i) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with the American Petroleum Institute's ("API") Recommended Practice ("RP") 1162, Section 8.4, that requires supplemental messaging for emergency responders that did not attend training or other informational sessions offered by CGV within the Company's service territory.

(j) 49 C.F.R. § 192.616 (a) - Failure of the Company to develop and implement a public awareness program in accordance with API RP 1162, Section 8.4.3, that requires a determination of whether the public officials and affected public stakeholder audiences have understood the appropriate preventive behaviors when needed, and whether appropriate response and mitigative behaviors would occur and/or have occurred, when necessary.

(k) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to properly install equipment at a pressure regulating station so that it is protected from conditions that might prevent proper operation.

(l) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to install a regulator so that it is protected from dirt, liquids, or other conditions that might prevent proper operation.

(m) 49 C.F.R. § 192.747 (a) - Failure on seven (7) occasions of the Company to inspect each valve, the use of which may be necessary for the safe operation of a distribution system, at intervals not exceeding fifteen (15) months but at least once each calendar year.

(n) 49 C.F.R. § 192.805 (a) - Failure of the Company to identify the installation, maintenance and calibration of Supervisory Control and Data Acquisition ("SCADA") equipment as a covered task.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Forty-one Thousand Five Hundred Dollars ($141,500), of which Forty-nine Thousand Five Hundred Dollars ($49,500) shall be paid contemporaneously with the entry of this Order. The remaining Ninety-two Thousand Dollars ($92,000) shall be due as outlined in Undertaking Paragraph (5) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein. 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, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

a. Within ninety (90) days of the date of entry of this Order, CGV shall revise its operating and maintenance and operator qualification procedures to require examination and documentation of the conditions listed in Undertaking Paragraph (2) (b) below whenever employees are in the field and working around meter sets. Within the same ninety (90) day period, the Company shall complete the training and operator qualification on the revised procedures for all CGV and contractor field employees that work around meter sets.

b. Within ninety (90) days of the date of entry of this Order, CGV shall begin a three-year program to inspect all meter sets to determine if the following conditions exist and take all appropriate corrective actions as necessary:

i. Atmospheric corrosion - For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the outlet of the customer meter or at the connection to the customer's piping, the Company shall evaluate the meter set for the presence of atmospheric corrosion as required by 49 C.F.R. § 192.479. If the Company makes a determination that cleaning and coating of the meter set is not necessary for the continued safe operation of the facility, the Company shall document this determination. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

ii. Service regulator vent location - For each service regulator vent, the Company shall make a determination whether or not the vent is rain or insect resistant, is located where the gas from the vent can escape freely into the atmosphere and away from any opening into the building, is located no less than three feet from any source of ignition or any source of heat, or is protected from damage caused by submergence in areas where flooding may occur. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iii. Meter protection – For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall make a determination whether or not protection from vehicular damage is required. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

iv. Meter alignment/support - For each meter set, including the meter, the meter bar, the service regulator, valves and any connected piping up to the customer outlet, the Company shall evaluate whether the meter, regulator and other appurtenances are installed so as to minimize anticipated strain and external loading upon the connecting piping and meter set. Documentation of all inspections shall comply with Undertaking Paragraph 2 (e) of this Order.

c. For any of the conditions in Undertaking Paragraph 2 (b) found during these inspections, if an immediate hazard exists, the Company shall take prompt and appropriate corrective actions. For those conditions in Undertaking Paragraph 2 (b) found during these inspections that do not constitute an immediate hazard, CGV shall include its findings as part of the Company's distribution integrity management plan ("DIMP") and take corrective actions in accordance with the DIMP plan and 49 C.F.R. Part 192.

d. Within ninety (90) days of the date of entry of this Order, the Company shall develop and implement a Quality Assurance/Quality Control ("QA/QC") program to monitor all CGV and contractor field employees that work around meter sets for compliance with the revised procedures developed pursuant to Undertaking Paragraph 2 (a) above. In addition, the QA/QC program shall also be used during the three-year program required by Undertaking Paragraph 2 (b) above to ensure the adequacy and completeness of the program.

e. The Company shall document its findings for each of the inspections performed in compliance with Undertaking Paragraph 2 (b) above and keep the records for the life of the facility. The documentation shall include, at a minimum, the date of the inspection, the name of the inspector(s), whether or not any of the conditions listed in Undertaking Paragraph 2 (b) exist, the type of corrective action taken, if any, and the date of the corrective action.

f. The Company shall submit a progress report to the Division every six (6) months from the date of entry of this Order, detailing the results of the inspections and the corrective actions for the previous six (6) months, until the program is complete.

g. Within ninety (90) days of the date of entry of this Order, CGV shall revise the Company's Operator Qualification procedures to include the maintenance, operation and inspection of SCADA equipment as a covered task. CGV shall also qualify any Company or contractor employee maintaining, operating, or inspecting SCADA equipment using the revised procedures within the same ninety (90) day period.

h. Within ninety (90) days of the date of entry of this Order, CGV shall revise and implement its Public Awareness Plan to delineate the supplemental messaging the Company shall provide to emergency officials that do not attend training or other informational sessions offered by CGV within the Company's service territory.

i. Within ninety (90) days of the date of entry of this Order, CGV shall develop and implement a review process to determine whether the information disseminated to the affected public and public official stakeholder groups relative to its Public Awareness Plan is understood by these groups. This process shall include performance metrics to measure the effectiveness of the information educating these groups on taking the appropriate mitigative behavior, when necessary.

j. Within ninety (90) days of the date of entry of this Order, the Company shall submit the revisions made to its Public Awareness Plan as required by Undertaking Paragraphs (2) (h) and (2) (i) above to the Division.

(3) On or before May 15, 2013, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of CGV certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (a), (2) (d) , (2) (g), (2) (h), and (2) (i) above.

(4) On or before May 30, 2013, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of CGV certifying that the Company has begun the remedial actions set forth in Undertaking Paragraphs (2) (b) and (2) (c) above.

(5) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to Ninety-two Thousand Dollars ($92,000) of the amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender the affidavits required by Undertaking Paragraphs (3) and (4), or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Ninety-two Thousand Dollars ($92,000) 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 Undertaking Paragraphs (2), (3), and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Ninety-two Thousand

Dollars ($92,000), 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 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-2012-00451.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc., is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Columbia Gas of Virginia, Inc., shall pay the amount of One Hundred Forty-one Thousand Five Hundred Dollars ($141,500), part of which may be suspended and subsequently vacated as provided for in Undertaking Paragraph (1) above.

(4) The sum of Forty-nine Thousand Five Hundred Dollars ($49,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Ninety-two Thousand Dollars ($92,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided that Columbia Gas of Virginia, Inc., timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certifications of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) The Commission retains jurisdiction over this matter for all purposes, and this case is continued.

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. URS-2012-00451
MAY 9, 2013

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

ORDER

On February 11, 2013, the State Corporation Commission ("Commission") entered an Order of Settlement in this proceeding ("Settlement Order") alleging certain violations of the federal pipeline safety statutes, 49 U.S.C. § 60101 *et seq.*, by Columbia Gas of Virginia, Inc. ("CGV" or the "Company"). The Settlement Order set forth several undertakings required to be completed by the Company within ninety (90) days of entry of the Settlement Order. Among such undertakings is the following contained in Undertaking Paragraph (2) (a) of the Settlement Order:

> Within ninety (90) days of the date of entry of this Order, CGV shall revise its operating and maintenance and operator qualification procedures to require examination and documentation of the conditions listed in Undertaking Paragraph (2) (b) below whenever employees are in the field and working around meter sets. Within the same ninety (90) day period, the Company shall complete the training and operator qualification on the revised procedures for all CGV and contractor field employees that work around meter sets.[1]

The Settlement Order further requires in Undertaking Paragraph (4) that the Company "tender to the Clerk of the Commission, with a copy to the Division [of Utility and Railroad Safety], an affidavit, executed by the president of CGV certifying that the Company has begun the remedial actions set forth in Undertaking Paragraphs (2) (b) and (2) (c) above."[2]

On May 1, 2013, the Company filed a Request for Extension of Time to Comply with Deadlines ("Motion") in which it seeks additional time to complete the requirements described above. Specifically, the Company seeks to: (i) "extend the deadline to complete the training and operator qualification requirements set forth in Undertaking Paragraph 2(a) of the [Settlement Order] to June 26, 2013"[3] and (ii) "extend the corresponding deadline…to submit an affidavit certifying the completion of the training and operator qualification requirements of Undertaking Paragraph 2(a) to July 1, 2013."[4] In support of its

[1] Settlement Order at 4.

[2] *Id.* at 7-8.

[3] Motion at 3.

[4] *Id.*

Motion the Company states that "it does not have sufficient time to successfully complete the training and testing on the new operating and maintenance and operator qualification procedures for all CGV and contractor field employees within the prescribed 90 day deadline."[5]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that good cause having been shown, CGV's Motion should be granted and the deadlines for compliance with the Settlement Order should be extended as set forth below.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Motion is hereby granted.

(2) On or before June 26, 2013, CGV shall complete the training and operator qualification on the revised procedures required by Undertaking Paragraph (2) (a) of the Settlement Order for all CGV and contractor field employees that work around meter sets.

(3) On or before July 1, 2013, CGV shall tender to the Clerk of the Commission, with a copy to the Division of Utility and Railroad Safety, an affidavit, executed by the president of CGV, certifying that the Company has complied with the requirement of Ordering Paragraph (2) above.

(4) Except as modified herein, all provisions of the Commission's February 11, 2013 Order of Settlement shall remain in full force and effect.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

[5] *Id*. at 2-3.

CASE NO. URS-2012-00460
FEBRUARY 11, 2013

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 ("Code"), 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. 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 August 8, 2012, and November 15, 2012, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

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 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 Ten Thousand Seven Hundred Fifty Dollars ($10,750) 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 Division 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 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 sum of Ten Thousand Seven Hundred Fifty Dollars ($10,750) 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.

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. URS-2012-00461
JANUARY 14, 2013

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 ("Code"), 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. 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 9, 2012, and November 29, 2012, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

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, 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 Fifty-three Thousand Three Hundred Dollars ($53,300) 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 Division 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 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 sum of Fifty-three Thousand Three Hundred Dollars ($53,300) 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.

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. URS-2012-00462
JANUARY 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER 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 August 22, 2012, the City of Radford damaged a one-half-inch plastic gas service line operated by Atmos Energy Corporation ("Company"), located at or near 713 West Main Street, Radford, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) 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.

(3) On or about August 16, 2012, Kenco Cable Company damaged a one-half-inch plastic gas service line operated by the Company, located at or near 4973 Pepperell Way, Pulaski County, Virginia, while excavating.

(4) On or about August 30, 2012, Holtzman Oil Corp. damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 2370 Roanoke Street, Montgomery County, Virginia, while excavating.

(5) On or about October 5, 2012, Nichols Construction damaged a two-inch plastic gas service main operated by the Company, located at or near Franklin Avenue and Pico Drive, Pulaski County, Virginia, while excavating.

(6) On or about October 6, 2012, Fenton Well Drilling, Inc., damaged a one-half-inch steel gas service line operated by the Company, located at or near 7442 Nicewander Way, #1, Pulaski County, Virginia, while excavating.

(7) On the occasions set out in paragraphs (3) through (6) above, the Company failed to mark the underground utility lines by no later than 7 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.

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 Ten Thousand Six Hundred Fifty Dollars ($10,650) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Ten Thousand Six Hundred Fifty Dollars ($10,650) 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-2013-00001
MAY 10, 2013

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.*, 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,[1] 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 ("Code"), 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 Washington Gas Light Company ("WG" or "Company"), the Defendant; and alleges that:

(1) The Company is a person within the meaning of § 56-257.2 B of the Code.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.453 - Failure of the Company to carry out the corrosion control procedures required by § 192.605 (b) (2), including those for the design, installation, operation, and maintenance of cathodic protection systems by, or under the direction of, a person qualified in pipeline corrosion control methods.

(a) 49 C.F.R. § 192.457 (b) - Failure on multiple occasions of the Company to cathodically protect steel pipelines installed before August 1, 1971, in areas in which active corrosion is found.

(b) 49 C.F.R. § 192.463 (a) - Failure on multiple occasions of the Company to maintain the required cathodic protection criteria of -850 millivolts.

(c) 49 C.F.R. § 192.467 (f) - Failure of the Company to provide protection against fault currents that may be anticipated under electrical transmission lines.

(d) 49 C.F.R. § 192.469 - Failure on multiple occasions of the Company to have a sufficient number of test stations to determine the adequacy of cathodic protection.

(e) 49 C.F.R. § 192.491 (a) - Failure of the Company to maintain accurate records or maps that show the location of cathodic protection facilities by not updating cathodic protection area maps to include the actual location of test stations.

(f) 49 C.F.R. § 192.605 (a) - Failure on multiple occasions of the Company to follow its Engineering and Operating Standards, Section 4077, Atmospheric Corrosion Monitoring, developed to comply with § 192.481 (a), by not identifying atmospheric corrosion.

(g) 49 C.F.R. § 192.605 (b) (2) - Failure of the Company to have adequate procedures for controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of 49 C.F.R Part 192.

(h) 49 C.F.R. § 192.805 - Failure of the Company to have an adequate operator qualification program for controlling corrosion in accordance with Subpart I 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, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Seven Hundred Eighty-five Thousand Two Hundred Fifty Dollars ($785,250), of which Two Hundred Fifty Thousand Dollars ($250,000) shall be paid contemporaneously with the entry of this Order. The remaining Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars ($535,250) shall be due as outlined in Undertaking Paragraph (13) herein and may be suspended

[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11) herein and tenders the requisite certification as required by Undertaking Paragraph (12) herein. 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, Virginia 23218-1197.

(2) Within 90 days from the date of this Order, the Company shall:

(a) Begin a comprehensive evaluation ("Evaluation") of the policies, procedures, operation, maintenance, and facilities of the Company's cathodic protection ("CP") corrosion control program. The Evaluation shall determine, among other things, if the Company's corrosion control procedures, field practices, and facilities are in compliance with 49 C.F.R. Part 192 and the applicable National Association of Corrosion Engineers Standards.

(b) Retain a third party corrosion consultant ("Consultant") to advise the Company on the strategy for the Evaluation, including testing protocols and any remediation necessary for compliance with Subpart I of 49 C.F.R. Part 192 and 49 C.F.R. § 192.605 (b) (2). The Company and the Consultant shall review the Company's Evaluation processes including its testing and remediation activities. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred in connection with the retention of the consultant required by this Undertaking Paragraph, or otherwise defer such costs for future recovery from ratepayers.

(3) Within 90 days from the completion of the Evaluation, the Company shall prepare and submit a report to the Division summarizing the Evaluation, including any modifications to the Company's existing testing and remediation activities. If WG disagrees with any of the Consultant's recommendations, the Company shall note such disagreements and include an explanation for its disagreement in the report. In the event of a disagreement, the Division shall decide whether or not the specified testing or remediation shall be implemented by the Company; provided, however, nothing herein shall prevent the Company from seeking review by the Commission.

(4) The Company shall use the information gathered and the findings from the Evaluation to revise WG's operation, maintenance, and design policies, procedures and practices for its CP corrosion control program.

(5) The Company shall complete all of the remediation and corrective actions identified during the course of the Evaluation within 180 days of the completion of the report. In the event that the Company cannot complete the corrective actions within the specified time, the Company shall notify the Division and submit a revised schedule acceptable to the Division for completion of the corrective actions.

(6) During the Evaluation and remediation of WG's CP corrosion control program, the Company shall provide the Division monthly schedules for field activities prior to the commencement of those activities. Also, on a monthly basis, a progress report detailing the work completed and implementation of the recommended remediation measures by segment shall be submitted to the Division.

(7) Within 90 days of the date of this Order, the Company shall update its procedures, training, and practices to incorporate the following into its CP and leak repair practices and procedures:

(a) When a corrosion leak is repaired on a cathodically protected steel main, in addition to the anode that is installed under current practices, a CP test station shall be installed with the anode. These CP test stations shall be monitored in accordance with the requirements of Subpart I of 49 C.F.R. Part 192.

(b) When a corrosion leak is repaired on coated steel mains not currently under CP, in addition to the anode installed under current practices, a CP test station shall be installed with the anode. These CP test stations shall be monitored in accordance with the requirements of Subpart I of 49 C.F.R. Part 192.

(c) When a corrosion leak is repaired on a bare steel main, an anode shall be installed per current practices. No test station shall be installed on those pipelines that are being replaced under the Company's Steps to Advance Virginia's Energy plan.

In addition, these practices and procedures may be further updated based on findings of the Evaluation.

(8) The Company shall also evaluate the feasibility of cathodically protecting the currently cathodically unprotected coated steel mains. The Company shall develop a plan for cathodically protecting those pipelines for which CP is feasible as determined by the evaluation. These pipelines shall be scheduled for protection based on the Company's Distribution Integrity Management Program ("DIMP"). The cathodically unprotected coated steel mains that are not feasible to protect shall also be managed through the Company's DIMP.

(9) The Company shall participate in the Virginia Gas Operators Association Operator Qualification ("OQ") review program for CP Corrosion Control modules. Within 90 days after these modules are available, the Company shall train and evaluate the appropriate personnel relative to the revised OQ modules for CP Corrosion Control.

(10) Within 12 months of the date of this Order, the Company shall evaluate all pipelines within or crossing electric transmission power line rights of way to collect, analyze, and evaluate the impact and effects of alternating current ("AC") migration and interference with WG's pipelines. The analysis shall include, but is not limited to, the gathering of data through field investigations along with existing data from various sources such as WG, Virginia Electric and Power Company, and Northern Virginia Electric Cooperative. Upon completion of the data collection, review, and analysis, the Company shall prepare a report that outlines the existing conditions relative to AC migration and interference along its pipelines. The report shall contain detailed recommendations to bring any "at risk" sections of these pipelines into compliance with Part 192. The report shall be completed by no later than 90 days after the conclusion of the evaluation. All findings, reports, analyses, and documents produced by the Company shall be provided to the Division. Within 180 days of the completion of the report, the Company shall install those facilities identified as necessary to mitigate any AC migration or interference on WG's pipelines and conduct tests and data reviews to ensure the adequacy of the AC mitigation measures for the pipelines. In the event that the Company cannot complete the corrective actions within the specified time, the Company shall notify the Division and submit a revised schedule

acceptable to the Division for completion of the corrective actions. The results of the testing and data review shall be provided to the Division within 30 days of the completion of such testing and review.

(11) Within 90 days of the date of this Order, the Company shall test the durability of the Fire Resistant Gas Meter Bags ("BAGS") by performing field tests under live fire conditions. A testing protocol shall be developed prior to the field testing. The results of the testing shall be provided to the Division. Upon successful testing of the BAGS, the Company shall conduct a pilot program to test the use of the BAGS on 100 meters located inside buildings. The results of this pilot program shall be provided to the Division within 18 months of the date of this Order.

(12) Within 22 months of the date of this Order, WG shall tender to the Clerk of the Commission, with a copy to the Director of the Division, a notarized affidavit signed by the Vice President – Operations, Engineering, Construction, and Safety of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraphs (2), (3), (4), (5), (7), (8), (9), and (10) above.

(13) Upon timely receipt of the affidavit required by Undertaking Paragraph (12) above, the Commission may suspend and subsequently vacate up to Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars ($535,250) of the remaining amount set forth in Undertaking Paragraph (1) above. Should WG fail to tender such affidavit, or fail to take the actions required by Undertaking Paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11) above, a payment of Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars ($535,250) shall become due and payable, and the Company shall immediately notify the Division of the reasons for WG's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11) above. If, upon investigation, the Division determines that the reason for such failure justifies a payment lower than Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars ($535,250), 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 such amount.

(14) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating any such information submitted by the Commission Staff.

(15) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 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-2013-00001.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Washington Gas Light Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Seven Hundred Eighty-five Thousand Two Hundred Fifty Dollars ($785,250), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Two Hundred Fifty Thousand Dollars ($250,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars ($535,250) 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 Undertaking Paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11) above and files the timely certification of the remedial actions required by Undertaking Paragraph (12) above.

(5) Pursuant to Undertaking Paragraph (14), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving WG, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating any such information submitted by the Commission Staff.

(6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further orders of the Commission.

CASE NO. URS-2013-00017
APRIL 3, 2012

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA ELECTRIC AND POWER COMPANY,
Defendant

ORDER 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 September 12, 2012, Virginia Electric and Power Company ("Company"), damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 404 Smithfield Boulevard, Isle of Wight County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to take reasonably calculated steps to safeguard life, health and property, in violation of § 56-265.24 E of the Code.

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 Five Thousand Dollars ($5,000) 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) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Five Thousand Dollars ($5,000) 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-2013-00059
APRIL 2, 2013

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 ("Code"), 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. 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 15, 2012, and December 21, 2012, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status of the underground utility lines to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

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, 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 Eleven Thousand One Hundred Dollars ($11,100) 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 Division 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 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 sum of Eleven Thousand One Hundred Dollars ($11,100) 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.

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. URS-2013-00063
MAY 7, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N COMMUNICATIONS, INC.,
Defendant

ORDER 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 September 17, 2012, S&N Communications, Inc. ("Company"), damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company located at or near 1921 Belleville Drive, Loudoun County, Virginia, while excavating.

(2) On or about October 11, 2012, the Company damaged a two-inch plastic gas main operated by Washington Gas Light Company located at or near 305 East Market Street, Loudoun County, Virginia, while excavating.

(3) On or about November 3, 2012, the Company damaged a two-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 905 Lakeside Drive, Lynchburg, Virginia, while excavating.

(4) On or about November 14, 2012, the Company damaged an electric primary line operated by Virginia Electric & Power Company located at or near 11794 Robious Road, Chesterfield County, Virginia, while excavating.

(5) On or about October 15, 2012, the Company damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company located at or near 21700 Munday Hill Place, Loudoun County, Virginia, while excavating.

(6) On the occasions set out in paragraphs (1) through (4) above, the Company failed to take all reasonable steps necessary to properly protect, support and backfill the underground utility line, in violation of § 56-265.24 A of the Code.

(7) On the occasion set out in paragraph (4) above, the Company failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(8) On the occasion set out in paragraph (5) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(9) On the occasion set out in paragraph (5) above, the Company failed to expose all utility lines which would be in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(10) On or about November 2, 2012, the Company damaged a one-quarter-inch plastic gas service line operated by Washington Gas Light Company located at or near 4648 Evansdale Road, Prince William County, Virginia, while excavating.

(11) On the occasion set out in paragraph (10) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.

(12) On the occasion set out in paragraph (10) above, the Company failed to take steps necessary to safeguard life, health and property, in violation of § 56-265.24 E of the Code.

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 a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Nine Hundred Fifty Dollars ($6,950) to be paid contemporaneously with the entry of this Order. The 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 Division 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 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 sum of Six Thousand Nine Hundred Fifty Dollars ($6,950) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00064
MARCH 19, 2013

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 ("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 June 19, 2012, Spiniello Companies damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company ("Company") located at or near 4000 North Glebe Road, Arlington County, Virginia, while excavating.

(2) On or about July 23, 2012, Heritage Home Improvements, Inc., damaged a one-half-inch plastic gas service line operated by the Company located at or near 8401 Kay Court, Fairfax County, Virginia, while excavating.

(3) On or about September 26, 2012, Carr Construction damaged a two-inch plastic gas main line operated by the Company located at or near 4092 Sutherland Place, Fairfax, Virginia, while excavating.

(4) On or about November 16, 2012, Stealth Construction damaged a one-half-inch copper gas service line operated by the Company located at or near the intersection of Seminary Road and Fillmore Avenue, Alexandria, Virginia, while excavating.

(5) On or about November 16, 2012, the City of Fairfax damaged a one-half-inch plastic gas service line operated by the Company at or near 3604 Country Hill Drive, Fairfax County, Virginia, while excavating.

(6) On or about November 28, 2012, D. A. Foster Company damaged a three-quarter-inch plastic gas service line operated by the Company at or near Lot 49, Stockwell Lane, Fairfax County, Virginia, while excavating.

(7) On the occasions set out in paragraphs (1) through (6) above, the Company failed to mark the approximate horizontal locations 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.

(8) On or about July 27, 2012, Northern Pipeline Construction damaged a three-quarter-inch steel gas drip operated by the Company located at or near 1909 North Madison Street, Arlington 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 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.

(10) On or about September 12, 2012, Jones Utilities Construction damaged a two-inch plastic service line operated by the Company at or near 1851 South Bell Street, Arlington County, Virginia, while excavating.

(11) On the occasion set out in paragraph (10) above, the Company, when deferring to mark for extraordinary circumstances, failed to mark the underground utility line within 96 hours from 7 a.m. on the next working day following notice to the notification center, in violation of § 56-265.19 A of the Code.

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 Five Thousand Eight Hundred Dollars ($5,800) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Five Thousand Eight Hundred Dollars ($5,800) 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-2013-00066
APRIL 2, 2013

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 ("Code"), 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. 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 10, 2012, and January 25, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status of the underground utility lines to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

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, 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 Twenty-five Thousand Seven Hundred Dollars ($25,700) 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 Division 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 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 sum of Twenty-five Thousand Seven Hundred Dollars ($25,700) 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.

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. URS-2013-00068
MAY 7, 2013

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 ("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 August 22, 2012, WB&E Construction, Inc., damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 1224 Hazel Avenue, Chesapeake, Virginia, while excavating.

(2) On or about October 14, 2012, Distinctive Event Rentals, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 653 Thalia Road, Virginia Beach, Virginia, while excavating.

(3) On or about November 6, 2012, Precon Construction Company damaged a two-inch plastic gas service line operated by the Company, located at or near 2500 Leo Street, Norfolk, Virginia, while excavating.

(4) On or about November 8, 2012, Ross & Sons Utility Contractor, Inc., damaged a two-inch plastic gas service main line operated by the Company, located at or near 524 Laskin Road, Virginia Beach, Virginia, while excavating.

(5) On or about November 11, 2012, the County of Hanover damaged a one-and-one-quarter-inch plastic gas service line operated by the Company, located at or near 101 North Carter Road, Hanover County, Virginia, while excavating.

(6) On or about November 21, 2012, WB&E Construction, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 3411 Roanoke Avenue, Newport News, Virginia, while excavating.

(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 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.

(8) On or about October 12, 2012, Ross & Sons Utility Contractor, Inc., damaged a four-inch plastic gas main line operated by the Company, located at or near 5810 Centerville Road, Williamsburg, Virginia, while excavating.

(9) On the occasion set out in paragraph (8) 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.

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 Nine Thousand Two Hundred Fifty Dollars ($9,250) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Nine Thousand Two Hundred Fifty Dollars ($9,250) 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-2013-00070
MAY 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLEN CONSTRUCTION COMPANY, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 December 5, 2012, Allen Construction Company, Inc. ("Company"), excavated at or near Hunting Ridge Road and 1410 Mulberry Road, Martinsville, Virginia.

(2) During the excavation referenced in paragraph (1) above, the Company failed on 79 occasions to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(3) During the excavation referenced in paragraph (1) above, the Company failed on 79 occasions to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(4) During the excavation referenced in paragraph (1) above, the Company failed on 78 occasions to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's locations prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(5) During the excavation referenced in paragraph (1) above, the Company failed on 57 occasions to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

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 and Dismissing Proceeding.

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 Sixty Thousand One Hundred Fifty Dollars ($60,150).

(2) That Thirty Thousand One Hundred Fifty Dollars ($30,150) of said penalty will be vacated upon the completion of the following remedial actions:

(a) On or before January 22, 2013, the Company shall fully expose all underground utility lines within the work areas as described on Miss Utility ticket numbers A 232400444 and A 232400478 by means of soft digging as it is defined in § 56-265.15 and inspect the utility lines to ensure that their integrity has not been compromised. All excavations under this paragraph shall be subject to the utility operator's oversight.

(b) On or before February 14, 2013, the Company will attend a training session conducted by the Division on underground utility damage prevention.

(3) That the Thirty Thousand Dollar ($30,000) balance of said penalty 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.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the State Corporation Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Sixty Thousand One Hundred Fifty Dollars ($60,150).

(3) The sum of Thirty Thousand Dollars ($30,000) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, Thirty Thousand One Hundred Fifty Dollars ($30,150), shall be vacated.

(5) This case is hereby 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. URS-2013-00074
MARCH 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER 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 September 25, 2012, E. C. Pace Company, Inc., damaged a three-quarter-inch steel gas service stub operated by Roanoke Gas Company ("Company"), located at or near 4221 Moomaw Avenue, NW, Roanoke County, Virginia, while excavating.

(2) On or about October 19, 2012, Jones & Sons Excavating, Inc., damaged a three-quarter-inch steel gas service stub operated by the Company located at or near 1871 Elbert Drive, SW, Roanoke County, Virginia, while excavating.

(3) On or about November 1, 2012, Jones & Sons Excavating, Inc., damaged a three-quarter-inch steel gas service stub operated by the Company located at or near 1811 Elbert Drive, Roanoke County, Virginia, while excavating.

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the underground utility lines by no later than 7 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.

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 Six Thousand Seven Hundred Fifty Dollars ($6,750) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Six Thousand Seven Hundred Fifty Dollars ($6,750) 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-2013-00076
OCTOBER 31, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COASTLINE CABLE SERVICES, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 January 11, 2013, Coastline Cable Services, Inc. ("Company"), excavated at or near East Vine Street, Henrico County, Virginia.

(2) On or about February 6, 2013, the Company excavated at or near East Nine Mile Road and South Airport Drive, Henrico County, Virginia.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed in 31 instances to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked or staked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(5) On the occasions set out in paragraphs (1) and (2) above, the Company failed in 50 instances to expose all utility lines that were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(6) On the occasions set out in paragraphs (1) and (2) above, the Company failed in 30 instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

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 Twenty-three Thousand Five Hundred Fifty Dollars ($23,550).

(2) That Sixteen Thousand Five Hundred Dollars ($16,500) of said penalty will be vacated upon the completion of the following remedial actions:

(a) On or before July 8, 2013, the Company will fully expose six gas service lines within the work area described on Miss Utility ticket number A233401903 by means of soft digging, as it is defined in § 56-265.15 of the Code, to ensure proper separation of utilities has been achieved in accordance with § 56-257 of the Code and inspect the utility lines to ensure their integrity has not been compromised. All excavation performed under this paragraph shall be subject to the utility operator's oversight.

(b) The Company will attend a training session conducted by Division Staff on underground utility damage prevention.

(3) That the Seven Thousand Fifty Dollar ($7,050) balance of said penalty 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.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the completion of the remedial actions has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of the completion of the remedial actions, hereby accepts this offer of settlement and the evidence of the completion of the remedial actions. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Twenty-three Thousand Five Hundred Fifty Dollars ($23,550).

(3) The sum of Seven Thousand Fifty Dollars ($7,050) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, Sixteen Thousand Five Hundred Dollars ($16,500), shall be vacated.

(5) This case is hereby 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. URS-2013-00079
APRIL 5, 2013

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 ("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 September 13, 2012, Columbia Gas of Virginia, Inc. ("Company"), damaged a six-inch steel gas main line operated by the Company located at or near 31854 Elys Ford Road, Culpeper County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265 24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company utilized mechanized equipment within two feet of the extremities of exposed utility lines, in violation of 20 VAC 5-309-140 (3) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(4) On or about November 1, 2012, the City of Petersburg damaged a two-inch plastic gas main line operated by the Company located at or near 719 High Street, Petersburg, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) 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.

(6) On or about December 6, 2012, Virginia Electric and Power Company damaged a two-inch plastic gas service line operated by the Company located at or near 217 Dominion Boulevard, Chesapeake, Virginia, while excavating.

(7) On the occasion set out in paragraph (6) above, the Company failed to mark the underground utility line by no later than 7 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.

(8) On the occasion set out in paragraph (6) above, the Company failed to provide data to the notification center that would allow proper notification to the operator of excavation near the operator's utility lines, in violation of Rule 20 VAC 5-309-130.

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 Five Thousand One Hundred Fifty Dollars ($5,150) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Five Thousand One Hundred Fifty Dollars ($5,150) 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-2013-00080
APRIL 15, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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) S&N Locating Services, LLC ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about July 20, 2012, Hudgins Contracting Corp. damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 1700 College Crescent, Virginia Beach, Virginia, while excavating.

(3) On or about August 22, 2012, WB&E Construction, Inc., damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1224 Hazel Avenue, Chesapeake, Virginia, while excavating.

(4) On or about October 25, 2012, Peters and White Construction Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 3034 Bapaume Avenue, Norfolk, Virginia, while excavating.

(5) On or about October 26, 2012, Peters and White Construction Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near the intersection of 2940 and 2946 Argonne Avenue, Norfolk, Virginia, while excavating.

(6) On or about November 20, 2012, Innerview, Ltd., damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near the intersection of Chesapeake Street and Modoc Avenue, Norfolk, Virginia, while excavating.

(7) On or about November 21, 2012, Excel Paving Corporation damaged a three-quarter-inch copper gas main line operated by Virginia Natural Gas, Inc., located at or near 311 29th Street, Virginia Beach, Virginia, while excavating.

(8) On the occasions set out in paragraphs (2) through (7) above, the Company failed to mark the underground utility lines by no later than 7 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.

(9) On the occasion set out in paragraph (3) above, the Company failed to respond within three hours of the excavator's call to the notification center, in violation of § 56-265.17 C of the Code.

(10) On the occasion set out in paragraph (3) above, the Company failed to use all information necessary to mark its 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, 20 VAC 5-309-10 *et seq.*

(11) On or about December 6, 2012, Inlet Construction Inc. damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 2573 Shore Drive, Virginia Beach, Virginia, while excavating.

(12) On the occasion set out in paragraph (11) 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.

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 a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand Five Hundred Dollars ($9,500) to be paid contemporaneously with the entry of this Order. The 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 Division 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 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 sum of Nine Thousand Five Hundred Dollars ($9,500) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00081
JUNE 25, 2013

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 ("Code"), 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. 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 16, 2012, and January 4, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.17 C and § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion 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, 20 VAC 5-309-10 *et seq*.

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 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 Nine Thousand Fifty Dollars ($9,050) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Nine Thousand Fifty Dollars ($9,050) 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.

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. URS-2013-00125
APRIL 5, 2013

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 ("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 August 2, 2012, CPG, Inc., damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near the intersection of Elkhorn Avenue and 49th Street, Norfolk, Virginia, while excavating.

(2) On or about October 2, 2012, AAA Electrical Contracting, Inc., damaged a two-inch plastic gas main line operated by the Company located at or near Paine Street, Newport News, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to mark the underground utility lines by no later than 7 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.

(4) On or about August 31, 2012, Gloucester Lawn Maintenance, Inc., t/a Colonial Gardens, damaged a two-inch plastic gas service main line operated by the Company located at or near 2614 Jefferson Avenue, Newport News, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) 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.

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 Five Thousand Two Hundred Fifty Dollars ($5,250) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 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 sum of Five Thousand Two Hundred Fifty Dollars ($5,250) 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-2013-00127
JUNE 3, 2013

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 ("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) Promark Utility Locators, Inc. ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about March 6, 2012, Southeast Connections LLC excavated at or near Rosemont Townhomes Subdivision, City of Norfolk, Virginia.

(3) On the occasion set out in paragraph (2) above, the Company failed in 29 instances to report the marking status to the excavator-operator information exchange system by no later than 7 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.

(4) On the occasion set out in paragraph (2) above, the Company failed in five instances to provide markings at sufficient intervals to clearly indicate the approximate horizontal locations and directions of the underground utility lines, in violation of 20 VAC 5-309-110 B of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rules").

(5) On the occasion set out in paragraph (2) above, the Company failed in one instance to provide a minimum of three separate marks for each underground utility line marking, in violation of Rule 20 VAC 5-309-110 E.

(6) On the occasion set out in paragraph (2) above, the Company failed in 14 instances to provide markings at intervals that clearly defined the routes of the underground lines, in violation of Rule 20 VAC 5-309-110 H.

(7) On the occasion set out in paragraph (2) above, the Company failed in two instances to provide markings extending a reasonable distance beyond the boundaries of the specific locations of the proposed work, in violation of Rule 20 VAC 5-309-110 I.

(8) On or about February 12, 2013, Cline Electrical Service, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, while excavating at or near 3629 Bowling Drive, Roanoke County, Virginia.

(9) On or about February 26, 2013, Western Virginia Water Authority damaged a two-inch plastic gas main line operated by Roanoke Gas Company, while excavating at or near 3825 Blue Ridge Drive Southwest, Roanoke County, Virginia.

(10) On the occasions set out in paragraphs (2), (8), and (9) above, the Company failed in 58 instances to mark the underground utility lines by no later than 7 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.

(11) On or about June 7, 2012, the City of Salem damaged a six-inch plastic gas main line operated by Roanoke Gas Company, while excavating at or near 840 Union Street, Roanoke County, Virginia.

(12) On or about September 20, 2012, Carolina-Virginia Builders and Realty, Inc., damaged a one-half-inch plastic gas service line operated by the City of Danville, while excavating at or near 141 Northridge Drive, Pittsylvania County, Virginia.

(13) On or about November 6, 2012, Zach Hammons, homeowner, damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, while excavating at or near 715 Arbutus Avenue, S.E., Roanoke County, Virginia.

(14) On or about March 5, 2013, Frank Moeller, homeowner, damaged a one-inch plastic gas service line operated by Roanoke Gas Company, while excavating at or near 221 Precast Way, Botetourt County, Virginia.

(15) On the occasions set out in paragraphs (11) through (14) above, the Company failed in four instances to mark the approximate horizontal locations 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.

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 a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of One Hundred Nine Thousand Nine Hundred Dollars ($109,900) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of One Hundred Nine Thousand Nine Hundred Dollars ($109,900) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00130
MAY 17, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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 ("Act"), § 56-265.14 *et seq*. of the Code. 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 24, 2012, and March 15, 2013, listed in Attachment A, involving S&N Locating 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion to provide a minimum of three separate marks for each underground utility line marking, in violation of 20 VAC 5-309-110 (E) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

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, 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 Twelve Thousand Eight Hundred Fifty Dollars ($12,850) 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 Division 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 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 sum of Twelve Thousand Eight Hundred Fifty Dollars ($12,850) 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.

CASE NO. URS-2013-00173
OCTOBER 1, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, 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,[1] 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 ("Code"), 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 Roanoke Gas Company ("RGC" or "Company"), the Defendant; and alleges that:

(1) RGC is a person within the meaning of § 56-257.2 B of the Code.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.199 (c) – Failure of the Company to design Regulator Station 73 in a manner that can be tested to determine the pressure at which it will operate and can be tested for leakage when in the closed position.

(b) 49 C.F.R. § 192.457 (b) – Failure of the Company to perform evaluations of active corrosion on its unprotected bare steel distribution pipelines.

(c) 49 C.F.R. § 192.463 (a) – Failure of the Company to maintain the required cathodic protection criteria of -850 millivolts on several pipe segments.

(d) 49 C.F.R. § 192.469 – Failure of the Company to have a sufficient number of test stations to determine the adequacy of cathodic protection.

(e) 49 C.F.R. § 192.479 (a) – Failure of the Company to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere.

(f) 49 C.F.R. § 192.483 (c) – Failure of the Company to cathodically protect each segment of buried or submerged pipeline that is required to be repaired because of external corrosion.

(g) 49 C.F.R. § 192.491 (a) – Failure of the Company to maintain records or maps to show the location of cathodically protected piping, cathodic protection facilities, galvanic anodes, and neighboring structures bonded to the cathodic protection system.

(h) 49 C.F.R. § 192.605 (a) – Failure on two (2) occasions of the Company to follow its Operations and Maintenance Manual, Chapter 1, Section XII, Preventative Maintenance, Paragraph C.2, developed to comply with 49 C.F.R. § 192.613, by not taking appropriate action to evaluate an abnormal operating condition.

(i) 49 C.F.R. § 192.605 (a) – Failure on two (2) occasions of the Company to follow its Operations and Maintenance Manual, Chapter 1, Section IV (B) (2), Grade 1 Leaks, by downgrading grade 1 leaks to grade 2 while public hazards still existed.

(j) 49 C.F.R. § 192.605 (a) – Failure on two (2) occasions of the Company to follow its Operations and Maintenance Manual, Chapter 1, Section XIV, Investigation of Failures, developed to comply with 49 C.F.R. § 192.617, by not determining the root cause of two failures during the investigations.

(k) 49 C.F.R. § 192.605 (b) (1) – Failure of the Company to have a written procedure that adequately includes the operation and maintenance of regulators and overpressure protection devices.

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[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(l) 49 C.F.R. § 192.605 (b) (2) – Failure of the Company to have adequate procedures for controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of 49 C.F.R. Part 192.

(m) 49 C.F.R. § 192.805 – Failure of the Company to have an adequate operator qualification program for controlling corrosion in accordance with Subpart I of 49 C.F.R. Part 192.

(n) 49 C.F.R. § 192.805 (c) - Failure of the Company to have an operator qualification plan that ensures through evaluation that personnel performing a maintenance and operation task on the Company's Supervisory Control And Data Acquisition ("SCADA") system are qualified.

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, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Twenty-three Thousand Seven Hundred Fifty Dollars ($123,750), of which Thirty-six Thousand One Hundred Fifty Dollars ($36,150) shall be paid contemporaneously with the entry of this Order. The remaining Eighty-seven Thousand Six Hundred Dollars ($87,600) shall be due as outlined in Undertaking Paragraph (6) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (3) herein and tenders the requisite certification as required by Undertaking Paragraph (4) herein. 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, Virginia 23218-1197.

(2) The Company shall undertake the following actions:

(a) Within ninety (90) days of the date of this Order, RGC shall begin a comprehensive evaluation of policies, procedures, operation, maintenance, and facilities of the Company's cathodic protection corrosion control program ("Evaluation"). The Company shall retain a qualified third party corrosion consultant ("Consultant") to advise the Company on the strategy for the Evaluation, including testing protocols and any remediation necessary for compliance with Subpart I of 49 C.F.R. Part 192 and 49 C.F.R. § 192.605 (b)(2). The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred in connection with the retention of the Consultant required by this paragraph, or otherwise defer such costs for future recovery from ratepayers.

(b) Within ninety (90) days of the completion of the Evaluation, the Company shall prepare and submit a report to the Division summarizing the evaluation, including any modification to the Company's existing testing and remediation activities. If the Company takes exception with any of the Consultant's recommendations, the Company shall note such exceptions to the Division and include an explanation for its reasons for the exceptions in the report.

(c) The Company shall complete all of the remediation and corrective actions identified during the course of the Evaluation by no later than November 1, 2014. In the event the Company cannot complete the corrective actions within the specified time, the Company shall notify the Division and submit a revised schedule acceptable to the Division for completion of the corrective actions.

(d) Within thirty (30) days of the date of this Order, the Company shall revise its Operations and Maintenance procedures to include the methods used to test and inspect pressure regulators and overpressure protection devices.

(e) Within thirty (30) days of the date of this Order, the Company shall revise its Operator Qualification procedures to include an evaluation of an employee's ability to perform Operations and Maintenance tasks on the Company's SCADA facilities.

(f) On or before December 31, 2015, the Company shall replace or abandon all its bare steel and cast iron mains and bare steel services.

(3) In addition, the Company has agreed to undertake the following remedial actions:

(a) The Company shall paint the message, "Dig With C.A.R.E., Call Miss Utility @ 811" on its Liquefied Natural Gas storage tank located at 821 Tinker Mountain Road in Daleville, Virginia, and maintain the message for a minimum of ten (10) years from the date of this Order.

(b) The Company shall "wrap" three (3) of its service vehicles with the "Dig With C.A.R.E., Call Miss Utility @ 811" message as designed by the Division for a minimum of three (3) years.

(c) The Company shall develop and implement a damage prevention pilot project involving homeowners that will help gauge the effectiveness of the Company's public awareness message. The Company shall locate and mark the gas facilities for three hundred (300) of its customers and place a door hanger brochure on each customer's premises. The door hanger brochure shall display information about safe digging practices, including the "Dig With C.A.R.E., Call Miss Utility @ 811" message. The Company shall establish a unique phone number for homeowners to call to receive more information about digging with C.A.R.E., and the door hanger brochure shall display this phone number. As part of this project, the Company shall conduct surveys of a minimum of

sixty (60) homeowners involved in the pilot project regarding their knowledge of the "Dig With C.A.R.E., Call Miss Utility @ 811" message before and after locating and marking the gas facilities on each customer's premises. The questions used for the survey shall be acceptable to the Division. The Company shall report the survey results to the Division by no later than January 1, 2014. The project shall be repeated in the spring of 2014 with a second set of homeowners. The second report of survey results shall be due to the Division by no later than July 1, 2014.

(d) Within thirty (30) days of the date of this Order, the Company shall develop a quality assurance/quality control program for the inspection of exposed mains.

(e) Whenever a corrosion leak is repaired on a coated steel pipeline, the Company shall install a test station and an anode. In addition, the Company shall begin to read each test station installed pursuant to this paragraph at least once per calendar year, at intervals not exceeding fifteen (15) months, to ensure that the cathodic protection meets the requirements of 49 C.F.R. § 192.463 (a). Should the testing indicate that the cathodic protection does not meet the requirements of 49 C.F.R. § 192.463 (a), the Company shall take continuing action to bring the affected pipeline back into compliance with Appendix D of 49 C.F.R. Part 192. In addition, the Company shall retain records of these cathodic protection readings and records of any actions taken to bring the pipeline into compliance with Appendix D of 49 C.F.R. Part 192 for the life of the pipeline.

(f) Within ninety (90) days of the date of this Order, the Company shall hire a qualified person to assist with the supervision of the corrosion control technicians and to assist the Corrosion Control Supervisor with the management of RGC's corrosion control program.

(g) The Company shall coordinate the development of an outline and proposed timeline for the creation of a Virginia Gas Operator Association code compliance employee training program designed for new engineers and code compliance specialists employed by Virginia gas operators. The outline and proposed timeline shall be completed by no later than July 1, 2014.

(4) On or before July 15, 2014, RGC shall tender to the Clerk of the Commission with a copy to the Director of the Division, a notarized affidavit signed by the president of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (3) above.

(5) On or before January 15, 2016, RGC shall tender to the Clerk of the Commission with a copy to the Director of the Division, a notarized affidavit signed by the president of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (2) above.

(6) Upon timely receipt of the affidavit required by Undertaking Paragraph (4) above, the Commission may suspend and subsequently vacate up to Eighty-seven Thousand Six Hundred Dollars ($87,600) of the remaining amount set forth in Undertaking Paragraph (1) above. Should RGC fail to tender such affidavit, or fail to take the actions required by Undertaking Paragraph (3) above, a payment of Eighty-seven Thousand Six Hundred Dollars ($87,600) shall become due and payable, and the Company shall immediately notify the Division of the reasons for RGC's failure to accomplish the actions required by Undertaking Paragraph (3) above. If, upon investigation, the Division determines that the reason for such failure justifies a payment lower than Eighty-seven Thousand Six Hundred Dollars ($87,600), 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 such amount.

(7) This settlement does not prohibit the Staff of the Commission ("Staff") from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

(8) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 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-2013-00173.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by the Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of One Hundred Twenty-three Thousand Seven Hundred Fifty Dollars ($123,750), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Thirty-six Thousand One Hundred Fifty Dollars ($36,150) tendered contemporaneously with the entry of this Order is accepted. The remaining Eighty-seven Thousand Six Hundred Dollars ($87,600) 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 Undertaking Paragraph (3) above and timely files the certification of the remedial actions required by Undertaking Paragraph (4) above.

(5) Pursuant to Undertaking Paragraph (7), this settlement does not prohibit the Staff from submitting, in any present or future Commission proceeding involving RGC, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

(6) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

CASE NO. URS-2013-00175
OCTOBER 3, 2013

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*., 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,[1] 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 ("Code"), 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) The Company is a person within the meaning of § 56-257.2 B of the Code.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.317 (b) - Failure of the Company 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 the traffic or by installing barricades.

(b) 49 C.F.R. § 192.321 (c) - Failure of the Company to install plastic pipe so as to minimize shear or tensile stresses.

(c) 49 C.F.R. § 192.321 (e) - Failure of the Company to provide a means of locating plastic pipe while it is underground.

(d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operating & Maintenance Manual Procedure OMP 1650, Continuing Surveillance, developed to comply with 49 C.F.R. § 192.613 (a), by not taking appropriate action in response to unusual operations and maintenance conditions.

(e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard 1100.050, Paragraph 3 "Damage Prevention – Using Trenchless Technology," by not checking the boring equipment to assure the bore is progressing as planned.

(f) 49 C.F.R. § 192.605 (a) - Failure on nine (9) occasions of the Company to follow its Procedure, GS 1708.100, Section 2, developed to comply with 49 C.F.R. § 192.617, by incorrectly reporting the leak cause on Company leak repair forms.

(g) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of pipeline at a pressure less than the weakest element in the segment.

(h) 49 C.F.R. § 192.707 (c) - Failure of the Company to maintain line markers along each section of a main that is located above ground in an area accessible to the public.

(i) 49 C.F.R. § 192.707 (d) (2) - Failure of the Company to label a pipeline marker with the Company's name and emergency telephone number.

[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(j) 49 C.F.R. § 192.721 (b) (2) - Failure on thirty-six (36) occasions of the Company to patrol a main on a structure where anticipated physical movement or external loading could cause failure or leakage outside a business district, at intervals not exceeding 7 1/2 months, but at least twice each calendar year.

(k) 49 C.F.R. § 192.741 (a) - Failure of the Company to have functioning telemetering equipment or recording pressure gauges at a regulator station to indicate the pressure in the downstream system.

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, the Company represents and undertakes that:

The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Seven Thousand Dollars ($207,000), 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.

This settlement does not prohibit the Staff of the Commission ("Staff") from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 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-2013-00175.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by the Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Two Hundred Seven Thousand Dollars ($207,000), which shall be paid contemporaneously with the entry of this Order.

(4) The sum of Two Hundred Seven Thousand Dollars ($207,000) tendered contemporaneously with the entry of this Order is accepted.

(5) Pursuant to Undertaking Paragraph (2), this settlement does not prohibit the Staff from submitting, in any present or future Commission proceeding involving CGV, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff in such a proceeding.

(6) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00176
OCTOBER 2, 2013

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.*, 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,[1] 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

[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

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 ("Code"), 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.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.183 (a) – Failure on two (2) occasions of the Company to install a vault door that is able to meet the loads which may be imposed upon it, and to protect installed gas pipeline equipment.

(b) 49 C.F.R. § 192.199 (e) – Failure of the Company to install a relief stack in a manner where gas can be discharged into the atmosphere without undue hazard.

(c) 49 C.F.R. § 192.273 (b) – Failure on two (2) occasions of the Company to make a joint in accordance with written procedures that have been proved by test or experience to produce strong gastight joints.

(d) 49 C.F.R. § 192.325 (b) – Failure of the Company to install a main with enough clearance from any other underground structure to allow proper maintenance and to protect against damage that might result from proximity to other structures.

(e) 49 C.F.R. § 192.327 (b) – Failure of the Company to install a main with at least 24 inches of cover.

(f) 49 C.F.R. § 192.605 (a) – Failure on two (2) occasions of the Company to follow its Construction and Maintenance Manual Division I, Section 5.5.3, developed to comply with 49 C.F.R. § 192.361(g), by not installing the tracer wire adjacent to the pipe for accurate locating.

(g) 49 C.F.R. § 192.605 (a) – Failure on two (2) occasions of the Company to follow its Operations Procedure Manual ("OPM") § 3.14.1, Investigating and Documenting Third-Party Damages, developed to comply with 49 C.F.R. § 192.617, by failing to take corrective actions to minimize the possibility of recurrence.

(h) 49 C.F.R. § 192.605 (a) – Failure of the Company to follow its OPM § 3.25.5, Installation Instruction, developed to comply with 49 C.F.R. § 192.319 (b) (2), by allowing rock to be in the backfill.

(i) 49 C.F.R. § 192.614 (c) (5) – Failure on two (2) occasions of the Company to provide for temporary marking of buried pipelines in the area of excavation activity before, as far as practical, the activity begins.

(j) 49 C.F.R. § 192.727 (d) (3) - Failure on three (3) occasions of the Company to seal the open pipe ends after physically disconnecting a customer's piping from the gas supply and not having a locking device on the service riser valve.

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, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Sixty-eight Thousand Dollars ($268,000), of which Two Hundred Fifty Thousand Dollars ($250,000) shall be paid contemporaneously with the entry of this Order. The remaining Eighteen Thousand Dollars ($18,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. 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, Virginia 23218-1197.

(2) On or before March 31, 2014, the Company shall inspect all its regulator station vault doors and replace any doors that are not vehicle-rated or install bollards around these stations, as necessary, to prevent accidental damage to the station. Further, the Company shall revise its regulator inspection procedures to include the examination of the vault doors.

(3) On or before April 15, 2014, VNG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the vice-president of the Company certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (2) above.

(4) Upon timely receipt of the affidavit required by Undertaking Paragraph (3) above, the Commission may suspend and subsequently vacate up to Eighteen Thousand Dollars ($18,000) of the remaining amount set forth in Undertaking Paragraph (1) above. Should VNG fail to tender such affidavit or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Eighteen Thousand Dollars ($18,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for VNG's failure to accomplish the actions required by Undertaking Paragraph (2) above. If, upon investigation, the Division determines that the reason for such failure justifies a payment lower than Eighteen Thousand Dollars ($18,000), 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 such amount.

(5) This settlement does not prohibit the Staff of the Commission ("Staff") from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

(6) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. 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 Utility Accounting and Finance.

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 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-2013-00176.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by the Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Two Hundred Sixty-eight Thousand Dollars ($268,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of Two Hundred Fifty Thousand Dollars ($250,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Eighteen Thousand Dollars ($18,000) shall be 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 Undertaking Paragraph (2) above and timely files the certification of the remedial actions required by Undertaking Paragraph (3) above.

(5) Pursuant to Undertaking Paragraph (5), this settlement does not prohibit the Staff from submitting, in any present or future Commission proceeding involving VNG, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

(6) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

CASE NO. URS-2013-00178
SEPTEMBER 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UNDERGROUND SOLUTIONS OF NC, LLC,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 March 14, 2013, Underground Solutions of NC, LLC ("Company"), excavated at or near West Avenue, Washington Avenue, Huntington Avenue, 23rd Street and 28th Street, Newport News, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed in 115 instances to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed in 106 instances to expose all utility lines that were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 (6) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(4) On the occasion set out in paragraph (1) above, the Company failed in 106 instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

(5) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked or staked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of Rule 20 VAC 5-309-140 (4).

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

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 Thirty-four Thousand Five Hundred Dollars ($34,500). The 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.

(2) That Nineteen Thousand Four Hundred Fifty Dollars ($19,450) of such penalty will be vacated upon completion of the following remedial actions:

(a) On or before April 9, 2013, the Company will fully expose all underground utility lines within the work areas as described on Miss Utility ticket numbers A306000057, A307701420, A305601220, A306001258 and A306401715 by means of soft digging as that term is defined in § 56-265.15 of the Code. Further, the Company will inspect the utility lines to ensure their integrity has not been compromised. All excavation performed in accordance with this paragraph will be subject to the Division's oversight.

(b) On March 19, 2013, Company representatives will attend a training session conducted by the Division on the subject of underground utility damage prevention.

(3) That the Fifteen Thousand Fifty Dollar ($15,050) balance of said penalty will be paid contemporaneously with the entry of this Order.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein, and documentation evidencing completion thereof has been submitted in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Thirty-four Thousand Five Hundred Dollars ($34,500).

(3) The sum of Fifteen Thousand Fifty Dollars ($15,050) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, Nineteen Thousand Four Hundred Fifty Dollars ($19,450), shall be vacated.

(5) This case is hereby 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. URS-2013-00233
AUGUST 15, 2013

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 ("Code"), 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. 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 February 22, 2012, and April 23, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion 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, 20 VAC 5-309-10 *et seq*. ("Rules").

(e) Failing on certain occasions to use all information necessary to mark the underground utility lines accurately, in violation of Rule 20 VAC 5-309-110 M.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Nineteen Thousand Six Hundred Dollars ($19,600) 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.

NOW THE COMMISSION, being advised by the Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Nineteen Thousand Six Hundred Dollars ($19,600) 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.

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. URS-2013-00234
JULY 24, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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 ("Act"), § 56-265.14 *et seq*. of the Code. 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 September 12, 2012, and May 16, 2013, listed in Attachment A, involving S&N Locating 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.17 C and § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status of the underground utility line to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion to mark the underground utility line at intervals that clearly define the route of the underground lines, in violation of 20 VAC 5-309-110 H of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rules").

(e) Failing on one occasion to provide marks extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation of Rule 20 VAC 5-309-110 I.

(f) Failing on one occasion to use all information necessary to mark the underground utility lines accurately, in violation of Rule 20 VAC 5-309-110 M.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Twenty-three Thousand Eight Hundred Fifty Dollars ($23,850) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Twenty-three Thousand Eight Hundred Fifty Dollars ($23,850) 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.

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. URS-2013-00237
JULY 15, 2013

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 ("Code"), 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. 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 28, 2012, and May 23, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on certain occasions to mark the approximate horizontal locations 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.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.17 C and § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on certain occasions to use all information necessary to mark the underground utility lines 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 to 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, 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 Thirty Two Thousand Fifty Dollars ($32,050) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Thirty Two Thousand Fifty Dollars ($32,050) 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.

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. URS-2013-00238
JULY 15, 2013

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 ("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 September 14, 2012, Southeast Connections, LLC, damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 2509 Tait Terrace, Norfolk, Virginia, while excavating.

(2) On or about November 15, 2012, Longhill Excavating, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near the intersection of Manchester and Saint Andrews Drive, Williamsburg, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to mark the approximate horizontal locations 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.

(4) On or about December 11, 2012, A & W Contractors, Inc., damaged a one-and-one-quarter-inch steel gas stub operated by the Company, located at or near 402 South Military Highway, Virginia Beach, Virginia, while excavating.

(5) On or about January 8, 2013, W. E. (Billy) Curling Welding Service, Inc., damaged a one-inch steel gas service line operated by the Company, located at or near 521 Biltmore Road, Norfolk, Virginia, while excavating.

(6) On or about February 18, 2013, Basic Construction Company damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 1283 North King Street, Hampton, Virginia, while excavating.

(7) On or about March 4, 2013, Basic Construction Company damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 1255 North King Street, Hampton, Virginia, while excavating.

(8) On or about April 4, 2013, Branscome, Inc., damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 300 Greenbriar Avenue, Hampton, Virginia, while excavating.

(9) On the occasions set out in paragraphs (4) through (8) 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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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 Seven Thousand Nine Hundred Dollars ($7,900) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Seven Thousand Nine Hundred Dollars ($7,900) 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 file for ended causes.

CASE NO. URS-2013-00240
JULY 15, 2013

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 ("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 December 19, 2012, New Technologies Construction Inc. damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 12810 Jefferson Davis Highway, Chesterfield County, Virginia, while excavating.

(2) On or about February 15, 2013, Southern Construction Co. damaged a one-half-inch plastic gas service line operated by the Company, located at or near 5802 Ecoff Avenue, Chesterfield County, Virginia, while excavating.

(3) On or about February 27, 2013, the Town of Gordonsville damaged a one-inch plastic gas service line operated by the Company, located at or near the intersection of Paynor Avenue near Noble Avenue, Orange County, Virginia, while excavating.

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the approximate horizontal locations 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.

(5) On the occasion set out in paragraph (1) above, the Company failed 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, 20 VAC 5-309-10 *et seq*.

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 Five Thousand One Hundred Dollars ($5,100) 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.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand One Hundred Dollars ($5,100) 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 file for ended causes.

CASE NO. URS-2013-00269
AUGUST 15, 2013

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 ("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) Promark Utility Locators, Inc. ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code, and as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about February 27, 2013, Linco, Inc., damaged a two-inch plastic gas main line operated by the City of Charlottesville, located at or near the intersection of Montrose Avenue and Meridian Street, Albemarle County, Virginia, while excavating.

(3) On or about April 4, 2013, Digs, Inc., damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near 1308 Wertland Street, Albemarle County, Virginia, while excavating.

(4) On the occasions set out in paragraphs (2) and (3) above, the Company failed to accurately report the marking status to the excavator-operator information exchange system by no later than 7 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.

(5) On or about December 1, 2012, Penn Forest Services damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 6357 Fairway Forest Drive, S.W., Roanoke County, Virginia, while excavating.

(6) On or about March 14, 2013, Scott Marshall notified the notification center of his intention to excavate at or near 11429 Georgetown Road, Hanover County, Virginia.

(7) On the occasions set out in paragraphs (5) and (6) above, the Company failed to mark the underground utility lines by no later than 7 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.

(8) On or about September 11, 2012, Colonial Gardens damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 112 Killarney, James City County, Virginia, while excavating.

(9) On or about December 12, 2012, Hubbard Excavating & Hauling, Inc., damaged a one-inch plastic gas service line operated by Roanoke Gas Company, at or near 4221 Melrose Avenue, N.W., Roanoke County, Virginia, while excavating.

(10) On or about April 22, 2013, Western Virginia Water Authority damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 315 Wentworth Avenue, N.E., Roanoke County, Virginia, while excavating.

(11) On or about May 21, 2013, Miller Pipeline, LLC, damaged a telecommunications conduit operated by Verizon Virginia Inc., located at or near 10831 Wellington Cross Way, Chesterfield County, Virginia, while excavating.

(12) On the occasions set out in paragraphs (8) through (11) above, the Company failed to mark the approximate horizontal locations 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.

(13) On the occasions set out in paragraphs (5), (9), and (11) above, the Company failed to use all information necessary to mark the 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, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirteen Thousand One Hundred Dollars ($13,100) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Thirteen Thousand One Hundred Dollars ($13,100) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00271
AUGUST 26, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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) S&N Locating Services, LLC ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about March 8, 2013, Scott Marshall notified the notification center of his intention to excavate at or near 11429 Georgetown Road, Hanover County, Virginia.

(3) On the occasion set out in paragraph (2) above, the Company failed to accurately report the marking status to the excavator-operator information exchange system by no later than 7 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.

(4) On or about October 5, 2012, Tidal Construction Inc., damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 120 Atlantic Street, Norfolk, Virginia, while excavating.

(5) On or about April 18, 2013, Dig-N-It damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 115 Piedmond Avenue, Hampton, Virginia, while excavating.

(6) On or about April 22, 2013, J. Saunders Construction Co. damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 100 Oak Point Lane, York County, Virginia, while excavating.

(7) On or about April 23, 2013, Century Concrete, Inc., damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 100 Town Center Drive, Virginia Beach, Virginia, while excavating.

(8) On or about May 21, 2013, Miller Pipeline, LLC, damaged a telecommunications conduit operated by Verizon Virginia, Inc., located at or near 10831 Willington Cross Way, Chesterfield County, Virginia, while excavating.

(9) On the occasions set out in paragraphs (4) through (8) above, the Company failed to mark the underground utility line by no later than 7 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.

(10) On the occasion set out in paragraph (8) above, the Company failed 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, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eight Thousand Two Hundred Dollars ($8,200) to be paid

contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand Two Hundred Dollars ($8,200) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00294
OCTOBER 24, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MASTEC NORTH AMERICA, INC.,
Defendant

ORDER 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 June 26, 2013, Mastec North America, Inc. ("Company"), damaged a telecommunications line operated by Citizens' Telephone Co-Operative, located at or near Industrial Park Drive, Carroll County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed in three instances to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed in three instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company admits these allegations and the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Seven Thousand Five Hundred Dollars ($7,500) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Seven Thousand Five Hundred Dollars ($7,500) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2013-00312
NOVEMBER 15, 2013

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

Ex Parte: In the matter concerning Rules implementing the State Corporation Commission's authority to enforce the Underground Utility Damage Prevention Act

ORDER ADOPTING REGULATIONS

On July 22, 2013, the State Corporation Commission ("Commission") initiated a rulemaking pursuant to § 56-265.30 of the Code of Virginia ("Code"), which authorizes the Commission to enforce the provisions of Chapter 10.3 of Title 56 of the Code,[1] also known as the Underground Utility Damage Prevention Act ("Act"). Section 56-265.30 of the Code also authorizes the Commission to promulgate any rules or regulations necessary to implement the Commission's authority to enforce the Act.

The Commission's Division of Utility and Railroad Safety ("Division") proposed that the Commission adopt an additional rule that includes a general waiver provision in the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Rules"), by which the Rules may be waived by the Commission upon a finding supported by clear and convincing evidence that such a waiver is in the public interest ("Proposed Rule"). This additional rule was proposed to provide the Commission with increased flexibility in its enforcement of the Act.

The Commission's July 22, 2013 Order for Notice and Comment ("July 22, 2013 Order") set out the rule proposed by the Division and provided that public notice of the Proposed Rule be given so as to afford any interested person or entity an opportunity to comment on or to request a hearing on the Proposed Rule.

Notice of the proceeding was published in the *Virginia Register* on August 12, 2013, and in newspapers of general circulation throughout the Commonwealth of Virginia.[2] Interested persons were directed to file any comments and requests for hearing on the Proposed Rule on or before August 26, 2013.

Comments in this proceeding were submitted by Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("Columbia Gas"). The Commission did not receive a request for hearing on the Proposed Rule.

On August 23, 2013, WGL submitted comments in this proceeding with a suggested modification to the Proposed Rule.[3] Specifically, WGL proposed a modification to the Proposed Rule that would permit the Commission to modify or eliminate a waiver granted pursuant to the Proposed Rule upon a finding that such waiver is "adverse to the public interest" as opposed to the Division's proposal that a finding be made that the waiver is "no longer required by the public interest." On August 26, 2013, Columbia Gas submitted comments supporting the adoption of the Proposed Rule.[4]

As directed by the July 22, 2013 Order, the Division filed a report on September 10, 2013, responding to the comments received on the Proposed Rule. The Division opposed WGL's modification to the Proposed Rule, stating that "a showing of why the waiver is 'no longer in the public interest' is adequate to return to the *status quo* under the Damage Prevention Rules."[5] Accordingly, the Division recommended that the Commission adopt the Proposed Rule without modification.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed regulation should be adopted without modification.

Accordingly, IT IS ORDERED THAT:

(1) The Commission's regulations regarding Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*., are hereby adopted as shown in Attachment A to this Order and shall become effective as of December 1, 2013.

(2) A copy of these regulations as set out in Attachment A of this Order shall be forwarded to the Registrar of Regulations for publication in the *Virginia Register*.

(3) There being nothing further to come before the Commission, this case hereby is dismissed from the Commission's docket.

NOTE: A copy of Attachment A entitled "Rules for Enforcement of the Underground Utility Damage Prevention 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.

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[1] Va. Code §§ 56-265.14 *et seq*.

[2] *See* Memoranda from Laura S. Martin of the Commission's Division of Information Services, filed in this docket on August 7, 2013, and August 26, 2013.

[3] Comments of WGL at 2.

[4] Comments of Columbia Gas at 1.

[5] Response at 2.

CASE NO. URS-2013-00313
NOVEMBER 25, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NEW TECHNOLOGIES CONSTRUCTION INC,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 15, 2013, New Technologies Construction Inc ("Company") excavated at or near North Huguenot Road, Richmond, Virginia.

(2) On or about July 15, 2013, the Company excavated at or near 7139 Library Boulevard, Caroline County, Virginia.

(3) On or about July 15, 2013, the Company excavated at or near 922 Jones Drive, Caroline County, Virginia.

(4) On or about July 16, 2013, the Company excavated at or near 629 Carldan Road, Henrico, Virginia.

(5) On or about July 16, 2013, the Company excavated at or near 1702 Belleville Street, Richmond, Virginia.

(6) On the occasions set out in paragraphs (1) and (2) above, the Company failed to hand dig at reasonable distances along the lines of excavation, in violation of § 56-265.24 A of the Code.

(7) On the occasions set out in paragraphs (1) through (5) above, the Company failed to expose the underground utility lines to their extremities by hand digging, in violation of § 56-265.24 A of the Code.

(8) On the occasions set out in paragraphs (1) and (3) 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 ("Rule"), 20 VAC 5-309-10 *et seq.*

(9) On the occasions set out in paragraphs (1), (2), (4), and (5) above, the Company failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of Rule 20 VAC 5-309-150 (4).

(10) On the occasions set out in paragraphs (1), (2), and (5) above, the Company failed to expose all utility lines that were in the bore path by hand digging to establish the underground utility lines' location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(11) On the occasions set out in paragraphs (1), (2), (4), and (5) above, the Company failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

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 Ten Thousand Seven Hundred Dollars ($10,700).

(2) That Three Thousand Two Hundred Fifty Dollars ($3,250) of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

(3) That the Seven Thousand Four Hundred Fifty Dollar ($7,450) balance of said penalty 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.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Ten Thousand Seven Hundred Dollars ($10,700).

(3) The sum of Seven Thousand Four Hundred Fifty Dollars ($7,450) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, Three Thousand Two Hundred Fifty Dollars ($3,250), shall be vacated.

(5) This case is hereby 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. URS-2013-00348
SEPTEMBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WOODLAWN COMMUNICATION, LLC,
Defendant

ORDER 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 June 21, 2013, Piedmont Construction Co., Incorporated, notified the notification center of plans to excavate at or near 7705 Three Chopt Road, Henrico County, Virginia.

(2) On the occasion set out in paragraph (1) above, Woodlawn Communication, LLC ("Company"), failed to respond within three hours of the excavator's call to the notification center, in violation of § 56-265.17 C of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to mark the underground utility line by no later than 7 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.

(4) On the occasion set out in paragraph (1) above, the Company failed to train locators in applicable locating industry standards no less stringent than the National Utility Locating Contractors Association's locator training standards and practices, in violation of § 56-265.19 E of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Three Hundred Dollars ($5,300) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Five Thousand Three Hundred Dollars ($5,300) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2013-00351
NOVEMBER 8, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N COMMUNICATIONS, INC.,
Defendant

ORDER 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 May 22, 2013, S&N Communications, Inc. ("Company"), excavated at or near 605 Warrenton Road, Fredericksburg, Virginia.

(2) On or about July 26, 2013, the Company excavated at or near Sherwood Drive, Montgomery County, Virginia.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to exercise reasonable care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code.

(4) On the occasions set out in paragraphs (1) and (2) above, the Company failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(5) On the occasion set out in paragraph (2) above, the Company failed to expose all utility lines that were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(6) On the occasion set out in paragraph (1) above, the Company failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eight Thousand Seven Hundred Dollars ($8,700) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand Seven Hundred Dollars ($8,700) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. URS-2013-00358
SEPTEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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) S&N Locating Services, LLC ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about May 29, 2013, James City Service Authority excavated at or near 101 Baltusrol, James City County, Virginia.

(3) On the occasion set out in paragraph (2) above, the Company failed to mark the underground utility line by no later than 7 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.

(4) On or about July 21, 2013, Virginia Natural Gas, Inc., damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 138 Birdsong Trail, York County, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to accurately report the marking status to the excavator-operator information exchange system by no later than 7 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.

(6) On the occasion set out in paragraph (4) above, the Company failed to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center, in violation of § 56-265.19 H of the Code.

(7) On the occasion set out in paragraph (4) above, the Company failed to use all information necessary to mark the 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, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand One Hundred Dollars ($6,100) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand One Hundred Dollars ($6,100) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00361
OCTOBER 3, 2013

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 ("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) Promark Utility Locators, Inc. ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about October 9, 2012, Serenity Home & Landscape LLC damaged a cable line operated by Comcast Cable Communications, Inc., located at or near 9604 Normanton Way, Prince William County, Virginia, while excavating.

(3) On or about February 20, 2013, DCI/Shires, Inc., damaged a two-inch plastic gas service line operated by Appalachian Natural Gas Distribution Company, located at or near 714 South College Avenue, Tazewell County, Virginia, while excavating.

(4) On or about March 28, 2013, the City of Salem damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 221 4th Street, Roanoke County, Virginia, while excavating.

(5) On or about May 8, 2013, the County of Warren excavated at or near the intersection of Fellows Drive and Youngs Drive, Warren County, Virginia.

(6) On the occasions set out in paragraphs (2) through (5) above, the Company failed to mark the underground utility lines by no later than 7 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.

(7) On the occasion set out in paragraph (4) above, the Company failed to use all information necessary to mark the 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, 20 VAC 5-309-10 *et seq.*

(8) On or about March 27, 2013, Western Virginia Water Authority damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 2322 Avenel Avenue, S.W., Roanoke County, Virginia, while excavating.

(9) On the occasion set out in paragraph (8) 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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Ten Thousand Six Hundred Fifty Dollars ($10,650) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Six Hundred Fifty Dollars ($10,650) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00362
OCTOBER 10, 2013

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 ("Code"), 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. 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 February 26, 2013, and June 19, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on one occasion 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, 20 VAC 5-309-10 *et seq*. ("Rules").

(d) Failing on certain occasions to use all information necessary to mark the facilities accurately, in violation of Rule 20 VAC 5-309-110 M.

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, 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 Ten Thousand Four Hundred Dollars ($10,400) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Commonwealth 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 the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Ten Thousand Four Hundred Dollars ($10,400) 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.

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. URS-2013-00404
OCTOBER 10, 2013

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 ("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) Promark Utility Locators, Inc. ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about June 13, 2013, Richardson-Wayland Electrical Company LLC damaged a telecommunications conduit operated by Qwest Communications Corporation of Virginia, located at or near the intersection of East Rio Road and Mall Drive, Albemarle County, Virginia, while excavating.

(3) On the occasion set out in paragraph (2) above, the Company failed to mark the underground utility line by no later than 7 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.

(4) On or about June 3, 2013, Evergreen Basement damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 817 Palmyra Drive, Roanoke County, Virginia, while excavating.

(5) On or about June 12, 2013, L A Collins Plumbing Services damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 6445 Ridgeview Drive NW, Roanoke County, Virginia, while excavating.

(6) On or about July 26, 2013, S&N Communications, Inc., excavated at or near Sherwood Drive, Montgomery County, Virginia.

(7) On the occasions set out in paragraphs (4) through (6) 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.

(8) On the occasions set out in paragraph (2) and (4) above, the Company failed to use all information necessary to mark the 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, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Five Hundred Dollars ($6,500) to be paid contemporaneously with the entry of this Order. The 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Six Thousand Five Hundred Dollars ($6,500) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. URS-2013-00407
OCTOBER 10, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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 ("Act"), § 56-265.14 *et seq*. of the Code. 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 26, 2013, and August 22, 2013, listed in Attachment A, involving S&N Locating 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status of the underground utility line to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center, in violation of § 56-265.19 H of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Twenty-one Thousand Five Hundred Fifty Dollars ($21,550) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Twenty-one Thousand Five Hundred Fifty Dollars ($21,550) 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.

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. URS-2013-00431
DECEMBER 5, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ATLAS PLUMBING, LLC,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 18, 2013, Atlas Plumbing, LLC ("Company"), damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near Lot #175, Guild Hall Drive, Loudoun County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to wait forty-eight hours, beginning 7 a.m. the next working day following notice to the notification center before excavating, in violation of § 56-265.17 B of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(4) 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.

(5) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its 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 line, in violation of 20 VAC 5-309-140 (2) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(6) On the occasion set out in paragraph (1) above, the Company failed to provide proper support for underground utility lines during excavation activities, in violation of Rule 20 VAC 5-309-140 (5).

(7) On the occasion set out in paragraph (1) above, the Company failed to protect all tracer wires and protect or replace warning tapes, in violation of Rule 20 VAC 5-309-140 (5).

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

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 Seven Thousand Five Hundred Dollars ($7,500) to 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.

(2) That the Company will conduct a training session for its employees on the subject of underground utility damage prevention and submit documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Seven Thousand Five Hundred Dollars ($7,500).

(3) The sum of Seven Thousand Five Hundred Dollars ($7,500) tendered contemporaneously with the entry of this Order is accepted.

(4) This case is hereby 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. URS-2013-00434
NOVEMBER 12, 2013

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 ("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 April 18, 2013, Basic Construction Company, LLC., damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 1010 Old Wormley Creek Road, York County, Virginia, while excavating.

(2) On or about July 19, 2013, Precon Construction Co. damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 1117 39th Street, Newport News, Virginia, while excavating.

(3) On or about July 23, 2013, Tidewater Utility Construction, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 249 Cheyenne Road, Virginia Beach, Virginia, while excavating.

(4) On or about July 24, 2013, Hampton Roads Utility Contractors, Inc., damaged a two-inch plastic gas main stub operated by the Company, located at or near 1210 45th Street, Norfolk, Virginia, while excavating.

(5) On or about July 31, 2013, Tidewater Utility Construction, Inc., damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 241 Cheyenne Road, Virginia Beach, Virginia, while excavating.

(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 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.

(7) On or about July 15, 2013, JLG and Associates, LLC, damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 1337 Lindale Drive, Chesapeake, Virginia, while excavating.

(8) On the occasion set out in paragraph (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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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 Eight Thousand Fifty Dollars ($8,050) 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 amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the 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 journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Eight Thousand Fifty Dollars ($8,050) 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 file for ended causes.

CASE NO. URS-2013-00436
NOVEMBER 13, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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 ("Act"), § 56-265.14 *et seq*. of the Code. 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 6, 2013, and August 15, 2013, listed in Attachment A, involving S&N Locating 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) Failing on one occasion to use all information necessary to mark facilities, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(e) Failing on one occasion to use the assigned letter designations for each operator in conjunction with markings of underground utility lines, in violation of Rule 20 VAC 5-309-110 Q.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Twenty-two Thousand Five Hundred Dollars ($22,500) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Twenty-two Thousand Five Hundred Dollars ($22,500) 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.

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. URS-2013-00455
DECEMBER 12, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CREATIVE RAIN IRRIGATION & GRADING, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING

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 June 12, 2013, Creative Rain Irrigation & Grading, Inc. ("Company"), damaged a one-inch plastic gas service line operated by the City of Richmond, located at or near 3308 Middleham Court, Henrico County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.

(5) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked or staked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq*.

(6) On the occasion set out in paragraph (1) above, the Company failed to promptly notify 911 after the escape of flammable, toxic, hazardous, or corrosive gas or liquid due to excavation, in violation of Rule 20 VAC 5-309-200.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

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 Five Thousand Six Hundred Fifty Dollars ($5,650).

(2) That One Thousand Eight Hundred Fifty Dollars ($1,850) of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

(3) That the Three Thousand Eight Hundred Dollar ($3,800) balance of said penalty will be paid contemporaneously with the entry of this Order by cashier's check or money order directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The Company is hereby penalized in the amount of Five Thousand Six Hundred Fifty Dollars ($5,650).

(3) The sum of Three Thousand Eight Hundred Dollars ($3,800) tendered contemporaneously with the entry of this Order is accepted.

(4) The remainder of the penalty amount, One Thousand Eight Hundred Fifty Dollars ($1,850), shall be vacated.

(5) This case is hereby 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. URS-2013-00513
DECEMBER 19, 2013

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 ("Code"), 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. 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 4, 2013, and October 6, 2013, 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

(c) Failing on certain occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

(d) 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, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Fifteen Thousand Six Hundred Dollars ($15,600) to be paid contemporaneously with the entry of this Order. This payment will be made by check 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 the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Fifteen Thousand Six Hundred Dollars ($15,600) 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.

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. URS-2013-00514
DECEMBER 20, 2013

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER 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 ("Act"), § 56-265.14 *et seq*. of the Code. 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 8, 2013, and September 23, 2013, listed in Attachment A, involving S&N Locating 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 and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company 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 of the Code.

(b) Failing on certain occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to 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, 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 Twenty-seven Thousand Four Hundred Dollars ($27,400) 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 Division 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 to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(2) The sum of Twenty-seven Thousand Four Hundred Dollars ($27,400) 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.

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.

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 2012 and 2013.

CORPORATIONS

	12/31/12	12/31/13
Virginia Corporations		
Certificates of Incorporation issued	13,518	13,247
Voluntary terminations	3,181	3,159
Involuntary terminations	0	0
Automatic terminations (Assessment/AR/RA Resignation)	13,825	13,954
Reinstatement of terminated corporations	4,803	5,275
Charters Amended	2,238	2,012
On Record		
Active Stock Corporations	131,995	130,115
Active Non-Stock Corporations	41,831	42,631
Total Active Virginia Corporations	173,826	172,746
Foreign Corporations		
Certificates of Authority to do business in Virginia issued	3,260	3,158
Voluntary withdrawals from Virginia	915	1,006
Automatic Revocations (Assessment/AR/RA Resignation)	2,108	2,127
Reentry of surrendered or revoked certificates	869	1,036
Charters Amended	692	706
On Record		
Active Stock Corporations	36,296	36,497
Active Non-Stock Corporations	2,600	2,660
Total Active Foreign Corporations	38,896	39,157
Total Active Corporations (Virginia and Foreign)	212,722	211,903

LIMITED LIABILITY COMPANIES

Virginia Limited Liability Companies		
Certificates of Organization issued	45,465	49,323
Voluntary cancellations	5,206	5,324
Automatic cancellations (Assessment/RA Resignation)	30,095	26,965
Reinstatement of canceled certificates	4,374	5,497
Articles of Organization amended	2,257	2,360
On Record		
Active Virginia Limited Liability Companies	228,837	248,851
Foreign Limited Liability Companies		
Certificates of Registration issued	3,329	3,280
Voluntary cancellations	741	787
Automatic cancellations (Assessment/RA Resignation)	1,644	1,355
Reinstatement of canceled certificates	317	386
Certificates of Registration amended	0	0
On Record		
Active Foreign Limited Liability Companies	21,066	22,324
Total Active Limited Liability Companies (Virginia and Foreign)	249,903	271,175

BUSINESS TRUSTS

Virginia Business Trusts	12/31/12	12/31/13
Certificates of Trust issued	44	47
Voluntary cancellations	2	9
Automatic cancellations (Assessment/RA Resignation)	41	22
Reinstatement of cancelled certificates	4	8
Articles of Trust amended	6	3
On Record		
Active Virginia Business Trusts	186	212
Foreign Business Trusts		
Certificates of Registration issued	10	8
Voluntary cancellations	1	0
Automatic cancellations (Assessment/RA Resignation)	1	1
Reinstatement of cancelled certificates	0	0
Certificates of Registration amended	0	0
On Record		
Active Foreign Business Trusts	62	69
Total Active Business Trusts (Virginia and Foreign)	248	281

LIMITED PARTNERSHIPS

Virginia Limited Partnerships		
Certificates of Limited Partnership Filed	196	144
Voluntary cancellations	100	124
Automatic cancellations (Assessment/RA Resignation)	319	254
Reinstatement of cancelled certificates	74	95
Certificates of Limited Partnership amended	221	331
On Record		
Active Virginia Limited Partnerships	5,385	5,218
Foreign Limited Partnerships		
Certificates of Registration Filed	89	95
Voluntary cancellations	72	66
Automatic cancellations (Assessment/RA Resignation)	68	73
Reinstatement of cancelled certificates	24	27
Certificates of Registration amended	0	0
On Record		
Active Foreign Limited Partnerships	1,591	1,558
Total Active Limited Partnerships (Virginia and Foreign)	6,976	6,776

GENERAL PARTNERSHIPS

General Partnership Statements filed	128	115
On Record		
Active Virginia General Partnerships	916	840
Active Foreign General Partnerships	94	91
Total Active General Partnerships (Virginia and Foreign)	1,010	931

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed	89	82
Foreign Registered Limited Liability Partnerships filed	25	20
Total Active Registered Limited Liability Partnerships (Virginia and Foreign)	1,384	1,376

COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE FOR THE FISCAL YEAR ENDING JUNE 30, 2012, AND JUNE 30, 2013

General Fund	2012	2013	(Difference)
Securities Application Fees-Utilities	$7,975.00	$7,734.00	($241.00)
Charter Fees	1,234,560.00	1,224,325.00	(10,253.00)
Entrance Fees	1,256,665.50	1,128,975.00	(127,690.50)
Filing Fees	653,705.00	624,980.00	(28,725.00)
Registered Name	2,390.00	2,040.00	(350.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	58,290.00	49,500.00	(8,790.00)
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	932.25	0.00	(932.25)
Uniform Commercial Code Revenues	1,517,939.00	1,503,668.00	(14,271.00)
Excess Fees Paid into State Treasury	250,913.09	221,366.67	(29,546.42)
Miscellaneous Sales	.00	300.00	300.00
TOTAL	$4,982,437.59	$4,762,888.67	($219,548.92)
Special Fund			
Domestic-Foreign Corp. Registration Fee	$32,222,342.55	$31,390,724.40	($831,618.15)
Limited Partnership Registration Fee	359,280.00	348,797.00	(10,483.00)
Reserved Name - Limited Partnership	10,900.00	11,700.00	800.00
Certificate Limited Partnership	19,200.00	22,975.00	3,775.00
Application Reg. Foreign LP	9,900.00	8,600.00	(1,300.00)
Reinstatement LP	13,600.00	12,750.00	(850.00)
Registration Fee LLC	9,972,227.34	10,836,219.26	863,991.92
Application For. Reg. LLC	342,600.00	312,875.00	(29,725.00)
Art. of Org. Dom. LLC	4,310,396.00	4,629,925.00	319,529.00
AMEND, CANC, CORR. RAC, Etc. LLC	262,715.00	252,205.00	(10,510.00)
SCC Bad Check Fee	22,076.00	13,356.00	(8,720.00)
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,198,068.18	1,349,726.40	151,658.22
Statement of Reg. As Domestic LLP	5,200.00	5,800.00	600.00
LLP Annual Continuation	62,250.00	56,450.00	(5,800.00)
Statement of Partnership Authority GP Dom	3,225.00	2,800.00	(425.00)
Statement of Partnership Authority GP For	200.00	300.00	100.00
Statement of Amendments - GP	1,800.00	1,950.00	150.00
Statement of Reg. As Foreign LLP	2,000.00	1,400.00	(600.00)
Statement of Amendment LLP	600.00	350.00	(250.00)
Reinstatement/Reentry LLC	388,335.00	537,090.00	148,755.00
Tape Sales, Misc Fees	50,000.00	20,350.00	(29,650.00)
Copies, Recording Fees	377,160.65	385,133.11	7,972.46
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	0.00	150.00	150.00
Expedite Fee Collected	1,026,094.00	1,006,315.00	(19,779.00)
TOTAL	$50,660,169.72	$51,207,941.17	$547,771.45
Valuation Fund			
Corp Operations Rec. of Copy and Cert. Fees	$1,213.80	$1,201.20	($12.60)
Recovery of Prior Year Expenses	44,093.15	32,648.00	(11,445.15)
TOTAL	$45,306.95	$33,849.20	($11,457.75)
Trust & Agency Fund			
Fines imposed and collected by SCC:	$1,116,825.00	$960,125.00	($156,700.00)
Debt Set Off Collections:	0.00	0.00	0.00
TOTAL	$1,116,825.00	$960,125.00	($156,700.00)
GRAND TOTAL	$56,804,839.26	56,964,804.04	$159,964.78

COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS FOR FISCAL YEARS ENDING JUNE 30, 2012, AND JUNE 30, 2013

(2012 and 2013 financial data corrected April 2015)

	2012	2013
Banks	$8,315,851.00	$8,599,472.00
Savings Institutions and Savings Banks	8,850.00	8,804.00
Consumer Finance Licensees	525,213.00	427,265.00
Credit Unions	1,359,436.00	1,449,805.00
Trust subsidiaries and Trust Companies	28,918.00	32,299.00
Industrial Loan Associations	10,509.00	8,923.00
Money Order Sellers and Transmitters	545,956.00	565,311.00
Credit Counseling Agency Licensees	101,789.00	134,581.00
Mortgage Lenders and Mortgage Brokers	1,137,054.00	1,490,524.00
Mortgage Loan Originators	876,280.00	1,342,250.00
Check Cashers	100,250.00	102,400.00
Payday Lenders	347,200.00	348,533.00
Motor Vehicle Title Lenders	569,708.00	193,253.00
Miscellaneous Collections	57,244.00	74,391.00
TOTAL	$13,640,595.00	$15,121,474.00

CONSUMER SERVICES

The Bureau received and acted upon 560 formal written complaints during 2013 and recovered $94,903 on behalf of Virginia consumers.

COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE FOR THE FISCAL YEARS ENDING JUNE 30, 2012, AND JUNE 30, 2013

Kind General Fund	2012	2013	Increase or (Decrease)
Gross Premium Taxes of Insurance Companies	$390,191,626.39	$392,305,516.00	$2,113,889.61
Fraternal Benefit Societies Licenses	460.00	480.00	20.00
Interest on Delinquent Taxes	333,618.00	141,547.06	(192,070.94)
Penalty on non-payment of taxes by due date	274,580.12	237,508.98	(37,071.14)
Special Fund			
Company License Application Fee	18,000.00	13,000.00	(5,000.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,900.00	6,300.00	(600.00)
Insurance Premium Finance Companies Licenses	13,900.00	13,400.00	(500.00)
Agents Appointment Fees	16,111,812.00	16,383,984.00	272,172.00
Surplus Lines Broker Licenses	98,750.00	102,950.00	4,200.00
Home Service Contract Providers License Fee	6,000.00	2,000.00	(4,000.00)
Title Settlement Agents Fee	76,090.00	13,320.00	(62,770.00)
Producer License Application Fees	913,055.00	876,390.00	(36,665.00)
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	65,850.00	71,900.00	6,050.00
Recording, Copying, and Certifying Public Records Fee	8,820.00	9,710.00	890.00
SCC Bad Check Fee	140.00	70.00	(70.00)
Managed Care Health Ins. Plan Appeals Fee	250.00	0.00	(250.00)
Administrative Penalty Payment	190,000.00	8,000.00	(182,000.00)
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	7,856,857.37	4,644,874.13	(3,211,983.24)
Reinsurance Intermediary Broker Fees	1,000.00	1,000.00	0.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00
Managing General Agent Fees	10,000.00	7,500.00	(2,500.00)
Viatical Settlement Provider License Fees	10,100.00	9,000.00	(1,10.00)
Viatical Settlement Broker License Fees	11,350.00	9,550.00	(1,800.00)
MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	0.00	43,500.00	43,500.00

Appointment Fee Penalty	255,300.00	131,825.00	(123,475.00)
Miscellaneous Revenue	396.00	(256.00)	(652.00)
Recovery of Prior Year Expenses	71,821.70	141,732.25	69,910.55
Fire Programs Fund	30,897,805.51	32,783,413.99	1,885,608.48
Fire Programs Fund Interest	0.00	0.00	0.00
DMV Uninsured Motorist Transfer	5,114,795.40	4,989,330.03	(125,465.37)
Flood Assessment Fund	192,667.46	204,983.52	12,316.06
Heat Assessment Fund	1,676,074.18	1,736,811.33	60,737.15
Fines Imposed by State Corporation Commission	2,210,551.44	4,161,962.13	1,951,410.69
Fraud Assessment Fund	5,067,883.41	5,333,743.74	267,860.34
Fraud Assessment Interest	0.00	0.00	0.00
TOTAL	$461,686,453.98	$464,387,046.17	$2,700,592.19

COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES FOR THE YEARS 2012 AND 2013

	Value of All Taxable Property Including Rolling Stock		
Class of Company	2012	2013	Increase or (Decrease)
Electric Light & Power Corporations	$25,200,944,461.00	$26,813,502,864.00	$1,612,558,403.00
Gas Corporations	2,095,516,195.00	2,241,106,017.00	145,589,822.00
Motor Vehicle Carriers (Rolling Stock only)	37,160,224.00	38,373,947.00	1,213,723.00
Telecommunications Companies	8,482,949,946.00	8,084,567,686.00	(398,382,260.00)
Water Corporations	231,487,158.00	250,159,461.00	18,672,303.00
TOTAL	$36,048,057,984.00	$37,427,709,975.00	$1,379,651,991.00

COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE COMPANIES FOR THE YEARS 2012 AND 2013

	The Yearly License Tax		
Class of Company	2012	2013	Increase or (Decrease)
Electric Light & Power Corporations	$0.00	$0.00	$0.00
Gas Corporations	0.00	0.00	0.00
Water Corporations	1,791,203.00	1,939,723.00	148,520.00
TOTAL	$1,791,203.00	$1,939,723.00	$148,520.00

COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF UTILITY COMPANIES FOR THE YEARS 2012 AND 2013

(2013 figures were corrected April 2015)

Class of Company	2012	2013	Increase or (Decrease)
Motor Vehicle Carriers	$77,266.00	$57,418.00	($19,848.00)
Railroad Companies	1,202,154.00	1,202,177.00	23.00
Telecommunications Companies	11,972,053.00	9,535,574.00	(2,436,479.00)
Virginia Pilots Association	45,718.00	39,342.00	(6,376.00)
Water Corporations	179,120.00	155,177.00	(23,943.00)
TOTAL	$13,476,312.00	$10,989,688.00	($2,486,624.00)

Railroad Companies assessed at seven-hundredths of one percent and all other companies at two-tenth of one percent for Tax Year 2012.

Railroad Companies assessed at seven-hundredths of one percent and all other companies at sixteen-hundreths of one percent for Tax Year 2013.

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

(Bedford was incorrectly listed as a city, moved to counties and totals corrected April 2015)

Cities	2012	2013	Increase or Decrease
Alexandria	$639,251,944	$427,845,202	$(211,406,742)
Bristol	12,305,503	12,482,359	176,856
Buena Vista	12,992,613	13,129,742	137,129
Charlottesville	122,975,661	123,048,846	73,185
Chesapeake	960,383,603	943,063,931	(17,319,672)
Colonial Heights	33,432,721	32,589,453	(843,268)
Covington	22,324,605	97,090,368	74,765,763
Danville	39,096,735	37,795,746	(1,300,989)
Emporia	16,454,878	17,946,797	1,491,919
Fairfax	106,327,237	104,349,576	(1,977,661)
Falls Church	22,572,149	23,623,875	1,051,726
Franklin	5,128,584	4,903,079	(225,505)
Fredericksburg	107,523,627	93,515,314	(14,008,313)
Galax	14,324,893	14,644,537	319,644
Hampton	308,891,628	302,847,260	(6,044,368)
Harrisonburg	42,088,734	43,660,811	1,572,077
Hopewell	323,963,199	343,823,184	19,859,985
Lexington	17,452,895	17,154,829	(298,066)
Lynchburg	185,156,295	182,890,917	(2,265,378)
Manassas	57,465,784	57,951,449	485,665
Manassas Park	25,101,056	23,811,152	(1,289,904)
Martinsville	21,345,366	21,577,130	231,764
Newport News	459,899,368	472,659,969	12,760,601
Norfolk	658,343,864	647,106,042	(11,237,822)
Norton	18,866,067	20,275,017	1,408,950
Petersburg	96,232,009	102,925,825	6,693,816
Poquoson	18,488,507	19,456,857	968,350
Portsmouth	395,284,654	389,384,620	(5,900,034)
Radford	18,362,946	16,414,380	(1,948,566)
Richmond	925,590,250	924,741,695	(848,555)
Roanoke	263,892,177	272,888,397	8,996,220
Salem	29,121,315	28,360,185	(761,130)
Staunton	60,302,676	62,993,404	2,690,728
Suffolk	295,280,616	291,339,634	(3,940,982)
Virginia Beach	928,198,708	893,104,266	(35,094,442)
Waynesboro	89,035,907	101,402,740	12,366,833
Williamsburg	55,787,329	50,057,212	(5,730,117)
Winchester	68,867,272	64,090,811	(4,776,461)
Total Cities	$7,478,113,375	$7,296,958,611	($181,166,764)

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

Counties	2012	2013	Increase or Decrease
Accomack	318,237,893	301,090,873	$(17,147,020)
Albemarle	285,278,904	294,175,816	8,896,912
Alleghany	87,048,179	93,973,231	6,925,052
Amelia	36,095,417	37,152,984	1,057,567
Amherst	79,251,088	82,238,798	2,987,710
Appomattox	40,179,181	40,776,518	597,337
Arlington	720,904,385	765,202,121	44,297,736
Augusta	282,534,871	285,099,019	2,564,148
Bath	1,493,939,374	1,495,051,742	1,112,368
Bedford	213,702,547	224,424,671	10,722,124
Bland	66,422,045	68,896,268	2,474,223
Botetourt	167,467,530	175,469,979	8,002,449
Brunswick	59,331,979	62,220,306	2,888,327

Buchanan	75,407,267	72,122,453	(3,284,814)
Buckingham	604,572,090	601,939,376	(2,632,714)
Campbell	171,299,314	203,079,954	31,780,640
Caroline	428,195,826	422,945,226	(5,250,600)
Carroll	91,505,034	91,318,550	(186,484)
Charles City	63,060,983	79,001,971	15,940,988
Charlotte	44,844,309	39,374,202	(5,470,107)
Chesterfield	1,326,734,386	1,299,117,164	(27,617,222)
Clarke	54,659,851	54,922,200	262,349
Craig	14,034,655	14,212,421	177,766
Culpeper	187,067,766	236,006,811	48,939,045
Cumberland	38,023,287	39,584,103	1,560,816
Dickenson	68,987,864	71,961,619	2,973,755
Dinwiddie	123,707,023	119,265,544	(4,441,479)
Essex	41,051,523	42,119,195	1,067,672
Fairfax	3,241,836,910	3,277,532,600	35,695,690
Fauquier	635,106,783	607,223,336	(27,883,447)
Floyd	51,717,911	51,922,475	204,564
Fluvanna	459,020,148	455,729,740	(3,290,408)
Franklin	149,594,948	149,327,676	(267,272)
Frederick	336,591,994	325,974,754	(10,617,240)
Giles	145,176,953	143,372,591	(1,804,362)
Glouchester	104,938,440	155,642,943	50,704,503
Goochland	94,456,405	93,751,658	(704,747)
Grayson	42,063,570	41,073,315	(990,255)
Greene	36,693,957	36,167,725	(526,232)
Greensville	36,111,635	37,608,225	1,496,590
Halifax	938,892,986	949,860,431	10,967,445
Hanover	576,315,669	576,505,845	190,176
Henrico	920,049,531	877,688,932	(42,360,599)
Henry	128,382,770	129,377,328	994,558
Highland	15,444,197	15,923,311	479,114
Isle of Wight	126,256,222	127,154,413	898,191
James City	215,244,615	216,018,383	773,768
King and Queen	27,120,435	26,982,342	(138,093)
King George	257,159,607	253,534,157	(3,625,450)
King William	44,276,165	44,938,385	662,220
Lancaster	44,806,003	44,789,060	(16,943)
Lee	48,978,217	41,966,028	(7,012,189)
Loudoun	1,502,311,392	1,537,848,585	35,537,193
Louisa	2,529,837,168	2,517,158,986	(12,678,182)
Lunenburg	38,218,304	44,196,534	5,978,230
Madison	44,818,603	43,551,838	(1,266,765)
Mathews	20,646,792	22,833,852	2,187,060
Mecklenburg	262,029,314	280,761,624	18,732,310
Middlesex	43,195,070	42,272,477	(922,593)
Montgomery	164,083,226	174,430,898	10,347,672
Nelson	79,289,079	77,744,993	(1,544,086)
New Kent	99,789,713	108,990,346	9,200,633
Northampton	49,707,974	47,390,298	(2,317,676)
Northumberland	41,926,278	45,044,045	3,117,767
Nottoway	50,875,283	60,440,031	9,564,748
Orange	95,410,228	94,920,779	(489,449)
Page	57,307,186	62,084,975	4,777,789
Patrick	52,520,654	53,613,576	1,092,922
Pittsylvania	252,604,119	263,838,582	11,234,463
Powhatan	81,932,711	83,324,180	1,391,469
Prince Edward	63,987,043	70,488,945	6,501,902
Prince George	100,263,222	117,132,367	16,869,145
Prince William	1,460,759,318	1,443,118,675	(17,640,643)
Pulaski	111,357,061	111,661,100	304,039
Rappahannock	51,441,940	51,478,437	36,497
Richmond	56,382,463	54,624,892	(1,757,571)
Roanoke	238,778,785	232,058,351	(6,720,434)
Rockbridge	106,408,784	119,534,427	13,125,643
Rockingham	211,078,178	220,447,403	9,369,225
Russell	219,601,057	257,398,825	37,797,768
Scott	68,745,270	78,711,542	9,966,272
Shenandoah	154,276,972	168,694,429	14,417,457
Smyth	89,444,787	85,341,501	(4,103,286)

Southampton	117,037,733	124,250,079	7,212,346
Spotsylvania	293,966,518	302,675,171	8,708,653
Stafford	361,988,821	376,229,716	14,240,895
Surry	1,780,439,626	1,822,387,380	41,947,754
Sussex	75,585,097	77,395,645	1,810,548
Tazewell	118,982,815	122,893,510	3,910,695
Warren	181,341,515	532,156,934	350,815,419
Washington	156,015,927	158,694,784	2,678,857
Westmoreland	55,376,266	57,448,484	2,072,218
Wise	582,405,117	1,395,061,974	812,656,857
Wythe	133,124,217	142,404,239	9,280,022
York	411,599,318	416,845,240	5,245,922
Total Counties	$28,532,785,385	$30,092,389,417	$1,559,605,032
Total Cities & Counties	$36,010,897,760	$37,389,336,028	$1,378,438,268

COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING FOR THE YEARS ENDING DECEMBER 31 , 2012, AND DECEMBER 31, 2013

Kind	2012	2013	Increase or (Decrease)
Securities Act	$9,237,062.29	$9,657,858.86	$420,796.57
Retail Franchising Act	$468,550.00	$482,450.00	$13,900.00
Trademarks-Service Marks	$28,170.00	$26,070.00	($2,100.00)
Penalties	$282,102.57	$162,341.16	($119,761.41)
Global Settlement Penalties	$202,905.69	$77,720.17	($125,182.52)
Cost of Investigations	$16,000.00	$113,797.45	$97,797.45
TOTAL	$10,237,790.55	$10,520,237.64	$285,447.09

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2013

DIVISION OF UTILITY ACCOUNTING AND FINANCE

The Division of Utility Accounting and Finance (Division) assists the Commission with its review and analysis of accounting and financial information in utility regulatory matters. The Division conducts audits and prepares testimony and reports in rate proceedings, as well as in applications involving performance-based regulatory plans, affiliate transactions, mergers and acquisitions, financing plans, and certificates of public convenience and necessity. The Division also conducts audits of electric utility fuel costs and analyzes depreciation studies of electric, gas, and water and sewer utilities.

Below is a listing of major rate proceedings, certificate cases and financial review filings analyzed by the Division during 2013.

General Rate Cases/Biennial Reviews	
Electric Companies	1
Electric Cooperatives	2
Gas Companies	3
Water Companies	1
Total General Rate Cases/Biennial Reviews	7
Integrated Resource Plan	1
Rate Adjustment Clauses	
Electric Companies	10
Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans	
Gas Companies	9
Annual Informational Filings/Earnings Tests	
Gas Companies	4
Water Companies	3
Total Annual Informational Filings/Earnings Tests	7
Fuel Factor Cases - Electric Companies	2
Depreciation Studies	
Electric Companies	2
Natural Gas Companies	1
Total Depreciation Studies	3
Miscellaneous Reviews and Studies	7
Special Studies	
Electric	2

During 2013 the Division submitted reports recommending action in applications filed pursuant to Chapters 3 (Issuances of Utility Securities), 4 (Affiliates Act), 5 (Utility Transfers Act) of Title 56 of the Code of Virginia, and Certificate cases as follows:

Affiliates Act Cases	
Asset Transfers	9
Service Agreements	1
LNG Service Agreements	1
Tax Allocation Agreements	1
Transportation Service Agreements	1
Total	13*

*The 13 cases above dealt with 51 separate affiliate arrangements.

Utility Transfers Act Cases	
Transfers of Control	19
Transfers of Assets	12
Total	31
Financing Arrangements	15
Certificate and Licensure Cases	13

Personnel:

The Commission's Division of Utility Accounting and Finance consisted of the following personnel on December 31, 2013:

Description	Filled	Vacant
Director	1	
Deputy Director	3	
UAF Manager	4	
Systems Supervisor	1	
Office Supervisor	2	
Principal Office Technician		1
Principal Utility Analyst	2	
Senior Utility Analyst	3	
Utility Analyst	1	
Principal Utility Accountant	2	
Senior Utility Accountant	3	
Utility Accountant	5	
Utility Accountant		1
Total	27	2

DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. It oversees and monitors the continued implementation of competition in jurisdictional 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. With a major focus on public health and safety, the Division enforces service standards and investigates and resolves consumer inquiries and complaints. It assures compliance with tariff regulations, maintains territorial maps, coordinates extended area service studies, enforces pay telephone regulations, and performs special studies. The Staff testifies in rate, service, and generic hearings, and meets with the public on communications issues and problems. The Staff also assists in carrying out provisions of the Federal Telecommunications Act of 1996, monitors developments at the federal level, and prepares Commission responses where appropriate.

At the end of 2013, there were subject to the regulatory oversight of the Division:

14	Incumbent Investor-Owned Local Exchange Telephone Companies
152	Competitive Local Exchange Telephone Companies
101	Long Distance Telephone Companies
49	Payphone Service Providers
10	Operator Service Providers for Payphones

SUMMARY OF 2013 ACTIVITIES

Consumer Complaints Investigated:	2,709
Wireline Complaints	2,415
Wireless Complaints	294
Total Consumer Credit Adjustments:	$137,459
Wireline Credit Adjustments	$125,258
Wireless Credit Adjustments	$12,201
Service Quality Oversight:	
Network Access Lines (reported as of June 30, 2013)	2,922,208
Tariff revisions received:	
Incumbent Local Exchange Companies	87
Competitive Local Exchange Companies	81
Interexchange Companies	10
Tariff sheets filed:	
Incumbent Local Exchange Companies	644
Competitive Local Exchange Companies	519
Interexchange Companies	27
Promotional Filings:	
Incumbent Local Exchange Companies	9
Competitive Local Exchange Companies	51
Interexchange Companies	0
Cases in which staff members prepared testimony, reports, or comments	13
Certificates of Convenience and Necessity:	
Competitive Local Exchange Companies	
Granted	9
Amended	2
Canceled	8

Interexchange Companies	
Granted	8
Amended	1
Canceled	3
Interconnection Agreements or Amendments approved or dismissed	47
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	7
Local Exchange Company payphones	272
Private payphone service providers	39
Private payphones	2,878
Payphone audits	0
Field visits and investigations	30

OTHER:

Assisted Commission counsel with respect to formal rate, service, and generic matters.
Conducted follow up 911 inspections at Verizon's central offices and continued monitoring compliance with the SCC's 911 safety and reliability requirements pursuant to Case No. PUC-2012-00042.
Conducted 911 audits in 12 central offices or remotes for seven companies.
Pursued various activities relating to the Commission's alternative plans for regulating telephone companies.
Represented the Commission during the General Assembly session on matters relating to telecommunications legislation.
Continued to permit companies to offer services on a non-tariffed basis as allowed by legislation passed in 2011. In 2013, 10 companies notified the division they will be offering some services without tariffs. Since the legislation became effective, 29 companies are offering some or all retail services on a non-tariffed basis.
Responded to questionnaires and inquiries from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.
Participated in matters affecting communications policy with federal agencies.
Submitted comments to the FCC concerning 911 resiliency and reliability.
Managed Virginia's telephone number utilization program.
Monitored Virginia Universal Service Plan (Lifeline) participation, reviewed and implemented revised FCC requirements, and participated in a multi-state Universal Service/Eligible Telecommunications Carrier group.
Monitored Verizon Virginia's Performance Assurance Plan.
Monitored and maintained Local Exchange Company bonds, received biannual reporting and monitoring information, and conducted required Gross Domestic Product Price Index calculations.
Participated in the Metropolitan Washington Council of Governments 911 Telecommunications Network Steering Group.
Staff member serves on the NARUC Staff Subcommittee on Communications.
Continued outreach activities by making presentations to trade and citizen groups, associations, and telephone companies.

DIVISION OF ENERGY REGULATION

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 cost allocation methodology and rate design philosophies; reviewing long term utility resource plans; and providing expert testimony in these matters.

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, the Division develops annual energy related financial forecasts, and provides the Commission with technical expertise pertaining to regulatory policy, regional transmission organizations, and utility mergers and acquisitions.

Summary of Activities for Calendar Year 2013

Consumer Complaints and Inquiries Received	2,197
Written Public Comments Relative to Commission Cases Received	1,957
Testimony and Reports Filed by Staff	85
Certificates of Convenience and Necessity Granted, Transferred, or Revised	35
Affiliates Applications	10
Meter Tests Witnessed	7
Community Meetings and Presentations	2

BUREAU OF FINANCIAL INSTITUTIONS

The Bureau of Financial Institutions is responsible under Title 6.2 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, mortgage loan originators, credit counseling agencies, check cashers, motor vehicle title lenders, 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 6,902 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2013

New Bank	1
Bank Branches	19
Bank Branch Office Relocations	6
Establish a Branch (out-of-the state Bank)	7
Out-of-State Branch Move (Bank)	2
Bank Acquisitions Pursuant to § 6.2-704A	2
Bank Acquisitions Pursuant to § 6.2-704C	8
Acquire a VA Savings Institution	1
Bank Merger	3
Out of State Bank Merger	1
EFT Terminal	2
Credit Union Mergers	6
Credit Union Service Facilities	3
Credit Union Office Relocations	2
New Consumer Finance	14
Consumer Finance Offices	52
Consumer Finance Other Business	35
Consumer Finance Office Relocations	5
Acquire a Consumer Finance Institution	2
New Mortgage Lenders and/or Brokers	162
Acquisitions of Mortgage Lenders/Brokers	20
Mortgage Additional Offices	711
Exempt Mortgage Company Registration	5
Mortgage Loan Originator Licensees	5,561
New Motor Vehicle Title Lender	12
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At the end of 2013, there were under the supervision of the Bureau 78 banks with 1,020 branches, 49 Virginia bank holding companies, 3 non-Virginia bank holding companies with a subsidiary Virginia bank, 3 subsidiary trust companies, 1 savings institution, 51 credit unions, 4 industrial loan associations, 24 consumer finance companies with 234 Virginia offices, 70 money transmitters, 40 credit counseling agencies, 540 check cashers, 95 mortgage lenders with 480 offices, 401 mortgage brokers with 532 offices, 227 mortgage lender/brokers with 1,524 offices, 11,816 mortgage loan originators, 5 private trust companies, 29 motor vehicle title lenders with 484 offices, and 23 payday lenders with 231 offices.

BUREAU OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2013

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 insurers, 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 2013 ACTIVITIES

New insurance companies licensed to do business in Virginia	31
Insurance company financial statements analyzed	1,159
Financial examinations of insurance companies conducted	24
Property and Casualty insurance rules, rates and form submissions	4,454
Life and Health insurance policy forms and rates submissions	3,396
Property and Casualty insurance complaints received	2,508
Life and Health insurance complaints received	1,971
Market conduct examinations completed by the Life and Health Division	9
Market Regulation Continuum Actions completed by the Life and Health Division	23
Market conduct examinations completed by the Property and Casualty Division	7
Market Regulation Continuum Actions completed by the Property and Casualty Division	116
Insurance agents and agencies licensed	220,477
Tax and assessment audits	8,441
Ombudsman Office inquiries received	465
Individuals assisted by Ombudsman Office in appealing MCHIP denials	103

EXTERNAL APPEAL FISCAL YEAR 2013

Number of Cases Reviewed	271
Eligible Appeals	119
Ineligible Appeals	152
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	72
Final Adverse Decision Overturned by Reviewer	41
Final Adverse Decision Modified	1
MCHIP Reversed Itself	2
Appeal Decisions Pending	0
Terminated or Withdrawn	3

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 Jacqueline Cunningham 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 300, 11401 Century Oaks Terrace, Austin, Texas 78758.

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, Jacqueline K. Cunningham, 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, Special Deputy Receiver, 4200 Innsbrook Drive, Glen Allen, Virginia 23060, or P.O. Box 85058, Richmond, Virginia 23285-5058 or by e-mail at www.reciprocalgroup.com.

Southern Title Insurance Corporation (STIC). Date of receivership: December 20, 2011. The State Corporation Commission was named receiver for STIC by the Circuit Court of the City of Richmond.

The Commission is the Receiver, and the Commissioner of Insurance, Jacqueline K. Cunningham, is the Deputy Receiver of STIC. Any inquiries concerning the conduct of the receivership of STIC may be directed to Donald Beatty with the Commission's Office of General Counsel, Special Deputy Receiver of STIC.

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.

Summary of 2013 Activities

UNDER THE VIRGINIA SECURITIES ACT:

15	agent of issuer registrations and renewals denied, withdrawn, or terminated
14	securities registrations denied, withdrawn, or terminated
51	securities registrations approved
13	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
3,223	investment company notice filings originals and renewals accepted
392	investment company notice filings originals and renewals denied, withdrawn, or terminated
40	exemptions from registration approved
2	exemptions from registration denied, withdrawn, or terminated
1,969	exemption notice filings for federal-covered securities accepted
2,213	broker-dealer registrations and renewals approved
176	broker-dealer registrations and renewals denied, withdrawn, or terminated
74	broker-dealer audits completed
211,802	broker-dealer agent registrations and renewals approved
31,122	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
28	investment advisor eras approved
191	investment advisor other amendments approved
21	investment advisor other amendments denied, withdrawn, or terminated
3,321	investment advisor registrations, renewals, and amendments approved
214	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
1	investment advisor revocations denied, withdrawn, or terminated
116	investment advisor audits completed
514	audit violation deficiencies resolved
14,913	investment advisor representative registrations and renewals approved
2,234	investment advisor representative registrations and renewals denied, withdrawn, or terminated
67	agent of issuer registrations and renewals approved
96	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

735	trademarks and/or service marks approved, renewed, or assigned
360	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,596	franchise registrations, renewals, or post-effective amendments approved
358	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
34	investigations completed

ORDERS, JUDGMENTS AND SETTLEMENTS:

10	orders granting exemptions and/or official interpretations
16	orders for subpoena of records by banks, corporations, and individuals
8	orders of show cause
23	judgments of compromise and settlement
16	final orders and/or judgments
1	special supervision

TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

75	investigation general inquiry calls/e-mails
580	calls/e-mails regarding pending investigations
483	enforcement general inquiry calls/e-mails
2,332	calls/e-mails regarding pending enforcements
631	calls/e-mails regarding pending registrations
11,647	registration general inquiry calls/e-mails
241	calls/e-mails regarding pending audits
470	audit general inquiry calls/e-mails
6,392	examination general inquiry calls/e-mails
381	calls/e-mails regarding pending examinations
138	complaints resulting in investigations
70	complaints referred
5	complaints with no authority to investigate
19	complaints with no violation of Securities or Franchise Act

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 2013 ACTIVITIES

	12/31/12	12/31/13
Financing/Subsequent Statements Filed	69,413	73,632
Federal Tax Liens/Subsequent Liens Filed	6,215	5,686
Reels of Microfilmed documents sold	397	420

DIVISION OF UTILITY AND RAILROAD SAFETY

The Division of Utility and Railroad Safety assists the Commission in administering three safety programs: Gas and Hazardous Liquid Pipeline Safety, Railroad Safety and Underground Utility Damage Prevention.

The Pipeline Safety Section of the Division helps ensure the safe operation of gas and hazardous liquid pipeline facilities, through inspections of facilities and new constructions, review of safety records and programs, and investigation of incidents. In 2013, the Division's pipeline safety activities involved 11 natural gas companies, with a total of 20,846 miles of pipelines serving 1,226,479 customers, 70 master-metered systems, 33 propane systems and 4 hazardous liquid pipeline companies with a total of 897 miles of pipelines.

Summary of 2013 Activities

Gas Safety Inspection Man-days Conducted	1,089
Hazardous Liquid Safety Inspection Man-days Conducted	72
Number of Counts of Probable Violations Cited	509
Pipeline Accidents Investigated	20
Pipeline Safety Trainings Conducted	31
Reports filed	3

The Rail Safety Section of the Division helps ensure the safe operation of jurisdictional railroads by conducting inspections of tracks and motive power and equipment and investigations of certain accidents. The Division's inspections involve more than 3,574 miles of track and thousands of cars and locomotives.

Summary of 2013 Activities

Number of Track Units[1] Inspected	10,372
Number of Locomotive and Car Units[2] Inspected	20,230
Number of Operating Practice Units[3] Inspected	3,244
Number of Defects Noted	5,206
Number of Violations Cited	20
Number of Accidents Investigated	22
Number of Complaints Investigated	20

The Damage Prevention Section of the Division investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and on a monthly basis presents its findings and recommendations to an Advisory Committee appointed in accordance with the Act. This Committee then makes enforcement recommendations to the Commission. The Division provides free training relative to the Act and safe digging practices to excavators, utilities and others, conducts public education campaigns and promotes partnership among the stakeholders to further underground utility damage prevention in Virginia.

Summary of 2013 Activities

Underground Utility Damage Reports Investigated	1,538
Number of Individuals Having Received Damage Prevention Training	2,012
Number of Damage Prevention Educational Material Disseminated	59,492
Number of Damage Prevention Field Audits Conducted	873
Testimony filed	3

[1] Each mile of track, record, crossing at grade, among other things, is considered a track unit.

[2] Each locomotive, car, motive power equipment record, among other things, 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.

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BAN20130002	Wesley Yuan - To acquire 25 percent or more of Old Dominion National Bank
BAN20130003	Sara Investments, Inc. d/b/a Z Express - To open a check casher at 5111 Midlothian Turnpike, Richmond, VA
BAN20130004	Bodega Latina Market Inc. - To open a check casher at 9020 Quioccasin Road, Suite D, Richmond, VA
BAN20130005	MphasiS Wyde Inc. - To acquire 25 percent or more of Digital Risk Mortgage Services, LLC
BAN20130006	Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To relocate a payday lender's office from 250 North Poplar Avenue, Suite A-1, Waynesboro, VA to 901 West Broad Street, Suite K, Waynesboro, VA
BAN20130007	ACAC, Inc. - To relocate a motor vehicle title lending office from 250 North Poplar Avenue, Suite A-1, Waynesboro, VA 22980 to 901 West Broad Street, Suite K, Waynesboro, VA 22980
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BAN20130009	Pinebrook Holdings, LLC - To acquire 25 percent or more of Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance
BAN20130010	Fast Auto Loans, Inc. - To relocate a motor vehicle title lending office from 1851 Seminole Trail, Charlottesville, VA 22901 to 1879 Seminole Trail, Charlottesville, VA 22901
BAN20130011	AHC Inc. - To be designated as a bona fide nonprofit organization
BAN20130012	Consumer Credit Counseling Foundation, Inc. - To open a credit counseling office
BAN20130013	Atlantic Discount Corp. d/b/a Atlantic Financial Services - To open a consumer finance office at 468 Investors Place, Suite 100, City of Virginia Beach, VA
BAN20130014	Brian Oates - To acquire 25 percent or more of Serenity First Financial, LLC
BAN20130015	Advance America, Cash Advance Centers, Inc. - To acquire 25 percent or more of Express Check Advance of Virginia, LLC
BAN20130016	Nationwide Biweekly Administration, Inc. - For a money order license
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BAN20130022	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
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BAN20130030	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 492 Messicks Road, Harrington, DE
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BAN20130050	Loudoun Habitat for Humanity - To be designated as a bona fide nonprofit organization
BAN20130051	HomeTown Bank - To establish an EFT at 852 West Main Street, Salem, VA
BAN20130052	HomeTown Bank - To establish an EFT at 1 Market Square, Roanoke, VA
BAN20130053	Advance America, Cash Advance Centers, Inc. - To acquire 25 percent or more of Express Check Advance of Virginia, LLC
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BAN20130059	Prime Auto Loan Inc. d/b/a Prime Car Title Loan - For a license to engage in business as a motor vehicle title lender
BAN20130060	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
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BAN20130068	CPike Services Corp. - To open a check casher at 4819 Columbia Pike, Arlington, VA
BAN20130069	Wilshire Commercial Capital L.L.C. - To open a consumer finance office
BAN20130070	Garden State Consumer Credit Counseling, Inc. d/b/a NovaDebt - To relocate a credit counseling office from 2655 Camino del Rio North, Suite 120, San Diego, CA to 1455 Frazee Road, Suite 550, San Diego, CA
BAN20130071	Federal Financial Services, Inc. d/b/a FFS of Virginia - To relocate consumer finance office from 4821 Carr Drive, City of Fredericksburg, VA to 10703 Spotsylvania Avenue, Suite 102, Spotsylvania County, VA
BAN20130072	First Bank of Virginia (Used in VA by: First Bank) - To open a branch at 220 South Main Street, Blacksburg, VA
BAN20130073	Beacon Credit Union, Incorporated - To open a credit union service office at 107 Leroy Bowen Drive, Lynchburg, VA
BAN20130074	Carol Realini - To acquire 25 percent or more of Obopay, Inc.
BAN20130075	Saiesha Group Inc. - To open a check casher at 4819 Columbia Pike, Arlington, VA
BAN20130076	Tourmalet Advisors, LP - To acquire 25 percent or more of Kondaur Capital Corporation
BAN20130077	InCharge Debt Solutions - To relocate a credit counseling office from 5750 Major Boulevard, Suite 175, Orlando, FL to 5750 Major Boulevard, Suite 300, Orlando, FL
BAN20130078	Mi Guerrero Grill Inc. - To open a check casher at 61 S. Laburnum Avenue, Richmond, VA
BAN20130079	Payoneer Inc. - For a money order license
BAN20130080	DT Holdings LLC - To acquire 25 percent or more of Security One Lending Inc.
BAN20130081	Hilda Resendiz-Martinez d/b/a La Guadalupana III - To open a check casher at 1026 Huell Matthews Highway, South Boston, VA
BAN20130082	LSF5 Mortgage Holding III Operations, LLC - To acquire 25 percent or more of Caliber Home Loans, Inc.
BAN20130083	Consumers Alliance Processing Corporation – To relocate a credit counseling office from 5816 Dryden Place, Suite 101, Carlsbad, CA to 1935 Camino Vida Roble, Suite 150, Carlsbad, CA
BAN20130084	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions – To relocate a credit counseling office from 314 E. Highland Mall Boulevard, Suite 306, Austin, TX to 314 E. Highland Mall Boulevard, Suite 104, Austin, TX
BAN20130085	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 4375 Dale Boulevard, Dale City, VA 22193
BAN20130086	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 1114 Azalea Avenue, Suite 47, Richmond, VA 23227
BAN20130087	R.E.A. INCORPORATED d/b/a Plaza Latina Market - To open a check casher at 2190 Pimmit Drive, Suite N, Falls Church, VA
BAN20130088	Lainez Corp. d/b/a Mini Super El Dorado - To open a check casher at 7335 Midlothian Turnpike, Suite B, N. Chesterfield, VA
BAN20130089	Total System Services, Inc. - To acquire 25 percent or more of NetSpend Corporation
BAN20130090	Westview Financial Services VA, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130091	MoneyDart Gobal Services Inc. - For a money order license
BAN20130092	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a payday lender's office from 305 Garrisonville Road, Suite 101, Stafford, VA to 315 Garrisonville Road, Suite 104-A, Stafford, VA
BAN20130093	TMX Finance of Virginia, Inc. - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130094	TMX Finance of Virginia, Inc. - To open a consumer finance office at 8014 Centreville Road, Prince William County, VA
BAN20130095	TMX Finance of Virginia, Inc. - To open a consumer finance office at 4375 Dale Boulevard, Dale City, Prince William County, VA
BAN20130096	TMX Finance of Virginia, Inc. - To open a consumer finance office at 1114 Azalea Avenue, Suite 47, City of Richmond, VA
BAN20130097	Lipsky & Associates, Inc. - For a money order license
BAN20130098	Lenlyn Limited d/b/a ICE Currency Services USA - To open a check casher at 1 Saarinen Circle, Dulles International Airport, Sterling, VA
BAN20130099	Lalupita LLC d/b/a Guadalupana - To open a check casher at 221 Carlton Road, Suite 15, Charlottesville, VA
BAN20130100	Mihir of Virginia, Inc. d/b/a Shannon Express Mart - To open a check casher at 8701 Shrader Road, Richmond, VA
BAN20130101	Monarch Bank - To open a branch at One City Center, 11815 Fountain Way, Suite 510, City of Newport News, VA
BAN20130102	Cardinal Bank - To open a branch at 1807 Rockville Pike, Rockville, MD
BAN20130103	PennyMac Financial Services, Inc. - To acquire 25 percent or more of PennyMac Loan Services, LLC
BAN20130104	KCG Holdings, Inc. - To acquire 25 percent or more of Urban Financial Group, Inc.
BAN20130105	Brar, Inc. - To open a check casher at 7257 Centreville Road, Manassas, VA
BAN20130106	Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance -For authority for an other business operator to conduct a prepaid debit card sales business from the licensee's payday lending offices
BAN20130107	AIV Financial LLC d/b/a Zoomcash - To open a check casher at 1082 Eldon Street, Herndon, VA
BAN20130108	Guaranteed Payday Loans L.L.C. - For authority for an other business operator to conduct business as an agent of a money order seller or money transmitter from the licensee's payday lending offices
BAN20130109	Rahana Inc. - To open a check casher at 6530 Arlington Boulevard, Falls Church, VA

BAN20130110	Airport Currency Exchange, Inc. - To open a check casher at Washington Dulles International/ Airport Upper Level/ Departures-East Service Center, Dulles, VA
BAN20130111	Issa Enterprises Inc. d/b/a Brother's Market - To open a check casher at 1838 E. Nine Mile Road, Highland Springs, VA
BAN20130112	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 1141 E. Bennett Avenue, Glendora, CA
BAN20130113	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 34 Taft Street, Aberdeen, MD to 508 Larson Court, Westminster, MD
BAN20130114	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 122 Nottingham, Berlin, MD to 120 Nottingham, Berlin, MD
BAN20130115	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 14210 Plantation Park Boulevard, Charlotte, NC to 206 Alpha Mill Lane, # 101, Charlotte, NC
BAN20130116	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 2627 Valley View Avenue, Norco, CA to 6715 Dana Avenue, Mira Loma, CA
BAN20130117	Visa Digital Services, Inc. - For a money order license
BAN20130118	Aurora G. Bowman d/b/a La Oficina Latina - To open a check casher at 3718 Williamson Road, Roanoke, VA
BAN20130119	Todos Dumfries, LLC - To open a check casher at 17987 Dumfries Shopping Plaza, Dumfries, VA
BAN20130120	Roger Velasquez - To open a check casher at 7552 Virginian Drive, Norfolk, VA
BAN20130121	Associated Foreign Exchange, Inc. - For a money order license
BAN20130122	Todos, Inc. d/b/a Todos Supermarket - To open a check casher at 13905 Jefferson Davis Highway, Woodbridge, VA
BAN20130123	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 1651 East Fourth Street, Suite 105, Santa Ana, CA
BAN20130124	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 131 Lincoln Place, Belleville, IL to 1501 West Highway 50, O'Fallon, IL
BAN20130125	Advantage Credit Counseling Service, Inc. - To open a credit counseling office
BAN20130126	Faulknier Country Store LLC - To open a check casher at 13338 S. Constitution Highway, Scottsville, VA
BAN20130127	Comdata TN, Inc. - For a money order license
BAN20130128	Brookwood Loans of Virginia, LLC - To open a consumer finance office
BAN20130129	Ping Money Direct LLC - For a money order license
BAN20130130	Essex Bank - To open a branch at 1835 West Street, Annapolis, MD
BAN20130131	Kipling Financial Services, LLC d/b/a MoneyMax Title Loans - To relocate a motor vehicle title lending office from 4300 S. Laburnum Avenue, Richmond, VA 23231 to 4802 S. Laburnum Avenue, Richmond, VA 23231
BAN20130132	Hampton Car Title Loans LLC - For a license to engage in business as a motor vehicle title lender
BAN20130133	Wilshire Commercial Capital, L.L.C. - For a license to engage in business as a motor vehicle title lender
BAN20130134	7 Corners Financial, Inc. - To conduct consumer finance business where an elder law, estates & disability, and special needs planning business will also be conducted
BAN20130135	Danny's Auto Loans, LLC - To establish an additional motor vehicle title lending office at 154 A Kinter Way, Pearisburg, VA 24135
BAN20130136	Arihant Fuel LLC - To open a check casher at 2411 W. Hundred Road, Chester, VA
BAN20130137	Shri Ram Associates Inc. - To open a check casher at 9792 Center Street, Manassas, VA
BAN20130138	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 1506 S. Main Street, Farmville, VA 23901
BAN20130139	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 300 W. Reservoir Road, Woodstock, VA 22664
BAN20130140	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 8409 Centreville Road, Manassas, VA 20111
BAN20130141	Martinsville Postal Credit Union, Incorporated - To merge into it C.C.C. Martinsville Employees Credit Union, Incorporated Martinsville, VA
BAN20130142	First-Citizens Bank & Trust Company - To open a branch at 1575 Jefferson Davis Highway, Fredericksburg, VA
BAN20130143	Commonwealth Foreign Exchange, Inc. - For a money order license
BAN20130144	BBCN Bank - To merge into it The Foster Bank
BAN20130145	TMX Finance of Virginia, Inc. - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130146	TMX Finance of Virginia, Inc. - To open a consumer finance office at 300 West Reservoir Road, Woodstock, Shenandoah County, VA
BAN20130147	TMX Finance of Virginia, Inc. - To open a consumer finance office at 1506 South Main Street, Farmville, Prince Edward County, VA
BAN20130148	TMX Finance of Virginia, Inc. - To open a consumer finance office at 8409 Centreville Road, City of Manassas Park, VA
BAN20130149	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To open an additional credit counseling office at 5101-B Backlick Road, Unit #32, Annandale, VA
BAN20130150	Virginia National Bankshares Corporation - To acquire Virginia National Bank
BAN20130151	TitleMax of Virginia, Inc. d/b/a TitleMax - To relocate a motor vehicle title lending office from 2165 Seminole Trail, Charlottesville, VA 22901 to 1646 Seminole Trail, Charlottesville, VA 22901
BAN20130152	Red Sea Finance, Inc. - For a money order license
BAN20130153	Z Loans, LLC d/b/a Z Loans - For authority for an other business operator to conduct a tax preparation and electronic filing service business from the licensee’s motor vehicle title lending offices
BAN20130154	MKR Investments Inc. d/b/a Tom's Country Store - To open a check casher at 3191 W. 3rd Street, Farmville, VA
BAN20130155	WashingtonFirst Bank - To relocate office from 8221 Old Courthouse Road, Vienna, VA to 2095 Chain Bridge Road, Vienna, VA
BAN20130156	Express Check Advance of Virginia, LLC - To establish an additional motor vehicle title lending office at 135 North Church Street, Spartanburg, SC 29306
BAN20130157	Pashupati Inc. d/b/a Race Track Market Place - To open a check casher at 3815 Meadowbridge Road, Richmond, VA
BAN20130158	Oris Enterprises, Inc. d/b/a Circle D - To open a check casher at 1501 Lynnhaven Parkway, Virginia Beach, VA
BAN20130159	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 199 Fox Hill Road, Hampton, VA
BAN20130160	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - For authority for an other business operator to conduct a motor vehicle title lending business from the licensee’s payday lending offices

BAN20130161	FCC Finance LLC - To open a consumer finance office
BAN20130162	Multi Envios, Inc. - To open a check casher at 404 S. Washington Street, Falls Church, VA
BAN20130163	CitiFinancial Servicing LLC - To open a consumer finance office
BAN20130164	CitiFinancial Servicing LLC - To open a consumer finance office at 7500 Jackson Arch Drive, Bowles Farm Plaza Suite C, Mechanicsville, Hanover County, VA
BAN20130165	Blue Eagle Credit Union - To merge into it Southwestern Telco Federal Credit Union
BAN20130166	Alliance Credit Counseling, Inc. - To relocate a credit counseling office from 13777 Ballantyne Corporate Place, Charlotte, NC to 15720 John J. Delaney Drive, Suite 575, Charlotte, NC
BAN20130167	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To open an additional credit counseling office at 1801 Dunbar Street N.W., Roanoke, VA
BAN20130168	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To open an additional credit counseling office at 2624 Salem Turnpike N.W., Roanoke, VA
BAN20130169	Military Credit Services, LLC - To conduct consumer finance business where buyer's club memberships will also be sold
BAN20130170	Ambegauri Corp. d/b/a Community Mini Mart - To open a check casher at 10 Pigeon Run Road, Gladys, VA
BAN20130171	OFG Inc. (Used in VA by: Olympic Financial Group, Inc.) - For a money order license
BAN20130172	Beacon Credit Union, Incorporated - To relocate a credit union office from 2321 Riverside Drive, Danville, VA to 3320 Riverside Drive, Danville, VA
BAN20130173	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 150 Waldo Road, Pasadena, MD
BAN20130174	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 2226 N. Ontario Street, Suite 111, Burbank, CA
BAN20130175	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 9235 Brandy Lane, Suite C, Laurel, MD
BAN20130176	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 46135 Sutton Drive, Oakhurst, CA
BAN20130177	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 5934 Berkshire Court, Alexandria, VA
BAN20130178	VCB Money, Inc. d/b/a TIN NGHIA a.k.a. TNMONEX - For a money order license
BAN20130179	United Bank - To merge into it Virginia Commerce Bank
BAN20130180	United Bankshares, Inc. - To acquire Virginia Commerce Bancorp, Inc.
BAN20130181	RISE Credit of Virginia, LLC - To open a consumer finance office
BAN20130182	LILO Money Wiring Services, LLC - For a money order license
BAN20130183	Botetourt Bankshares, Inc. - To open a bank at 19747 Main Street, Buchanan, VA
BAN20130184	Bank of Botetourt - To merge into it Botetourt Bankshares, Inc.
BAN20130185	LFS HoldCo LLC - To acquire 25 percent or more of Lendmark Financial Services, Inc.
BAN20130186	Anderson Financial Services, LLC LoanMax (Used in Virginia by: Anderson Financial Services, LLC) d/b/a LoanMax - To establish an additional motor vehicle title lending office at 2401 Fairhaven Avenue, Alexandria, VA 22303
BAN20130187	TMX Credit, Inc. - For authority for an other business operator to conduct payday lending business from the licensee's motor vehicle title lending offices
BAN20130188	Brookwood Loans of Virginia, LLC - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130189	Brookwood Loans of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130190	Mariner Finance of Virginia, LLC - To open a consumer finance office at 1790 East Market Street, Suite 86, City of Harrisonburg, VA
BAN20130192	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130193	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130194	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130195	Towne Bank - To open a branch at 1006 Colley Avenue, City of Norfolk, VA
BAN20130196	A A J Ventures, Inc. D/B/A Shenandoah Express Mart - To open a check casher at 203 S Main Street, Woodstock, VA
BAN20130197	MG Multiservicios Latinos, Inc. - To open a check casher at 4112 Dale Boulevard, Dale City, VA
BAN20130198	Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - To relocate a motor vehicle title lending office from 6109 Virginia Beach Boulevard, Suite B, Norfolk, VA 23502 to 5045 Virginia Beach Boulevard, Unit 107, Virginia Beach, VA 23462
BAN20130199	F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To relocate a payday lender's office from 6109 Virginia Beach Boulevard, Unit B, Norfolk, VA to 5045 Virginia Beach Boulevard, Unit 107, Virginia Beach, VA
BAN20130200	NAH Partners, Inc. - To open a check casher at 9486 James Madison Highway, Warrenton, VA
BAN20130201	SAI RAMA, Inc. Quick Mart - To open a check casher at 1091 Norfolk Avenue, Virginia Beach, VA
BAN20130202	M & A Cashing Inc. - To open a check casher at 4336 Laurel Oak Road, Richmond, VA
BAN20130203	On The Go Auto Title Loans VA, LLC - For a license to engage in business as a motor vehicle title lender
BAN20130204	C&F Financial Corporation - To acquire Central Virginia Bankshares, Inc.
BAN20130205	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a payday lender's office from 997 Hardy Road, Vinton, VA to 995 Hardy Road, Vinton, VA
BAN20130206	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a motor vehicle title lending office from 997 Hardy Road, Vinton, VA 24179 to 995 Hardy Road, Vinton, VA 24179
BAN20130207	Northern Star Credit Union, Incorporated - To merge into it Portsmouth Police Credit Union, Incorporated Portsmouth, VA
BAN20130208	John Gordon Coor - To acquire 25 percent or more of Equity Mortgage Associates, Inc.
BAN20130209	TMX Finance of Virginia, Inc. - To open a consumer finance office at 11225 Midlothian Turnpike, North Chesterfield, Chesterfield County, VA
BAN20130210	TMX Finance of Virginia, Inc. - To open a consumer finance office at 12540 Jefferson Davis Highway, Suite 400, Chester, Chesterfield County, VA
BAN20130211	TMX Finance of Virginia, Inc. - To open a consumer finance office at 2800 Princess Anne Street, City of Fredericksburg, VA
BAN20130212	TMX Finance of Virginia, Inc. - To open a consumer finance office at 401 Florida Avenue, City of Emporia, VA
BAN20130213	TMX Finance of Virginia, Inc. - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130214	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 401 Florida Avenue, Emporia, VA 23847

BAN20130215	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 2800 Princess Anne Street, Fredericksburg, VA 22401
BAN20130216	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 12540 Jefferson Davis Highway, Suite 400, Chester, VA 23831
BAN20130217	TitleMax of Virginia, Inc. d/b/a TitleMax – To establish an additional motor vehicle title lending office at 11225 Midlothian Turnpike, Chesterfield, VA 23235
BAN20130218	AccountNow, Inc. - To acquire 25 percent or more of nFinanSe Payments Inc.
BAN20130219	Jack's This N That, Inc. d/b/a Jack Rabbit Express - To open a check casher at 11238 Cople Highway, Kinsale, VA
BAN20130220	Mundo Latino, LLC - To open a check casher at 315 Great Neck Road N., Suite 124, Virginia Beach, VA
BAN20130221	Virginia Heritage Bank - To open a branch at 4040 North Fairfax Drive, Arlington County, VA
BAN20130222	First Virginia Community Bank - To open a branch at 6975A Springfield Boulevard, Springfield, VA
BAN20130223	AZ International Inc. d/b/a Sunrise #3 - To open a check casher at 2305 N. Main Street, Danville, VA
BAN20130224	R K Market, LLC d/b/a R.K. Market - To open a check casher at 1611 Washington Plaza N, Reston, VA
BAN20130225	Crescent Bank & Trust - To relocate office from 510 Independence Parkway Suite 300, Chesapeake, VA to 501 Independence Parkway, Suite 107, Chesapeake, VA
BAN20130226	QC Financial Services, Inc. d/b/a Quik Cash - For authority for an other business operator to conduct a tax preparation and electronic filing service business from the licensee's payday lending offices
BAN20130227	Mariner Finance of Virginia, LLC - To open a consumer finance office at 315 Rivanna Plaza Drive, Suite 115, Albemarle County, VA
BAN20130228	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130229	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130230	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130231	Mi Morenita LLC d/b/a La Guadalupana II - To open a check casher at 1417 Emmet Street, Charlottesville, VA
BAN20130232	Union First Market Bankshares Corporation - To acquire StellarOne Corporation
BAN20130233	PayNearMe MT, Inc. - For a money order license
BAN20130234	Choice Money Transfer, Inc. - For a money order license
BAN20130235	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 289 Genesee Street, Utica, NY to 101 Main Street, Whitesboro, NY
BAN20130236	Remitly, Inc. - For a money order license
BAN20130237	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 8930 Stanford Boulevard, Columbia, MD to 9755 Patuxent Woods Drive, Suite100, Columbia, MD
BAN20130238	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a payday lender's office from 9070 W. Broad Street, Richmond, VA to 8715 West Broad Street, Suite D, Richmond, VA
BAN20130239	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a motor vehicle title lending office from 9070 West Broad Street, Richmond, VA 23294 to 8715 West Broad Street, Suite D, Richmond, VA 23294
BAN20130240	Sally 1 LLC - To open a check casher at 2701 Jefferson Davis Highway, Richmond, VA
BAN20130241	WashingtonFirst Bank - To open a branch at 14941 Shady Grove Road, Rockville, MD
BAN20130242	Your Titles, Your Credit, Inc. - For a license to engage in business as a motor vehicle title lender
BAN20130243	Segura Enterprise LLC - To open a check casher at 2929 Gallows Road 101/103, Falls Church, VA
BAN20130244	Flora Enterprise LLC d/b/a Park N Shop #11 - To open a check casher at 443 E. Washington Street, Suffolk, VA
BAN20130245	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 1999 Wabash Avenue, Suite 208, Springfield, IL to 205 South Fifth Street, Springfield, IL
BAN20130246	RCC Residential, Inc. - To acquire 25 percent or more of Primary Capital Advisors LC
BAN20130247	Mesfin Abebe Inc. d/b/a Meron Super Market - To open a check casher at 4105 Duke Street, Alexandria, VA
BAN20130248	AIV Financial LLC - To conduct consumer finance business where a money transmitter business will also be conducted
BAN20130249	AIV Financial LLC - To conduct consumer finance business where a check cashing business will also be conducted
BAN20130250	AIV Financial LLC - To open a consumer finance office
BAN20130251	Atlantic Discount Corp. d/b/a Atlantic Financial Services - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130252	ACAC, Inc. - To relocate a motor vehicle title lending office from 1035 Port Republic Road, Harrisonburg, VA 22801 to 115 S. Carlton Street, Harrisonburg, VA 22801
BAN20130253	ACAC, Inc. d/b/a Approved Cash Advance - To relocate a payday lender's office from 1035 Port Republic Road, Harrisonburg, VA to 15 S. Carlton Street, Harrisonburg, VA
BAN20130254	El Mercadito, Inc. d/b/a El Mercadito Hispano - To open a check casher at 495-B Elden Street, Herndon, VA
BAN20130255	Churchill Holdings, Inc. - To acquire 25 percent or more of Churchill Mortgage Corporation of TN
BAN20130256	Branch Banking and Trust Company - To open a branch at 1425 West Main Street, Salem, VA
BAN20130257	Shaw Family 101 Trust - To acquire 25 percent or more of Academy Mortgage Corporation of Utah
BAN20130258	First-Citizens Bank & Trust Company - To open a branch at 1535 Hershberger Road, NW, Roanoke, VA
BAN20130259	Stifel Financial Corp. & Stifel Bank and Trust - To acquire Acacia Federal Savings Bank
BAN20130260	Springleaf Holdings LLC - To acquire 25 percent or more of Springleaf Financial Services, Inc.
BAN20130261	Springleaf Holdings LLC - To acquire 25 percent or more of Springleaf Mortgage Services, Inc.
BAN20130262	Virginia Finance, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130263	Springleaf Holdings LLC - To acquire 25 percent or more of Springleaf Financial Services of America, Inc.
BAN20130264	MCNB Bank and Trust Co. - To open a branch at 3102 Cedar Valley Drive, Richlands, VA
BAN20130265	UFG Holdings, LLC - To acquire 25 percent or more of Urban Financial Group, Inc.
BAN20130266	TIO Network USA, Inc. - To acquire 25 percent or more of Global Express Money Orders, Inc.
BAN20130267	Milagrito Latino Corp. - To open a check casher at 809 W. Broad Street #A, Falls Church, VA
BAN20130268	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To open an additional credit counseling office at 1970 Roanoke Blvd., Building 77, Suite 12, Salem, VA

BAN20130269	OneMain Financial, Inc. - To relocate consumer finance office from 10805 Midlothian Turnpike, Chesterfield County, VA to 2033-2037 Wal-Mart Way, Midlothian, Chesterfield County, VA
BAN20130270	Farmers Bankshares, Inc. - To acquire Farmers Bank, Windsor, Virginia
BAN20130271	Richmond Fire Department Credit Union, Incorporated - To relocate a credit union office from 900 Hermitage Road, Richmond, VA to 1634 Ownby Lane, Richmond, VA
BAN20130272	Aljocan Supermarkets, LLC d/b/a VCU Market - To open a check casher at 1424 Chamberlayne Avenue, Richmond, VA
BAN20130273	Qwik Stop #1, Inc. - To open a check casher at 715 East Washington Street, Petersburg, VA
BAN20130274	TMX Finance of Virginia, Inc. - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130275	Mariner Finance of Virginia, LLC - To open a consumer finance office at 1377 Towne Square Boulevard, NW, City of Roanoke, VA
BAN20130276	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130277	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130278	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130279	Diana's Boutique & Services, Inc. - To open a check casher at 1110 Elden Street, # 103, Herndon, VA
BAN20130280	Rownag Corp. - To open a check casher at 1247 Booth Road, Stony Creek, VA
BAN20130281	U.S. Equity Advantage, Inc. - For a money order license
BAN20130282	Wakefield Investors LLC - To acquire 25 percent or more of Cardinal Financial Company, Limited Partnership
BAN20130283	Virginia National Bankshares Corporation - To acquire Virginia National Bank
BAN20130284	Coin X, Inc. - For a money order license
BAN20130285	Mariner Finance of Virginia, LLC - To open a consumer finance office at 3211-D Forest Brook Road, City of Lynchburg, VA
BAN20130286	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130287	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130288	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20130289	Allied Title Lending LLC d/b/a Allied Cash Advance - To conduct consumer finance business where a money services business will also be conducted
BAN20130290	Allied Title Lending LLC d/b/a Allied Cash Advance - To conduct consumer finance business where an unsecured line of credit business will also be conducted
BAN20130291	Allied Title Lending LLC d/b/a Allied Cash Advance - To conduct consumer finance business where an open-end line of credit business will also be conducted
BAN20130292	Allied Title Lending LLC d/b/a Allied Cash Advance - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130293	Allied Title Lending LLC - To open a consumer finance office
BAN20130294	Allied Title Lending LLC - To open a consumer finance office at 1930 North Armistead Avenue, Suite A, City of Hampton, VA
BAN20130295	Allied Title Lending LLC - To open a consumer finance office at 4380 South Laburnum Avenue, Suite 22, Henrico County, VA
BAN20130296	Allied Title Lending LLC - To open a consumer finance office at 8855 Richmond Highway, Fairfax County, VA
BAN20130297	Allied Title Lending LLC - To open a consumer finance office at 5480 Virginia Beach Boulevard, Suite 102, City of Virginia Beach, VA
BAN20130298	Allied Title Lending LLC - To open a consumer finance office at 736 Warrenton Road, Suite 109, Stafford County, VA
BAN20130299	Allied Title Lending LLC - To open a consumer finance office at 5802 East Virginia Beach Boulevard, Suite 146, City of Norfolk, VA
BAN20130300	Allied Title Lending LLC - To open a consumer finance office at 4721 Walmsley Boulevard, City of Richmond, VA
BAN20130301	Allied Title Lending LLC - To open a consumer finance office at 6845 Forest Hill Avenue, City of Richmond, VA
BAN20130302	Allied Title Lending LLC - To open a consumer finance office at 645 Oakley Avenue, Suite B, City of Lynchburg, VA
BAN20130303	Allied Title Lending LLC - To open a consumer finance office at 658-B J. Clyde Morris Boulevard, City of Newport News, VA
BAN20130304	Allied Title Lending LLC - To open a consumer finance office at 2192 John Wayland Highway, Rockingham County, VA
BAN20130305	Allied Title Lending LLC - To open a consumer finance office at 3822 Jefferson Davis Highway, Spotsylvania County, VA
BAN20130306	Allied Title Lending LLC - To open a consumer finance office at 115 Weems Lane, City of Winchester, VA
BAN20130307	Allied Title Lending LLC - To open a consumer finance office at 10994 Sudley Manor Drive, Prince William County, VA
BAN20130308	Allied Title Lending LLC - To open a consumer finance office at 838 Greenville Avenue, City of Staunton, VA
BAN20130309	Allied Title Lending LLC - To open a consumer finance office at 1136-A Emmet Street, City of Charlottesville, VA
BAN20130310	Allied Title Lending LLC - To open a consumer finance office at 2312-12B Hungry Road, Henrico County, VA
BAN20130311	Allied Title Lending LLC - To open a consumer finance office at 18243 Forest Road, Unit 9, Bedford County, VA
BAN20130312	Allied Title Lending LLC - To open a consumer finance office at 1838 Tappahannock Boulevard, Suite A, City of Tappahannock, VA
BAN20130313	Allied Title Lending LLC - To open a consumer finance office at 71 South Airport Drive, Unit 2, City of Richmond, VA
BAN20130314	Allied Title Lending LLC - To open a consumer finance office at 870 Tanyard Road, Unit 8, Rocky Mount, Franklin County, VA
BAN20130315	Allied Title Lending LLC - To open a consumer finance office at 2886-B Airline Boulevard, City of Portsmouth, VA
BAN20130316	Allied Title Lending LLC - To open a consumer finance office at 6300 Mechanicsville Turnpike, Suite K, City of Richmond, VA
BAN20130317	Sonabank - To relocate office from 11834 Rockville Pike, Rockville, MD to 11200 Rockville Pike, Rockville, MD
BAN20130318	Justin Enterprises, Inc. d/b/a Cash to Payday - To establish an additional motor vehicle title lending office at 3768 Highway 903, Bracey, VA 23919
BAN20130319	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To relocate a credit counseling office from 380 N. Broadway, Suite 304, Jericho, NY to 300 Garden City Plaza, Suite 220, Garden City, NY
BAN20130320	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To relocate a credit counseling office from 2622 NW 43rd Street, Suite C-4, Gainesville, FL to 104 North Main Street, 4th Floor, Gainesville, FL
BAN20130321	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 8213 Lee Highway, Fairfax, VA 22031
BAN20130322	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 14120 Jefferson Davis Highway, Woodbridge, VA 22191
BAN20130323	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 1044 West Mercury Boulevard, Hampton, VA 23666

BAN20130324	TitleMax of Virginia, Inc. d/b/a TitleMax – To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130325	TMX Finance of Virginia, Inc. - To open a consumer finance office at 8213 Lee Highway, Fairfax County, VA
BAN20130326	TMX Finance of Virginia, Inc. - To open a consumer finance office at 14120 Jefferson Davis Highway, Woodbridge, Prince William County, VA
BAN20130327	TMX Finance of Virginia, Inc. - To open a consumer finance office at 1044 West Mercury Boulevard, City of Hampton, VA
BAN20130328	Virginia Credit Union, Inc. - To open a credit union service office at VCU-HS Main Hospital1250 East Marshall Street, Richmond, VA
BAN20130329	Freedom Bank of Virginia, The - To open a branch at 11700 Plaza America Drive, Suite 110, Reston, VA
BAN20130331	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 8700 Pershing Drive, Unit 1316, Playa del Ray, CA to 7747 Cherry Blossom Street, Boynton Beach, FL
BAN20130332	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 1115 Lumsden Point Boulevard, Valrico, FL to 17452 New Cross Circle, Lithia, FL
BAN20130333	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 206 Alpha Mill Lane # 101, Charlotte, NC to 2011 Water Walk Lane # 109, Charlotte, NC
BAN20130334	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 1141 E. Bennett Avenue, Glendora, CA to 1300 Lincoln Village Circle, # 154, Larkspur, CA
BAN20130335	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 617 N. Rosedale Avenue, Baltimore, MD
BAN20130336	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 500 W. Sycamore Street, Columbus Grove, OH
BAN20130337	CareOne Services, Inc. d/b/a CareOne - To open an additional credit counseling office at 14217 E. Constitution Way, Fontana, CA
BAN20130338	Fast Auto Loans, Inc. - To establish an additional motor vehicle title lending office at 3619 Mechanicsville Turnpike, Richmond, VA 23223
BAN20130339	TMX Finance of Virginia, Inc. - To relocate consumer finance office from 2165 Seminole Trail, Albemarle County, VA to 1646 Seminole Trail, Albemarle County, VA
BAN20130340	Cardinal Bank - To merge into it The Business Bank
BAN20130341	Cardinal Financial Corporation - To acquire United Financial Banking Companies, Inc.
BAN20130342	Tiya Ventures, Inc. - To open a check casher at 2739 Hungary Spring Road, Henrico, VA
BAN20130343	Corner Mart #1, Inc. - To open a check casher at 233 Caroline Street, Orange, VA
BAN20130344	Corner Mart Fincastle, Inc. - To open a check casher at 8216 Roanoke Road, Fincastle, VA
BAN20130345	Sentinel Bidco Limited - To acquire 25 percent or more of Skrill USA, Inc.
BAN20130346	La Estrella Latina, LLC - To open a check casher at 3728 Williamson Road, Roanoke, VA
BAN20130347	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 435 Maple Avenue West, Vienna, VA 22180
BAN20130348	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 6526 Arlington Blvd., Falls Church, VA 22042
BAN20130349	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 47024 Harry Byrd Highway, Sterling, VA 20164
BAN20130350	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 712 N. Royal Avenue, Front Royal, VA 22630
BAN20130351	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 6802 Commerce Street, Springfield, VA 22150
BAN20130352	TMX Finance of Virginia, Inc. - To open a consumer finance office at 6802 Commerce Street, Springfield, Fairfax County, VA
BAN20130353	TMX Finance of Virginia, Inc. - To open a consumer finance office at 435 Maple Avenue West, Vienna, Fairfax County, VA
BAN20130354	TMX Finance of Virginia, Inc. - To open a consumer finance office at 6526 Arlington Boulevard, City of Falls Church, VA
BAN20130355	TMX Finance of Virginia, Inc. - To open a consumer finance office at 47024 Harry Byrd Highway, Sterling, Loudoun County, VA
BAN20130356	TitleMax of Virginia, Inc. d/b/a TitleMax - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20130357	TMX Finance of Virginia, Inc. - To open a consumer finance office at 712 N Royal Avenue, Front Royal, Warren County, VA
BAN20130358	Brooke Enterprises, Inc. d/b/a Cash Today - To establish an additional motor vehicle title lending office at 3768 Highway 903, Bracey, VA 23919
BAN20130359	Anmar Enterprises, LLC - To open a check casher at 14120-H Sullyfield Circle, Chantilly, VA
BAN20130360	Debtwave Credit Counseling, Inc. - To relocate a credit counseling office from 8665 Gibbs Drive, Suite 100, San Diego, CA to 9325 Sky Park Court, Suite 260, San Diego, CA
BAN20130361	AIV Financial - To open a consumer finance office at 3440 Seminole Trail, Albemarle County, VA
BAN20130362	G N C Services, Inc. - To open a check casher at 44 Mine Road, Suite 1B, Stafford, VA
BAN20130363	AIV Financial - To open a consumer finance office at 1117 S. Craig Avenue, City of Covington, VA
BAN20130364	Intuit Payments Inc. - For a money order license
BAN20130365	Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 104 East Midland Trail, Lexington, VA 24450 to 538 E. Nelson Street, Lexington, VA 24450
BAN20130366	HomeTown Bank - To open a branch at 852 West Main Street, City of Salem, VA
BAN20130367	First Bank and Trust Company, The - To open a branch at 7305 Peppers Ferry Boulevard, Fairlawn, VA
BAN20130368	Tinas Tax Service, Inc. - To open a check casher at 4268 Richmond Road, Warsaw, VA
BAN20130369	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 225 Franklin Street, Suite 2672, Boston, MA
BAN20130370	ClearPoint Financial Solutions, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 6060-B Six Forks Road, Raleigh, NC to 6070 Six Forks Road, Suite D, Raleigh, NC
BAN20130371	Atlantic Discount Corp. d/b/a Atlantic Financial Services - To relocate consumer finance office from 468 Investors Place, Suite 100, City of Virginia Beach, VA to 4239 Holland Road, Suite 756, City of Virginia Beach, VA
BAN20130372	Carmen Mayorga d/b/a Tienda Latina Emily - To open a check casher at 55 Merrimac Road, Christiansburg, VA
BAN20130373	Virginia Beach Community Development Corporation - To be designated as a bona fide nonprofit organization
BAN20130374	Community Bank of the Chesapeake - To open a branch at 1340 Central Park Boulevard, Suite 106, Fredericksburg, VA
BAN20130375	Northern Star Credit Union, Incorporated - To merge into it Belt Line Employees Credit Union, Incorporated Portsmouth, VA

BAN20130376	Tuan Anh Nguyen - To acquire 25 percent or more of Today's Mortgage LLC
BAN20130377	Long Viet Nguyen - To acquire 25 percent or more of Today's Mortgage LLC
BAN20130378	Manufacturers and Traders Trust Company - To open a branch at 526 East Market Street, Leesburg, VA
BAN20130379	Union First Market Bank - To open a branch at 9605 Gayton Road, Henrico County, VA
BAN20130380	Manufacturers and Traders Trust Company - To relocate office from 526 East Market Street, Leesburg, VA to 341 East Market Street, Leesburg, VA
BAN20130381	Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 441 Piney Forrest Road, Danville, VA 24540 to 216 Collins Drive, Danville, VA 24540
BAN20130382	Fauquier Bank, The - To open a branch at 8780 Centreville Road, City of Manassas, VA
BAN20130383	Virginia Partners Bank - To open a branch at 115 E. Charles Street, La Plata, MD
BAN20130384	El Rincon Hispano, LLC - To open a check casher at 215 South East Street, Culpeper, VA
BAN20130385	ACI Worldwide Corp. - To acquire 25 percent or more of Official Payments Corporation
BAN20130386	CBTC Virginia Corporation - To acquire Essex Bank
BAN20130387	Sugi's Market, Inc. - To open a check casher at 3834 Prince George Dr., Prince George, VA
BAN20130388	Citizens Community Bank - To open a branch at 851 South Backford Drive, Suite A, Henderson, NC
BAN20130389	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To open an additional credit counseling office at 5100 West Kennedy Boulevard, Suite 125, Tampa, FL
BAN20130390	Amanecer Latino II Inc. - To open a check casher at 10012 Robius Road N., Chesterfield, VA
BAN20130391	Mariner Finance of Virginia, LLC - To conduct consumer finance business where accidental death and dismemberment insurance will also be sold
BAN20130392	Mariner Finance of Virginia, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20130393	Mariner Finance of Virginia, LLC - To open a consumer finance office at 10864 Sudley Manor Drive, City of Manassas, VA
BAN20130394	Mariner Finance of Virginia, LLC 0 To conduct consumer finance business where sales finance business will also be conducted
BAN20130395	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a payday lender's office from 6325 Multiplex Drive, Centreville, VA to 14260-C Centreville Square, Centreville, VA
BAN20130396	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a motor vehicle title lending office from 6325 Multiplex Drive, Centreville, VA 20121 to 14260-C Centreville Square, Centreville, VA 20121
BAN20130397	Cardinal Bank - To open a branch at 5335 Lee Highway, Arlington County, VA
BAN20130398	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at Greenbrier Circle, Tower 1, 860 Greenbrier Circle, Suite 303, Chesapeake, VA
BAN20130399	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at General Washington Executive Center, 2217 Princess Anne Street, Suite 322, Fredericksburg, VA
BAN20130400	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1055 W. Mercury Boulevard, Suite 505, Hampton, VA
BAN20130401	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1901 Walmart Way, Midlothian, VA
BAN20130402	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 8000 Franklin Farms Drive, Richmond, VA
BAN20130403	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 7301 Richmond Road, Williamsburg, VA
BAN20130404	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 6055 E. Washington Boulevard, Suite 390, Commerce, CA
BAN20130405	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 200 N. Maryland Avenue, Suite 102, Glendale, CA
BAN20130406	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 16800 Devonshire, Suite 301, Granada Hills, CA
BAN20130407	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 4010 Watson Plaza Drive, Suite 225, Lakewood, CA
BAN20130408	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 242 E. Airport Drive, Suite 210, San Bernardino, CA
BAN20130409	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 2635 Camino Del Rio South, Suite 101, San Diego, CA
BAN20130410	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 225 Franklin Street, 26th Floor, Suite 2672, Boston, MA
BAN20130411	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1651 East 4th Street, Suite 105, Santa Ana, CA
BAN20130412	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1615 Wade Hampton Boulevard, Suite C, Greenville, SC
BAN20130413	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 3000 Old Canton Road, Suite 550, Jackson, MS
BAN20130414	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 10426 Jackson Oaks Way, Suite 103, Knoxville, TN
BAN20130415	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 314 East Highland Mall Boulevard, Suite 104, Austin, TX
BAN20130416	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 137 Dean Drive, Suite 4, Clarksville, TN
BAN20130417	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1616 West Main Street, Suite 503, Marion, IL
BAN20130418	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at White Station Towers, 5050 Poplar Avenue, Suite 1101, Memphis, TN

BAN20130419	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1501 West Highway 50, O'Fallon, IL
BAN20130420	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 85 NE Loop 41, Suite 615, San Antonio, TX
BAN20130421	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1600 Heritage Landing, Suite 104, St. Charles, MO
BAN20130422	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 205 South Fifth Street, Springfield, IL
BAN20130423	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 8651 Watson Road, St. Louis, MO
BAN20130424	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1300 Hampton Avenue at West Park, St. Louis, MO
BAN20130425	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 2 Computer Drive West, Albany, NY
BAN20130426	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at The Metro Center, 49 Court Street, Binghamton, NY
BAN20130427	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 75 College Avenue, Rochester, NY
BAN20130428	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 5794 Widewaters Parkway, Syracuse, NY
BAN20130429	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 101 Main Street, Whitesboro, NY
BAN20130430	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 215 Washington Street, Room B5, Watertown, NY
BAN20130431	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 4800 SW Griffith Drive, Suite 102, Beaverton, OR
BAN20130432	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 9725 Third Avenue NE, Suite 400, Seattle, WA
BAN20130433	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 9955 SE Washington Street, Suite 301, Portland, OR
BAN20130434	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1750 Howe Avenue, Suite 125, Sacramento, CA
BAN20130435	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 1024 W. Robinhood Drive, Suite 2, Stockton, CA
BAN20130436	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 10116 36th Avenue Court SW, Suite 106, Lakewood, WA
BAN20130437	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 4421 Stuart Andrew Boulevard, Suite 303, Charlotte, NC
BAN20130438	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 5509-B West Friendly Avenue, Suite 104, Greensboro, NC
BAN20130439	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 10104 Senate Drive, Suite 236, Lanham, MD
BAN20130440	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 7200 Corporate Center Drive, Suite 200, Miami, FL
BAN20130441	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 6070-D Six Forks Road, Raleigh, NC
BAN20130442	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a CredAbility - To open an additional credit counseling office at 4969 E. McKinley Avenue, Suite 1078, Fresno, CA
BAN20130443	EZ Payday Loans of Virginia LLC d/b/a E$Z Payday Loans - For authority for an other business operator to conduct a gift card buying business from the licensee's payday lending offices
BAN20130444	EZ Payday Loans of Virginia LLC d/b/a E$Z Payday Loans - For authority for an other business operator to conduct a gold buying business from the licensee's payday lending offices
BFI-2012-00042	Atlantic Mortgage Direct LLC - Alleged violation of VA Code § 6.2-1610
BFI-2012-00043	Chesapeake Residential Finance, Corp - Alleged violation of VA Code § 6.2-1610
BFI-2012-00044	Corporate Investors Mortgage Group, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2012-00046	E-Approve Mortgage Corp - Alleged violation of VA Code § 6.2-1610
BFI-2012-00047	EC Financial, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2012-00049	Executive Financial Services Co, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2012-00050	First Liberty Financial Group LLC, (Used in VA By: First Liberty Financial Mortgage) - Alleged violation of VA Code § 6.2-1610
BFI-2012-00051	Geo-Corp Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2012-00052	Integrity First Financial Group, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2012-00053	Jet Direct Funding Corp - Alleged violation of VA Code § 6.2-1610
BFI-2012-00057	Mortgage One, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2012-00061	Zenta Mortgage Services LLC - Alleged violation of VA Code § 6.2-1610
BFI-2012-00067	Security Trust Mortgage, LLC - Alleged violation of VA Code § 6.2-1619
BFI-2012-00069	Americas Mortgage Professionals, LLC - Alleged violation of VA Code §§ 6.2-406A *et al.*
BFI-2012-00071	Evergreen Services Inc. - Alleged violation of 10 VAC 5-210-10 *et al.*
BFI-2013-00003	Axiom Mortgage Bankers Corporation - Alleged violation of 10 VAC 5-160-50
BFI-2013-00004	Network Capital Funding Corporation - Alleged violation of VA Code § 6.2-406 *et al.*
BFI-2013-00006	Jupiter Funding Group, LLC - Alleged violation of VA Code § 6.2-1801

BFI-2013-00007	Pursuant to § 6.2-1310 of the Code of Virginia and 10 VAC 5-40-20, Schedule prescribing annual fees paid for examination, supervision, and regulation of state chartered credit unions, of the Virginia Administrative Code
BFI-2013-00008	Sang H. Jeung - Alleged violation of VA Code § 6.2-1608
BFI-2013-00010	Old Virginia Mortgage, Inc. - Alleged violation of VA Code § 6.2-406 *et al.*
BFI-2013-00011	Washington Home Mortgage LLC - Alleged violation of VA Code § 6.2-1604
BFI-2013-00012	Mortgage Enterprises, Inc. - Alleged violation of VA Code § 6.2-1612
BFI-2013-00013	Equity Mortgage Group, Inc. - Alleged violation of VA Code § 6.2-1612
BFI-2013-00020	Capital Financial Mortgage Corp. - Alleged violation of VA Code § 6.2-1619 A (1) and 6.2-1606
BFI-2013-00065	Northway Financial Corporation & Northway Boker Ltd. - Alleged violation of VA Code § 6.2-1801 *et al.*
BFI-2013-00066	Carol Realini - Alleged violation of VA Code § 6.2-1914
BFI-2013-00067	In Re: Amending Regulations Governing Mortgage Loan Originators
BFI-2013-00068	Alankar Investments USA Inc. - Alleged violation of VA Code § 6.2-2204
BFI-2013-00069	Daniel McDonald - request for a formal hearing to review mortgage loan originator application denial by Commissioner Face pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure
BFI-2013-00070	In Re: Payday Lending regulations 10 VAC 5-200-10 *et seq*.
BFI-2013-00071	Liberty Pawn Shop & Gold, LLC - Alleged violation of VA Code § 6.2-2201
BFI-2013-00076	First Mount Vernon Industrial Loan Association - For cancellation of certificate
BFI-2013-00078	Amerisave Mortgage Corporation - For approval of settlement agreement
BFI-2013-00084	C. C. C. Martinsville Employees Credit Union, Incorporated & Martinsville Postal Credit Union, Incorporated - For approval of merger
BFI-2013-00085	Gulfport Financial, LLC d/b/a Virginia Cash Advance (f/k/a GF Acquisition, LLC) - Alleged violation of VA Code § 6.2-1808
BFI-2013-00087	Botetourt Bankshares, Inc. and Bank of Botetourt - For order reducing fees
BFI-2013-00091	Rules governing motor vehicle title lending - Pursuant to § 6.2-2213 A of the Code of Virginia and 10 VAC 5-210-95
BFI-2013-00092	Rules governing payday lending - Pursuant to § 6.2-1814 of the Code of Virginia and 10 VAC 5-200-90
BFI-2013-00094	Precision Funding Group, LLC - Alleged violation of VA Code § 6.2-1604
BFI-2013-00095	Kesa Mortgage Group LLC - Alleged violation of VA Code § 6.2-1604
BFI-2013-00096	SI Mortgage Company - Alleged violation of VA Code §§ 6.2-1601 and 6.2-406
BFI-2013-00097	In re: parity regulations for state-chartered credit unions
BFI-2013-00098	Integrity Capital - Alleged violation of VA Code § 6.2-1601 and 6.2-1701
BFI-2013-00135	C.C.C. Martinsville Employees Credit Union, Incorporated - Merger into Martinsville Du Pont Employees Credit Union, Incorporated

CLK: OFFICE OF THE CLERK

CLK-2012-00005	Mint Springs Properties LLC - Petition to Substitute Articles of Merger and Change Name with attached Exhibits A and B
CLK-2013-00001	Election of Chairman pursuant to VA Code § 12.1-7
CLK-2013-00003	Danmarc, Inc. - Involuntary Dissolution
CLK-2013-00004	In re: Repealing Standards and Procedures Governing Intrastate Rail Rates
CLK-2013-00005	KRA Employment Services Corporation - Petition for vacating certificate of merger with ReaTopia, Inc.
CLK-2013-00006	Jonathan Richard Marx, vs. Mark Daniel Leitner - Petition to Expunge UCC Financing Statements
CLK-2013-00007	In re: Adopting Uniform Commercial Code Filing Rules
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INS-2013-00259	Dorothy Arrington Smith - Alleged violation of VA Code §§ 38.2-512 B *et al.*
INS-2013-00260	William M. Stevenson - Alleged violation of VA Code §§ 38.2-1826 A *et al.*
INS-2013-00261	Lawrence A. Poole - Alleged violation of VA Code §§ 38.2-1822 E *et al.*
INS-2013-00262	Guy Bergman - Alleged violation of VA Code § 38.2-1826
INS-2013-00264	Anthem Health Plans of Virginia, Inc. & Healthkeepers, Inc. - For approval to have associates located outside of Virginia conduct back-up support for Anthem's Virginia Medicaid managed care and FAMIS plans.
INS-2013-00265	Anthem Health Plans of Virginia, Inc. & Healthkeepers, Inc. - For a finding that the provision of services pertaining to the Medicare-Medicaid Financial Alignment Demonstration project is exempt from the provisions of the Final Order.
INS-2013-00266	Michael Anthony Ferrer - Alleged violation of VA Code§ 38.2-1809 and 38.2-1831,1
INS-2013-00268	Marcie Jo Mnahoncak - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1826
INS-2013-00270	Teresa Lyn Graham - Alleged violation of VA Code § 38.2-1826
INS-2013-00271	Anastasia D. Blake - Alleged violation of VA Code§§ 38.2-1826 and 38.2-1831 (11)
INS-2013-00272	Aviva Life & Annuity Company - In the matter of approval multi-state regulatory settlement agree. between Aviva Life & Annuity Co. for & on behalf of VA Bureau of Ins. & Ins. Regulators
INS-2013-00274	Farmers Insurance Exchange & Mid-Century Insurance Company - Alleged violation of VA Code §§ 38.2-305 *et al.*
INS-2013-00276	Daniel Petefish - Alleged violation of VA Code § 38.2-1809

PST: DIVISION OF PUBLIC SERVICE TAXATION

PST-2012-00022	Spruance Genco, LLC - Correction to the Commission's Assessment for the Tax Years 2009, 2010, and 2011.
PST-2012-00025	Spruance Genco, LLC - Appeal for Review and Correction from a 2012 Tangible Personal Property Assessment.
PST-2013-00004	Virginia Electric and Power Company - Supplemental Assessment for Taxation for the Tax Year 2012.
PST-2013-00015	The refund of overpaid License Tax On Gross Receipts for the Taxable Year 2012.

PUC: DIVISION OF COMMUNICATIONS

PUC-2012-00045	CenturyLink - Notice of Acceptance of Connect America Fund Phase I Incremental Support
PUC-2012-00080	United Federal Data of Virginia, LLC - Application for Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services within the Commonwealth of Virginia
PUC-2013-00001	Birch Communications of Virginia, Inc. d/b/a Birch Communications and Covista of Virginia, Inc. - Joint Petition for Approval to Transfer Customers and Assets
PUC-2013-00002	Yankee Metro Partners, LLC, *et al.* - Joint Petition for Approval to Transfer Control of NEON Virginia Connect, LLC and Sidera Networks, LLC Pursuant to Va. Code § 56-88 *et seq.*
PUC-2013-00003	TCG Virginia, Inc. - Request for Cancellation of Certificates
PUC-2013-00004	Group Long Distance of Virginia, Inc. - For cancellation of certificate
PUC-2013-00005	Citrix Communications Virginia LLC - Application for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange, Interexchange and Access Telecommunications Service in the Commonwealth of Virginia
PUC-2013-00010	Covista of Virginia Inc. - Request to Cancel Certificate and associated tariff
PUC-2013-00011	Matrix Telecom of Virginia, Inc. and Impact Telecom, Inc. - Joint Petition for Approval of the Transfer of Control of Matrix Telecom of Virginia, Inc.
PUC-2013-00012	Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and Citizens Telephone Cooperative under § 252(e) on the Telecommunications Act of 1996

PUC-2013-00013	Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone of Southeast LLC d/b/a CenturyLink and 365 Wireless, LLC - Commercial Mobile Radio Services Interconnection Agreement
PUC-2013-00014	TNCI Operating Company LLC - Application for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange, Exchange Access, and Interexchange Telecommunications Services in the Commonwealth of Virginia
PUC-2013-00015	AboveNet of VA LLC - Request to Surrender the Certificate
PUC-2013-00016	FiberGate of Virginia LLC - Request to Surrender the Certificate
PUC-2013-00017	Unity Telecom, LLC - Application for Approval of Partial Discontinuance of Competitive Telecommunications Service
PUC-2013-00018	Cebridge Telecom VA LLC - Application for a Certificate of Public Convenience and Necessity to Provide Interexchange and Local Exchange Services throughout the Commonwealth of Virginia
PUC-2013-00019	Cavalier Telephone LLC, *et al.* - Application for Authority to Complete a Certain Pro Forma Intra-Corporate Transaction
PUC-2013-00020	TNCI Holdings LLC, TNCI Operating Company LLC and Trans National Communications International, Inc. - Joint Application for Approval of Transfer of Customers and Assets from Trans National Communications International Inc. to TNCI Operating Company LLC
PUC-2013-00022	Verizon South Inc. and Fiber Roads, LLC - Interconnection Agreement
PUC-2013-00023	Birch Communication of Virginia Inc. d/b/a Birch Communications & Ernest Communications of Virginia - Joint Petition for Approval to Transfer Customers and Assets
PUC-2013-00024	Birch Communications of Virginia Inc. d/b/a Birch Communications and Lightyear Network Solutions, LLC - Joint Petition for Approval to Transfer Customers and Assets
PUC-2013-00025	Scott County Telephone Inc. and BVU Authority - Interconnection Agreement
PUC-2013-00026	Charter Communications, Inc. - Application for approval of purchase of shares of Liberty Media from Charter Communications, Inc.
PUC-2013-00027	SIG Acquisition Company, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia
PUC-2013-00028	Ernest Communications of Virginia Inc. - Request to Cancel Certificate of Public Convenience and Necessity and Any Associated Tariffs after Transfer of Assets/Customers to Birch Communications of Virginia, Inc. d/b/a Birch Communications
PUC-2013-00029	Lightyear Network Solutions, LLC - Request to Cancel Certificates of Public Convenience and Necessity and Any Associated Tariffs after Transfer of Assets/Customers to Birch Communications of Virginia, Inc. d/b/a Birch Communications
PUC-2013-00031	SIG Acquisition Company LLC & Summit Infrastructure Group, LLC & Woodlawn Communication, LLC - Joint Application for Approval of Transfer of Customers & Assets from Summit Infrastructure Group LLC & Woodlawn Communication LLC to SIG Acquisition Company
PUC-2013-00032	Verizon South Inc. and CoreTel Virginia LLC - Amendment No. 1 to the Interconnection Agreement
PUC-2013-00033	Global NAPs South, Inc. - Application to cancel certificate of public convenience and necessity and cancel tariffs
PUC-2013-00034	Verizon Virginia LLC f/k/a Verizon Virginia Inc. and American PCS Communications, L.L.C. d/b/a APC - Interconnection Agreement.
PUC-2013-00035	Time Warner Cable Business LLC d/b/a Time Warner Cable - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based Interexchange Telecommunications Services within the Commonwealth of Virginia
PUC-2013-00036	United Telephone Southeast LLC d/b/a CenturyLink and MegaPath Corporation - Resale Agreement
PUC-2013-00037	Central Telephone Company of Virginia d/b/a CenturyLink and MegaPath Corporation - Resale Agreement.
PUC-2013-00038	Verizon Virginia LLC and Cebridge Telecom VA LLC - Interconnection Agreement
PUC-2013-00039	EarthLink, Inc., et al - for Approval of the Certain Pro Forma Intra-Company Changes Pursuant to Va. Code § 56-88 *et seq.*
PUC-2013-00040	Lumos Networks Corp., *et al.* - Petition for Expedited Approval of Disposition of Control under the Utility Transfers Act, Va. Code § 56-88, *et seq.*
PUC-2013-00041	Duke Energy Corporation, *et al.* - Application for Approval of the Transfer of Control of DukeNet Communications, LLC pursuant to Virginia Code § 56-88 *et seq*.
PUC-2013-00043	Verizon South Inc. and dishNet Wireline L.L.C. of VA - Interconnection Agreement
PUC-2013-00044	Verizon Virginia LLC and dishNet Wireline L.L.C. of VA - Interconnection Agreement

PUE: DIVISION OF ENERGY REGULATION

PUE-2012-00088	Anderson Propane Service, Inc. - Notice of Non-Utility Gas Service Provider's Intention to File an Application for Enlargement of Service Footprint.
PUE-2013-00001	Virginia American Water Company - 2012 Annual Informational Filing
PUE-2013-00002	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities 230 kV Brambleton - Beaumeade Line #2095 Segment Relocation
PUE-2013-00003	Appalachian Natural Gas Distribution Company and Paramont Energy LC - Joint Petition for Approval of Transfer of Utility Assets.
PUE-2013-00004	Virginia Electric and Power Company - for approval and Certification of Electric Facilities Reconfiguration of Transmission Lines #543 and #558, Pleasant View South 500 kV Switching Station and 500 kV Switching Station Connection Line
PUE-2013-00005	Washington Gas Light Company - Application for Authority to Revise Service Agreements
PUE-2013-00006	Atmos Energy Corporation - Annual Informational Filing
PUE-2013-00007	Washington Gas Light Company - Annual Informational Filing
PUE-2013-00008	Virginia Natural Gas Inc. - 2012 Annual Informational Filing
PUE-2013-00009	Appalachian Power Company - for approval of Rate Adjustment Clause pursuant to VA Code § 56-585.1 A 6
PUE-2013-00010	Appalachian Power Company - for approval of Rate Adjustment Clause pursuant to VA Code § 56-585.1 (A) (5)(e)
PUE-2013-00011	In the matter of investigating the toll rates of Toll Road Investors Partnership II, L.P., under VA Code § 56-542 D
PUE-2013-00012	Columbia Gas of Virginia Inc. - Application for approval of various agreements, arrangements and policies between Columbia Gas of Virginia, Inc. and Columbia Gulf Transmission, LLC
PUE-2013-00013	Kentucky Utilities Company d/b/a Old Dominion Power Company - for general base rate increase
PUE-2013-00014	Constellation Energy Gas Choice, Inc. - Application to become a Virginia Competitive Service Provider
PUE-2013-00015	Columbia Gas of Virginia Inc. - Notice of intent to file an Application for authority to amend its SAVE Plan pursuant to Va. Code § 56-604 B
PUE-2013-00016	In the matter of amending regulations to include new UAF division of SCC
PUE-2013-00017	Western Virginia Water Authority and Weatherwood Water System Association Company - Petition for approval of a transfer of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia

PUE-2013-00018	Aqua Virginia, Inc. and B&J Enterprises, L.C. - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2013-00019	Kentucky Utilities Company d/b/a Old Dominion Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2013-00020	Application of Virginia Electric and Power Company For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia
PUE-2013-00021	Appalachian Natural Gas Distribution Company - Motion for a Waiver regarding its Annual Information Filing
PUE-2013-00022	Aqua Virginia Utilities, Inc. d/b/a Aqua Virginia - Notification of Rate Increase
PUE-2013-00023	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For approval of Rate Adjustment Clause Pursuant to § 56-585.1 A 4 of the Code of Virginia
PUE-2013-00024	Columbia Gas of Virginia Inc. - Application for Approvals under Chapter 4 of Title 56 of the Code of Virginia
PUE-2013-00026	Rappahannock Electric Cooperative - Petition for Authority to Acquire and Dispose of Utility Assets
PUE-2013-00027	Virginia Electric and Power Company - Application for approval of modifications to its Economic Development Rate, Rider EDR
PUE-2013-00028	Atmos Energy Corporation - for approval of utility financing
PUE-2013-00030	Virginia-American Water Company - Application for Approval to Issue Debt Securities
PUE-2013-00031	Lakeshore Terrace Corporation - Application for approval of the acquisition or disposition of utility securities filed pursuant to § 56-89 of the Code of Virginia
PUE-2013-00032	Central Virginia Electric Cooperative - Application for approval of a Prepaid Electric Service Tariff
PUE-2013-00033	Northern Neck Electric Cooperative - For authority to issue long-term debt
PUE-2013-00034	Columbia Gas of Virginia, Inc. - Application for approval of modifications to LNG related agreements with Columbia Gas Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2013-00035	Hess Energy Marketing, LLC - Application to Become a Competitive Service Provider of Natural Gas
PUE-2013-00036	AEP Appalachian Transmission Company, Inc. and Appalachian Power Company - for Approval and Certification of the Cloverdale Extra High Voltage Transmission Improvements Project under Title 56 of the Code of Virginia
PUE-2013-00037	Virginia Electric and Power Company and Dominion Resources, Inc. - Application for Approval of Authority to Continue and Inter-Company Credit Agreement
PUE-2013-00038	Atmos Energy Corporation - Application for approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia
PUE-2013-00039	Aqua Virginia Water Utilities, Inc. and St. Tammany Landing Property Owners Association, Inc. - Joint Petition for Approval of Transfer of Utility Assets
PUE-2013-00040	Massanutten Public Service Corporation - Annual Informational Filing for period ended December 31, 2012
PUE-2013-00041	Dale Service Corporation - Annual Informational Filing for the year ending December 31, 2012
PUE-2013-00042	Virginia Electric and Power Company - Application to revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2013-00043	Craig-Botetourt Electric Cooperative - Application for approval and consent to borrow funds from Co-Bank and $250 check for filing fee
PUE-2013-00045	Commonwealth of Virginia, *ex rel*. State Corporation Commission - Concerning the establishment of a pilot program for third party power purchase agreements
PUE-2013-00046	Columbia Gas of Virginia Inc. - 2012 Annual Informational Filing
PUE-2013-00047	Aqua Virginia, Inc. & Caroline Water Company, Inc. d/b/a Ladysmith Water Company - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2013-00048	Constellation Energy Gas Choice Inc. - Application for Competitive Service Provider Residential Authority and $250 check for application fee
PUE-2013-00049	Aqua Virginia Inc. - Petition for an Extension of Time and Partial Waiver of Rules 20 VAC 5-201-30 and 90
PUE-2013-00050	Virginia American Water Company and Dale Service Corporation - for approval of a change of control pursuant to the Utility Transfer Act, Va. Code § 56-88, *et seq*.
PUE-2013-00051	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to Engage in Affiliate Transactions
PUE-2013-00052	Rappahannock Electric Cooperative - General rate proceeding application
PUE-2013-00053	Virginia Electric and Power Company - Application for approval of an extension of special rates, terms and conditions pursuant to Code § 56-235.2 of the Code of Virginia
PUE-2013-00054	Virginia Natural Gas, Inc. - For approval of SAVE plan and rider pursuant to VA Code § 56-6004
PUE-2013-00055	Northern Virginia Electric Cooperative - Application for Approval of Pole Attachment Rates and Terms and Conditions under § 56-466.1 of the Code of Virginia
PUE-2013-00056	Keswick Estates Utilities, LLC - Application for Transfer of Assets
PUE-2013-00057	Appalachian Power Company - Application for Certificate of Public Convenience and Necessity to convert Units 1 and 2 of the Clinch River Plant to use natural gas rather than coal as fuel
PUE-2013-00060	Virginia Electric and Power Company - Application of or revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the Rate Year Commencing April 1, 2014
PUE-2013-00061	Virginia Electric and Power Company - Application for revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center, for the Rate Year Commencing April 1, 2014
PUE-2013-00062	Central Water Systems Inc. and Isle of Wight County - Application for Transfer of a Public Utility
PUE-2013-00063	Washington Gas Light Company - Petition for a Declaratory Judgment
PUE-2013-00064	Virginia Electric and Power Company and STIHL Incorporated - for approval of the sale and purchase of utility assets pursuant to Virginia Code § 56-88 *et seq*.
PUE-2013-00065	Virginia Electric & Power Company - Application for revision of rate adjustment clause: Rider W, Warren County Power Station, for the Rate Year Commencing April 1, 2014
PUE-2013-00066	Southside Electric Cooperative - Application for approval to implement a new demand-site management program including promotional allowances
PUE-2013-00067	Appalachian Natural Gas Distribution Company - Application for authority under Chapter 4 of Title 56 of the Code of Virginia to engage in certain affiliates transactions
PUE-2013-00068	Atmos Energy Corporation - Application for approval of a SAVE Plan and Rider
PUE-2013-00069	NiSource Inc., Columbia Energy Group and NiSource Gas Distribution Group, Inc. - Joint Petition for approval of a transfer of control under Chapter 5 of Title 56 of the Code of Virginia
PUE-2013-00071	Elizabeth River Crossings OpCo, LLC - Petition for Determination of Plan for Utility Crossing pursuant to § 56-570 of the Code of

	Virginia
PUE-2013-00072	Virginia Electric and Power Company d/b/a Dominion Virginia Power - application/petition pursuant to § 56-585.1 A 5 of the Code of Virginia
PUE-2013-00073	XOOM Energy Virginia LLC - Application for license to do business as a Competitive Natural Gas Service Provider and $250 check for filing fee
PUE-2013-00074	Wee Care Academy Inc. - Formal Complaint against Dominion Virginia Power
PUE-2013-00075	Virginia Electric and Power Company and Rappahannock Electric Cooperative - Joint Petition for approval of the sale and purchase of utility assets
PUE-2013-00076	Roanoke Gas Company - Expedited Rate Case
PUE-2013-00077	Washington Gas Light Company - Application for Approval of Service Agreement between Washington Gas Light Company and WGL Midstream CP, LLC
PUE-2013-00078	Roanoke Gas Company - Application to Update SAVE Rider
PUE-2013-00079	Southside Electric Cooperative - Notice of intent to file a rate proceeding application on or about November 1, 2013
PUE-2013-00080	BARC Electric Cooperative - Petition Requesting Long-Term Loan
PUE-2013-00081	Aqua Virginia Inc., *et al.* and Presidential Service Company Tier II, Inc. - Joint Petition of Approval of a Transfer of Utility Assets
PUE-2013-00082	Columbia Gas of Virginia, Inc. - Application for Authority to Enter Into a Capital Lease
PUE-2013-00083	Appalachian Power Company - Application for approval to terminate its Peak Shaving Demand Response Rider
PUE-2013-00084	Columbia Gas of Virginia, Inc. - Application for authority to eliminate Quarterly Off-System Sales and Capacity Release Reports
PUE-2013-00085	Appalachian Power Company - Application for Expedited Approval to Modify the Economic Development Rider
PUE-2013-00086	Columbia Gas of Virginia, Inc. - Application for approval to implement a 2014 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with § 20 of its General Terms and Conditions
PUE-2013-00087	Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc. and Aqua Presidential, Inc. - Joint Petition for approval of a services agreement
PUE-2013-00088	Virginia Electric and Power Company - Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq*.
PUE-2013-00090	Colonial Energy Inc. - Application for a license to conduct business as a competitive service provider in the State of Virginia
PUE-2013-00091	Roanoke Gas Company - Application for a modification to the SAVE Plan and Rider
PUE-2013-00092	Central Virginia Electric Cooperative - Application for Approval of the $22,100,000 Rural Utilities Service Guaranteed Federal Financing Bank Long-Term Construction Loan
PUE-2013-00093	Reston RELAC LLC, Mark Waddell, Craig Nyman and Michael Coleman - Joint Application for approval of Affiliate Agreement
PUE-2013-00094	Western Virginia Water Authority and Trustee in Liquidation of Royal Estates Water Corporation - Petition for approval of a transfer of a public utility
PUE-2013-00095	Appalachian Natural Gas Distribution Company - Appalachian for authority to enter into a tax allocation affiliate agreement under Chapter 4, Title 56 of the Code of Virginia
PUE-2013-00096	Shenandoah Valley Electric Cooperative - Petition for Redress with Respect to a Serious Medical Condition form Submitted by Christine M. Peacoe
PUE-2013-00097	Appalachian Power Company - 2013 Integrated Resource Plan
PUE-2013-00098	Kentucky Utilities Company d/b/a Old Dominion Power Company - Integrated Resource Plan
PUE-2013-00099	Washington Gas Light Company - Application for approval of the SAVE Rider for calendar year 2014
PUE-2013-00100	CCA Resort Holdco LLC and OMNI Homestead Inc. - Joint Petition for Approval under the Utility Transfers Act, § 56-88 *et seq*. of the Code of Virginia
PUE-2013-00101	5Linx Enterprises, Inc. - Application for Authorization to Provide Natural Gas Aggregator Services in the State of Virginia
PUE-2013-00102	Ambit Northeast LLC d/b/a Ambit Energy - Application for License as a Competitive Service Provider of Natural Gas and $250 check for filing fee
PUE-2013-00103	Appalachian Power Company - Application for Approval of Affiliate Transaction
PUE-2013-00104	Green Energy Partners /Stonewall, LLC - Application for CPCN for 750 MW electric generating facility in Loudoun Co.
PUE-2013-00105	Green Valley Hydro, LLC and PE Hydro Generation, LLC - Petition for approval of the transfer of generating facilities and for certification of the facilities
PUE-2013-00107	Sommersby Water Company - Application for an expansion of service area
PUE-2013-00108	Hess Energy Marketing LLC - Application pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly for approval of demand response programs to be offered to retail customers
PUE-2013-00109	Columbia Gas of Virginia, Inc. - Application for approval of an FTS Service Agreement with Columbia Gas Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2013-00110	Virginia Electric and Power Company - For approval and Certification of Electric Facilities Loudoun - Pleasant View 500 kV Line #558 Rebuild
PUE-2013-00111	Appalachian Power Company - Notice of Intent to File Petition for Approval of a Transmission Rate Adjustment Clause
PUE-2013-00112	Aqua Virginia Inc. and Roger Lee Crawford, Jr. - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2013-00113	Appalachian Natural Gas Distribution Company - Application for Approval of a Certificate of Public Convenience and Necessity to provide Natural Gas Services Pursuant to Va. Code § 56-265.3
PUE-2013-00114	Columbia Gas of Virginia Inc. - for Authorization to Amend its Conservation And Ratemaking Efficiency (CARE) Plan pursuant to Chapter 25 of Title 56 of the Code of VA
PUE-2013-00115	Appalachian Power Company - Application and exhibits under Chapter 3 of Title 56 of the Code of Virginia and $250 check for filing fee
PUE-2013-00116	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - Application for Authority to Incur Short-Term Indebtedness with an Affiliate Pursuant to Chapters 3 and 4 of Title 56 of the Virginia Code
PUE-2013-00117	Central Virginia Electric Cooperative and Virginia Electric and Power Company - For revision of boundary lines
PUE-2013-00118	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Dooms-Lexington 230 kV Transmission Line
PUE-2013-00119	Aqua Virginia Inc. and Botetourt Forest Water Corporation - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2013-00120	ARM Energy Management LLC - For license to conduct business as a competitive service provider for natural gas
PUE-2013-00121	Southwestern Virginia Gas Company - Annual Informational Filing
PUE-2013-00122	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2014

PUE-2013-00123	Aqua Virginia Inc. - 2013 Annual Informational Filing (AIF)
PUE-2013-00124	Atmos Energy Corporation - Notice of Expedited Rate Application
PUE-2013-00125	BARC Electric Cooperative - for authority to incur additional long-term debt
PUE-2013-00126	Appalachian Power Company - for Approval and Certification of the South Lynchburg Area Improvements 138 kV Project
PUE-2013-00127	Community Electric Cooperative - For authority to issue long-term debt
PUE-2013-00128	Anderson Propane Service, Inc. - Application for permission to abandon non-utility gas service, remove certain facilities and surrender authority as non-utility as service provider
PUE-2013-00129	Virginia Natural Gas Inc., *et al.* - Application 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-2013-00130	Kentucky Utilities d/b/a Old Dominion Power Company, Louisville Gas and Electric Company and LG&E and KU Services Company – Verified Joint Application to Amend Cost Allocation Manual
PUE-2013-00131	Virginia-American Water Company and Dale Service Corporation - Application for authority to enter into an Affiliate Agreement
PUE-2013-00132	Shenandoah Valley Electric Cooperative - general rate request
PUE-2013-00133	Application of Appalachian Power Company for Approval and Certification of the Cloverdale-Lexington 500 kV Transmission Line Reconductoring Project under Title 56 of the Code of Virginia
PUE-2013-00134	Virginia Electric and Power Company - For Authority to Issue $3.5 Billion in Debt & Preferred Securities & to Establish Trust Financing Facilities Pursuant to Chapter 3 & Chapter 4 of Title 56 of the Code of Virginia of 1950, as amended
PUE-2013-00135	Columbia Gas of Virginia, Inc. - Application for approval of a FTS Service Agreement with Columbia Gas Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2013-00136	Atmos Energy Corporation and Atmos Energy Marketing, LLC - Joint Application for authority to enter into a Gas Supply and Asset Management Agreement
PUE-2013-00137	Atmos Energy Corporation and Atmos Energy Marketing LLC - for authority to enter into a Gas Purchase Agreement pursuant to Va. Code § 56-76 *et seq*.
PUE-2013-00138	Columbia Gas of Virginia and Washington Gas and Light Co. - boundary line change between gas utilities
PUE-2013-00139	Toll Road Investors Partnership II, L.P. - Application for an increase in tolls pursuant to § 56-542 of the Virginia Code

SEC: DIVISION OF SECURITIES AND RETAIL FRANCHISING

SEC-2009-00061	Michael F. Harris - Alleged violation of VA Code § 13.1-507
SEC-2012-00015	Jani-King of Washington D.C., Inc. - Alleged violation of VA Code § 13.1-563(2)
SEC-2012-00025	FoodNet Franchising, Inc. & John A. Felico - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
SEC-2012-00031	Gibson Design Management, Inc. - Alleged violation of VA Code § 13.1-507
SEC-2012-00036	Capital Business Brokers, LLC - Alleged violation of VA Code §§ 13.1-560 *et al.*
SEC-2012-00041	Tengfei, Inc. - Alleged violation of VA Code §§ 13.1-563 and 13.1-568
SEC-2012-00042	AAMCO Transmissions, Inc. - Alleged violation of VA Code § 13.1-563.2
SEC-2012-00048	Atlantic Sun Control, Inc. & Brien Looney - Alleged violation of VA Code §§ 13.1-560 and 13.1-563(4) (ii)
SEC-2012-00052	Home Video Franchise Corp. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
SEC-2013-00001	MicroCredit Enterprises - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00002	Brooklyn Water Bagel Franchise Co., Inc. and Dr. Joseph West - Alleged violation of VA Code § 13.1-570 and 21 VAC 5-110-40
SEC-2013-00003	Neal Woodard & James Crawford - Alleged violation of VA Code § 13-502 (2)
SEC-2013-00004	Go Mini's Franchising, LLC & Go Mini's, LLC and William G. Norris, Jr. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
SEC-2013-00005	Fundrise 906 H Street NE, LLC - For qualification order
SEC-2013-00006	EWC Franchise, LLC - Alleged violation of VA Code §§ 13.1-563.4 *et al.*
SEC-2013-00007	Chanello's International, Inc. - Alleged violation of VA Code §§ 13.1-560 *et al.*
SEC-2013-00009	Baptist General Conference Cornerstone Fund, d/b/a Coverage Cornerstone Fund - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00011	Results Tax Liens Management, LLC & Results Auctions, LLC, Clifton Ray Kaderli and Adolf Crosby Wood - Alleged violation of VA Code §§ 13.1-507 *et al.*
SEC-2013-00012	All About Honeymoons Franchise Corporation - Alleged violation of VA Code §§ 13.1-560 *et al.*
SEC-2013-00013	Royal Wealth Management, Inc. d/b/a Northstar Capital - Alleged violation of VA Code § 13.1-504 C
SEC-2013-00014	Chantilly Bible Church - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00016	Mission Investment Fund of the Evangelical Lutheran Church in America - For order of exemption pursuant to VA Code §13.1-514.1 B
SEC-2013-00017	Any Test Franchising, Inc. & Joseph Neely - Alleged violation of VA Code §§ 13.1-563(2) and 13.1-563(3)
SEC-2013-00018	Cathedral Capital Management, LLC & Alice Bayer Middleton - Alleged violation of VA Code § 13.1-506
SEC-2013-00019	Mark Gowin - Alleged violation of 21 VAC 5-20-280 B (6) *et al.*
SEC-2013-00020	Brazelton Loan Partners & Don Brazelton - Alleged violation of VA Code §§ 13.1-502, 13.1-504 and 13.1-507
SEC-2013-00021	Hosanna Victory Church - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00022	Aegis Capital Corporation - Alleged violation of 21 VAC 5-20-65(2)
SEC-2013-00023	Heritage Financial Systems, Inc. & Brian K. Lureen - Alleged violation of VA Code § 13.1-502 (2) and 21 VAC 5-20-280
SEC-2013-00025	Pamela S. Smith & Timothy Patterson - Alleged violation of VA Code § 13.1-507
SEC-2013-00026	RBC Capital Markets, LLC - Alleged violation of VA Code § 13.1-504 A
SEC-2013-00027	Alexander Perry Corporation & Bryan A. Perry - Alleged violation Rules 21 VAC 5-80-20 A 1 and B 1 *et al.*
SEC-2013-00028	UBS Financial Services, Inc. - Alleged violation of VA Code §§ 13.1-504 *et al.*
SEC-2013-00030	Lutheran Church Extension Fund - Missouri Synod - For order granting exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00032	WELS Church Extension Fund - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2013-00035	Paul Souder - Alleged violation of VA Code §§ 13.1-504 and 13.1-503
SEC-2013-00037	Enterprise Community Loan Fund, Inc. - For order of exemption pursuant to VA Code Sec 13.1-514 1 B
SEC-2013-00039	Fundrise 1539 7th Street NW, LLC - For qualification of registration of securities pursuant to VA Code § 13.1-510

URS:	DIVISION OF UTILITY AND RAILROAD SAFETY
URS-2011-00100	Mainstream KDL, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2011-00423	Seaflor Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 B
URS-2012-00012	Shirley Contracting Company, LLC - Alleged violation of VA Code § 56-265.24A and 20 VAC 5-309-140 3
URS-2012-00090	WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2012-00180	Bowers Hill Construction Company - Alleged violation of VA Code §§ 56-265.17 A, 56-265.24 A and 20 VAC 5-309-140 4
URS-2012-00210	Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2012-00227	East Coast Fence & Deck, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2012-00250	Thomas Builders of Virginia Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2012-00251	Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192 *et seq.*
URS-2012-00255	Donald Chavez - Alleged violation of VA Code § 56-265.17 A
URS-2012-00296	Linco Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2012-00300	Strayseed Landscaping & Design - Alleged violation of VA Code § 56-265.17 A
URS-2012-00320	Shirley Contracting Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2012-00331	Stockner's Rockville Nurseries, Inc. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2012-00334	Atlantic Clearing & Grading Co - Alleged violation of VA Code § 56-265.17 A
URS-2012-00348	Global Services & Systems, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2012-00359	M W Construction Services, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2012-00374	Utiliquest, LLC - Alleged violations of VA Code § 56-265.19 A
URS-2012-00393	MCI Communications Services, Inc. - Alleged violation of VA Code §§ 56-265.17 C and 56-265.19 A
URS-2012-00396	Merrifield Garden Center Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2012-00398	Computer Cabling and Telephone Services, Inc. t/a Computer Cabling & Technology Services - Alleged violation of VA Code §§ 56-265.17 D and 56-265.24 A
URS-2012-00403	Michael & Son Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2012-00408	Gaston Brothers Utilities, LLC - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 5
URS-2012-00410	Syd's Plumbing & Repairs - Alleged violation of VA Code § 56-265.17 A
URS-2012-00412	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 H
URS-2012-00424	Pearson Construction, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 3
URS-2012-00429	Ironhorse Const. Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2012-00433	Cable Protection Services, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2012-00436	AMW of Tidewater, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2012-00440	Southern Casting & Masonry - Alleged violation of VA Code § 56-265.17 A
URS-2012-00443	Skanska USA Building - Alleged violation of VA Code § 56-265.17 A
URS-2012-00446	Chirico Construction - Alleged violation of VA Code § 56-265.17 A
URS-2012-00447	All Total Service Plumbing - Alleged violation of VA Code § 56-265.17 A
URS-2012-00448	Virginia Cable Constructors, LLC - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2012-00449	Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2012-00450	Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2012-00451	Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2012-00453	Parr Renovations, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2012-00454	Arlington Fence Company - Alleged violation of VA Code § 56-265.17 A
URS-2012-00455	Long Fence Company, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2012-00457	RP Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2012-00459	Innovative Construction Concepts, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2012-00460	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2012-00461	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
URS-2012-00462	Atmos Energy Corporation - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2012-00463	Larry Leonard Construction - Alleged violation of VA Code § 56-265.17 A
URS-2012-00464	S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.17 C *et al.*
URS-2012-00465	NuStar Terminals Operations Partnership, L.P. - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2013-00001	Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192 *et seq.*
URS-2013-00002	Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00003	Capital Masonry, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00004	Cardinal Green Landscaping, LLC - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00005	Carter Brothers Fence Co. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00006	Interstate Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00008	Shirley Contracting Company, LLC t/a Metro Earthworks - Alleged violation of VA Code § 56-265.24 A
URS-2013-00009	Renxi Lu - Alleged violation of VA Code § 56-265.17 A *et al.*
URS-2013-00010	Ruppert Landscape, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00011	Seneca Excavation & Landscaping, Inc. - Alleged violation of VA Code 56-265.17 A
URS-2013-00012	The Anderson Company, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00013	English Construction Company, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00014	Sagres Construction Corporation - Alleged violation of VA Code §§ 56-265.24A, 20VAC5-309-140.2 and 20VAC5-309-140.4
URS-2013-00015	Whitener & Jackson, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00016	Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.17:3
URS-2013-00017	Virginia Electric and Power Company - Alleged violation of VA Code §§ 56-265.24 D *et al.*
URS-2013-00018	Accumark Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00019	Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17A
URS-2013-00020	GDNL LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00021	Better Electric Inc. t/a Best Electric - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00022	Blakeway Corporation - Alleged violation of VA Code § 56-265.17A
URS-2013-00023	Dependable Home Service - Alleged violation of VA Code § 56-265.17A
URS-2013-00025	Jim Bertolino Plumbing and Drain Service Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00026	Lakeside Concrete Enterprises Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00027	Master Electrical Services LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00028	Noah's Plumbing - Alleged violations of VA Code § 56-265.17A and 56-265.24A
URS-2013-00029	Pipes Plumbing Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00030	Premier Painting Services, LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00031	Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.17D
URS-2013-00032	Sandy Bay Investments, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00034	Southeast Connections LLC - Alleged violation of VA Code § 56-265.19A
URS-2013-00035	Griggs Construction - Alleged violation of VA Code § 56-265.24 A
URS-2013-00036	The Fishel Company - Alleged violation of VA Code § 56-265.24 A
URS-2013-00037	W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00039	W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00040	Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2013-00041	Down Below, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00042	C. G. Hairston - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00043	Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
URS-2013-00045	Credle Concrete, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00046	De-Tech Services, Inc. - Alleged violation of VA Code § 56-2665.19 A
URS-2013-00047	Eminent Electrical Technologies Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00048	Garrett Johnson, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00049	Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00051	Howard Bros. Paving - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00052	Walter C. Via Enterprises, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00053	L&H Company of Montross, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.90A
URS-2013-00054	New River Electrical Corporation - Alleged violation of VA Code § 56-265.17A
URS-2013-00056	SGM Excavating - Alleged violation of VA Code §§ 56-265.24, 20 VAC 5-309-140.3 and 20 VAC 5-309-140.4
URS-2013-00057	Southern Well Drilling, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00058	Thomas Brothers, Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140.4
URS-2013-00059	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19A
URS-2013-00060	Skanska USA Civil Southeast Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
URS-2013-00061	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19A 20 VAC 5-309-110.A
URS-2013-00062	T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00063	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00064	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00065	Ultimate Pools, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00066	Promark Utility Locators, Inc. c/o Consolidated Utility Services, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00067	D&F Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00068	Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.17C and 56-265.19A
URS-2013-00070	Allen Construction Company, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00071	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00072	PCM Construction Inc. t/a PCM Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00073	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00074	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00075	Fiber Technologies, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00076	Coastline Cable Services, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00077	Accumark, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00078	Counts & Dobyns, Inc - Alleged violation of VA Code § 56-265.24A
URS-2013-00079	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.24A and 56-265.19A
URS-2013-00080	S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19A and 56-265.17C
URS-2013-00081	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19A and 56-265.17C
URS-2013-00082	Promark Utility Locators, Inc. c/o Consolidated Utility Services, Inc. - Alleged violation of VA Code §§ 56-265.19A and 56-265.17C
URS-2013-00084	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00086	Underground Solutions, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00087	WCC Cable, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00089	RER Underground LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00091	Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.17B.1
URS-2013-00092	Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00093	W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00094	Makco, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00095	Innerview, Ltd - Alleged violation of VA Code § 56-265.24C
URS-2013-00096	Commercial Concrete Solutions, LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00097	Burke Concrete Construction, LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00098	Smartech Communications, LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00099	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00100	NPL Construction Co - Alleged violation of VA Code § 56-265.24A
URS-2013-00101	Meade Contracting Company - Alleged violation of VA Code § 56-265.24A

URS-2013-00102	J. W. Townsend, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00103	F L Logan & Sons Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00104	E. C. Pace Company, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00105	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00106	DLB, Inc. - Alleged violation of VA Code § 56-265.18 20VAC 5-309-180
URS-2013-00107	Peters and White Construction Company - Alleged violation of VA Code §§ 56-265.17B.2 and 56-265.24A
URS-2013-00108	Warrco, Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140.4
URS-2013-00109	Worley Turf & Irrigation, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00110	Witte Home Solutions, LLC - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00111	Trafford Corporation - Alleged violation of VA Code § 56-265.19A
URS-2013-00112	Thompson Electric Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00113	Southeast Connections LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00114	Selective Demolition LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00115	Nova Property Services LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00116	M. Wilton Construction Company - Alleged violation of VA Code § 56-265.17A
URS-2013-00118	D&M Concrete Construction Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00119	Hemax Construction Services & Landscaping LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00120	American Infrastructure-VA Inc. - Alleged violation of VA Code § 56-265.24A and 20 VAC 5-309-140.4
URS-2013-00121	A & W, LLC - Alleged violation of VA Code § 56-265.24A and 20 VAC 5-309-140.4
URS-2013-00122	Precon Construction Company - Alleged violation of VA Code § 56-265.24A
URS-2013-00123	G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00124	Basic Construction Company, LLC - Alleged violation of VA Code § 56-265.24A and 20 VAC 5-306-140.4
URS-2013-00125	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00126	Builders Choice Excavating, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00127	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00128	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2013-00129	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00130	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2013-00131	Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 B
URS-2013-00132	Peed Plumbing, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00133	J & F Specialties, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00134	Arthur Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 *et al.*
URS-2013-00135	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00137	S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00138	Rockett's Additions and Concrete - Alleged violation of VA Code § 56-265.17 A
URS-2013-00139	Henkels & McCoy, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00140	William B. Hopke Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00141	Wayne Gentry Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00142	Smartech Communications, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00143	Parkway Construction & Associates, L. P. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00144	Linco Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00146	JWS Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00147	JC Plumbing Enterprise LLC - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00148	Fencing Unlimited, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2013-00150	Roanoke Gas Company - Alleged violation of VA Code §§ 56.265-1A *et al.*
URS-2013-00151	JNET Communications, I LLC - Alleged violation of VA Code § 56-265-24 A
URS-2013-00152	Crews Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00153	Fiber Technologies, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00154	Consolitech International L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00155	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00156	William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00157	Property Preservation Specialist Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00158	Lucht's Lawn & Tree Service, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00159	JC Roman Construction Co, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00160	Interstate Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00161	Chamberlin - Washington, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00162	Accokeek Fence Company, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00163	Tradewinds Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00164	T. Wilder Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00165	Procom Utility - Alleged violation of VA Code § 56-265-17 A
URS-2013-00166	Oscar Shane Perkins, individually and t/a Perkins Remodeling - Alleged violation of VA Code § 56-265.17 A
URS-2013-00168	Landmark Property Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00169	Hill Electrical, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00170	Dorey Electric Company - Alleged violation of VA Code § 56-265.17 A
URS-2013-00171	Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00172	Abrynn Homes, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00175	Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2013-00176	Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
URS-2013-00177	AllSite Contracting, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
URS-2013-00178	Underground Solutions of NC, LLC - Alleged violation of VA Code §§ 265.24 A *et al.*

URS-2013-00179	Worley Turf & Irrigation, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00180	Trafford Corporation - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00181	Tidal Construction Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00182	OCS of Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00183	Nova Property Services, LLC - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00184	National Turf, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00185	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00186	Jonathan Shazier - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00187	Infrasource Construction Services, LLC - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00188	American Infrastructure-VA, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2013-00189	Southeast Connections LLC - Alleged violation of VA Code § 56-265.19 A
URS-2013-00190	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2013-00192	Solomons Builders, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00193	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00195	T. F. Construction LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00196	Macsons, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2013-00197	Shoops Plumbing, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00198	S&S Tree Service Norfolk - Alleged violation of VA Code § 56-265.17B.1
URS-2013-00199	Lyttle Utilities, Incorporated - Alleged violation of VA Code § 56-265.24 A
URS-2013-00200	Precision Construction and Management Group, LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00202	Potomac Concrete Co., Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140.5
URS-2013-00203	New York Excavation, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00205	M & F Concrete, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00207	Go Green Electric, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00208	E. R. Batten Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00209	Job Care, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00210	J. L. Tree Service, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00211	Atlantic Foundations, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00213	G & E Communications, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00214	S. J. Conner and Sons Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00216	GDC Contractors, Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140.2
URS-2013-00217	F. D. Neal Construction Ltd. - Alleged violation of VA Code § 56-265.17A
URS-2013-00218	Penn Forest Services - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00219	Dirt Peddlers Trucking Co., Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00221	Martin's Septic Service, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00222	Ducts Unlimited Corp Name DU, LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00223	Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24A 20 and VAC 5-309-140.4
URS-2013-00224	Bright Masonry, Incorporated t/a Bright Construction Group - Alleged violation of VA Code § 56-265.17A
URS-2013-00225	Sean Hughes - Alleged violation of VA Code § 56-265.17 A
URS-2013-00226	Bell Bros. Inc. - Alleged violation of VA Code § 56-265.24A and 20 VAC 5-309-140.3
URS-2013-00228	Pruetts Excavating - Alleged violation of VA Code § 56-265.17 A
URS-2013-00229	Allied Concrete Company - Alleged violation of VA Code § 56-265.17A
URS-2013-00230	Matthew Martin General Contracting, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00231	L. A. S. Trucking & Construction, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00232	Haven Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00233	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19A
URS-2013-00234	S&N Locating Services LLC - Alleged violation of VA Code §§ 56-265.19A and 56-265.19A
URS-2013-00235	GreyStar Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00236	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00237	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19A and 56-265.17C
URS-2013-00238	Virginia Natural Gas Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00239	Accumark, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00240	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00241	Bowers Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24D and 56-265.24A
URS-2013-00242	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00243	E. T. Gresham Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2013-00244	Cable Protection Services Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00245	Blackstone Construction of Virginia, Inc. t/a Blackstone Paving, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00246	S. D. Carson Contracting, Inc. t/a Steve Carson & Son Plumbing - Alleged violation of VA Code § 56-265.17 A
URS-2013-00247	S.O.S. Plumbing Services, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00248	Site Improvement Associates, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00249	Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2013-00250	Tibbs Paving, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00251	Fielders Choice Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 B *et al.*
URS-2013-00252	Henkels & McCoy, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00253	S. J. Louis Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00254	NPL Construction Co. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00255	Martin and Gass, Incorporated - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00256	The Fishel Company - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00260	Jones & Smith Contractors, LLC - Alleged violation of VA Code § 56-265.17A

URS-2013-00261	JES Construction, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00262	J.P. Elliott, LLC - Alleged violation of VA Code § 56-265.17A 20 VAC 5-309-200
URS-2013-00263	Lee Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00265	East Coast Drilling and Trenching, LLC - Alleged violation of VA Code §§ 56-265.17A, 56-265.24A and 56-265.22C
URS-2013-00266	Earth and Turf, LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00267	Douglas Explosives, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00268	C Mike Roach, Inc - Alleged violation of VA Code § 56-265.17A
URS-2013-00269	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00270	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00271	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2013-00272	Fielders Choice Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 B *et al.*
URS-2013-00273	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00274	S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00275	Berkshire Excavating, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00276	Woodlawn Construction Company - Alleged violation of VA Code § 56-265.18
URS-2013-00277	NPL Construction Company - Alleged violation of VA Code § 56-265.24C
URS-2013-00278	Lineal Industries, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00279	Vico Construction Corporation - Alleged violation of VA Code § 56-265.24A
URS-2013-00280	Underground World, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00283	S. J. Louis Construction, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00284	Gaston Brothers Utilities, LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00285	Gloucester Lawn Maintenance, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00286	Computer Cabling & Technology Services t/a Computer Cabling and Telephone Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00287	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-264.24A 20 VAC 5-309-140(4)
URS-2013-00288	Peters and White Construction Company - Alleged violation of VA Code § 56-265.24A
URS-2013-00289	G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140(3)
URS-2013-00291	T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00292	Community Housing Partners Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2013-00293	New Technologies Construction Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00294	Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00295	Keith M. MacDonald - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00296	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A *et al.*
URS-2013-00297	DLB, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2013-00298	The Custom Sign Shop LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00299	Nichols Construction, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00300	Linco, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00301	Hubbard Excavating & Hauling, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00302	Brooks Construction - Alleged violation of VA Code § 56-265.17 A
URS-2013-00303	Allegheny Construction Company, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00304	A & P Services, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00305	Williams Concrete Co. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00306	Wheat Concrete Services - Alleged violation of VA Code § 56-265.17 A
URS-2013-00308	Soils and Environmental Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00309	Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00310	Red Oak Construction Group, LLC - Alleged violation of VA Code § 56-265.17 D
URS-2013-00311	Realty SignPost, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00312	Ex Parte: In the matter concerning Rules implementing the State Corporation Commission's authority to enforce the Underground Utility Damage Prevention Act
URS-2013-00313	New Technologies Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00315	P. J. Cable Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00317	A & M Concrete Corp. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00318	Advanced Electrical Contractors, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00319	Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00321	Complete Lawn Service, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2013-00322	Dittmar Company - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00323	Ducts Unlimited - Alleged violation of VA Code § 56-265.24 A
URS-2013-00324	Fairfield Development, LP - Alleged violation of VA Code § 56-265.24 A
URS-2013-00325	Four Points Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00326	GDC Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00327	Marvin S. Nativi - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00328	National Cable Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00329	Remodel USA, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2013-00330	RONAP General Contractors, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00331	Woodlawn Construction Company, Inc. - Alleged violation of VA Code § 56-265.18
URS-2013-00332	Axis Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00333	Branscome Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00335	East Coast Fence & Deck, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00336	Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00337	MCC Acquisition, LC - Alleged violation of VA Code §§ 56-265.24 A *et al.*

URS-2013-00339	Penn Forest Services - Alleged violation of VA Code § 56-265.24A
URS-2013-00340	Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
URS-2013-00341	Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00342	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00343	W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00344	The Fishel Company - Alleged violation of VA Code § 56-265.24 A
URS-2013-00345	Stealth Construction, Incorporated - Alleged violation of VA Code § 56-265.140
URS-2013-00347	Jones Homes Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00348	Woodlawn Communication LLC - Alleged violation of VA Code § 56-265.17C
URS-2013-00349	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2013-00350	Underground World, Inc. - Alleged violation of VA C ode § 56-265.140
URS-2013-00351	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.150
URS-2013-00352	DCI/Shires, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00353	D&F Construction, Inc. - Alleged violation of VA Code § 56-265.18, 180
URS-2013-00354	DLB, Inc. - Alleged violation of VA Code §§ 56-265.24 B *et al.*
URS-2013-00355	Elliott Electric Service, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00356	Accumark, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00357	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00358	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19A
URS-2013-00359	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19A
URS-2013-00360	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.160.19A
URS-2013-00361	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00362	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19A
URS-2013-00363	KCC Holdings, Incorporated - Alleged violation of VA Code § 56-265.24A
URS-2013-00364	Vico Construction Corporation - Alleged violation of VA Code § 56-265.18
URS-2013-00365	Abby Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24A and 56-265.24B
URS-2013-00366	Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00367	Civil Construction, LLC - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00368	F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24A
URS-2013-00369	Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00371	DLB, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2013-00372	Jack St. Clair, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00373	Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00374	Martinez Construction of Roanoke LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00375	Phelps Construction - Alleged violation of VA Code § 56-265.17 A
URS-2013-00376	Roger L. Hale, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00378	T. C. Sewer & Water - Alleged violation of VA Code § 56-265.17 A
URS-2013-00379	Bill Robinson & Son Paving - Alleged violation of VA Code § 56-265.17 A
URS-2013-00380	C & D Excavating, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00381	Facchina Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00382	Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code §§ 56-265.17 B. 1 *et al.*
URS-2013-00383	Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00384	Basic Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00385	Bay Concrete Construction Co. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00386	C. A. Barrs Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00388	Four C Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2013-00390	H & P Electric, Co. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00392	National Turf, Inc. t/a National Turf Irrigation - Alleged violation of A Code §§ 56-265.24 A *et al.*
URS-2013-00393	Special Events Entertainment, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00394	Stephen Boone & Associates, P.C. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00395	T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00396	The Fishel Company - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00397	The Lindsay Corporation of VA, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00398	W. E. (Billly) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00399	Classic City Mechanical, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00400	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00401	Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00402	Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00403	S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00404	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00405	Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00406	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00407	S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00409	Appalachian Power Company - Alleged violation of VA Code § 56-265.17 A
URS-2013-00410	Blair Construction, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00413	Pine Knoll Construction Co. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00414	Nickelston Industries, Inc. - Alleged violation of VA Code § 56-265.24 F
URS-2013-00416	DLB, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00418	Southland Contracting, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A
URS-2013-00421	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19A

URS-2013-00422	S Lewis Lionberger Construction Co t/a Lionberger Construction Company - Alleged violation of VA Code §§ 56-265.17A and 56-265.24B
URS-2013-00423	B. T. Paving, Incorporated - Alleged violation of VA Code § 56-265.17A
URS-2013-00424	Linco Inc. - Alleged violation of VA Code § 56-265.24E
URS-2013-00425	Garcia Cable, Inc. - Alleged violation of VA Code §§ 56-265.24A and 56-265.24E
URS-2013-00426	Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code §§ 56-265.24A and 56-265.24E
URS-2013-00428	Demolition Services Incorporated - Alleged violation of VA Code § 56-265.24E
URS-2013-00429	Lineal Industries, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00430	Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00431	Atlas Plumbing, LLC - Alleged violation of VA Code §§ 56-265.17 B 1 and 56-265.24A
URS-2013-00432	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24A
URS-2013-00433	K. P. Glass Construction, Incorporated - Alleged violation of VA Code § 56-265.24A
URS-2013-00434	Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00436	S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00437	Fairfax Fence - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00438	W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00439	Virginia Equipment and Development, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00440	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2013-00441	Stat Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00442	Service Electrical Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00443	Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2013-00448	Gill Plumbing Company - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00449	CWI, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00450	Basic Construction Company, LLC t/a Basic Construction Company - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00451	Barfield Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00452	All Star Underground, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2013-00455	Creative Rain Irrigation & Grading, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00456	D&F Construction, Inc. - Alleged violation of VA Code §§ 56-265.17 D *et al.*
URS-2013-00458	Shreve/McGonegal Management, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00459	Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2013-00461	Bay Environmental Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00462	Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00463	Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A *et al.*
URS-2013-00466	DeWeese Construction Co. - Alleged violation of VA Code § 56-265.17A
URS-2013-00468	E. C. Pace Company, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00469	Edwards Telecommunications, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00470	G. & H. Contracting, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00471	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00475	Casper Colosimo & Son Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00476	Crigger Contracting, Inc. - Alleged violation of VA Code § 56-265.17A
URS-2013-00483	Yunker Enterprises - Alleged violation of VA Code § 56-265.17A
URS-2013-00484	Accumark, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00489	Blue Sky Landscaping LLC - Alleged violation of VA Code § 56-265.17A
URS-2013-00491	Junior Hancock Backhoe Service - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00492	Chesapeake Bay Contractors, Inc. - Alleged violation of VA Code § 56-265.24A
URS-2013-00493	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00494	Linco, Inc. - Alleged violation of VA Code §§ 56-265.18 *et al.*
URS-2013-00495	MCC Acquisition, LC t/a Virginia-Carolina Paving, Co. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00496	Monterrey Concrete LLC - Alleged violation of VA Code § 56-265.17 A
URS-2013-00499	Branscome, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2013-00501	CRS General Construction - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00502	EMCO, Inc. - Alleged violation of VA Code §§ 56-265.17 A *et al.*
URS-2013-00503	Heads-Up Sprinkler Systems, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00504	Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2013-00505	League Construction Company, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00513	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2013-00514	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2013-00518	Trafford Corporation - Alleged violation of VA Code § 56-265.24A
URS-2013-00519	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19A
URS-2013-00520	Lineal Industries, Inc. - Alleged violation of VA Code §§ 56-265.24 A *et al.*
URS-2013-00521	A. D. Perry & Sons Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A