

STATE CORPORATION COMMISSION



One Hundred Twelfth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2014

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2014*

To the Honorable Terence R. McAuliffe

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred twelfth Annual Report of the State Corporation Commission for the year 2014.

Respectfully submitted,

Judith Williams Jagdmann, Chairman

Mark C. Christie, Commissioner

James C. Dimitri, Commissioner

TABLE OF CONTENTS

Commissioners	1
Preface	2
Rules of Practice and Procedure	3
Leading Matters Disposed of by Formal Orders	15
Tables:	
Summary of the Changes in the Number of Virginia and Foreign Corporations and Other Types of Business Entities Licensed to do Business in Virginia, and of Amendments and Other Filings Related to the Organizational Documents of Virginia and Foreign Business Entities During 2013 and 2014	611
Fees Collected by the Clerk's Office, June 30, 2013, and June 30, 2014	613
Fees Collected by the Bureau of Financial Institutions, June 30, 2013, and June 30, 2014	614
Fees and Taxes Collected by the Bureau of Insurance, June 30, 2013, and June 30, 2014	614
Assessments of Value, Taxable Property, Public Service Corporations, 2013 and 2014	615
License Taxes Assessed, Public Service Corporations, 2013 and 2014	615
State Tax for Valuation and Rate Making, Utilities Companies, 2013 and 2014	615
Assessed Value, Property of Public Service Corporations for Local Taxation, By Cities and Counties, 2013 and 2014	616
Fees Collected by the Division of Securities and Retail Franchising for the years 2013 and 2014	618
2014 Proceedings and Activities by Divisions of the State Corporation Commission	
Division of Utility Accounting and Finance	619
Division of Communications	620
Division of Energy Regulation	621
Bureau of Financial Institutions	622
Bureau of Insurance	623

Division of Securities and Retail Franchising	624
Clerk's Office, Uniform Commercial Code and Tax Liens	625
Division of Utility and Railroad Safety	625
Index	627
APPENDIX:	
List of Cases Established in 2014	657

State Corporation Commission

COMMISSIONERS

**Judith Williams Jagdmann

Chairman

*James C. Dimitri

Chairman

Mark C. Christie

Commissioner

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2014

**Elected Chairman effective for term of one year,
February 1, 2014

Commissioners

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

The names and terms of office of the Commissioners:

		Years
Beverly T. Crump	March 1, 1903 to June 1, 1907	4
Henry C. Stuart	March 1, 1903 to February 28, 1908	5
Henry Fairfax	March 1, 1903 to October 1, 1905	3
Jos. E. Willard	October 1, 1905 to February 18, 1910	4
Robert R. Prentis	June 1, 1907 to November 17, 1916	9
Wm. F. Rhea	February 28, 1908 to November 15, 1925	18
J. R. Wingfield	February 18, 1910 to January 31, 1918	8
C. B. Garnett	November 17, 1916 to October 28, 1918	2
Alexander Forward	February 1, 1918 to December 5, 1923	5
Robert E. Williams	November 12, 1918 to July 1, 1919	1
(Temporary Appointment during absence of Forward on military service)		
S. L. Lupton	October 28, 1918 to June 1, 1919	1
Berkley D. Adams	June 12, 1919 to January 31, 1928	9
Oscar L. Shewmake	December 16, 1923 to November 24, 1924	1
H. Lester Hooker	November 25, 1924 to January 31, 1972	47
Louis S. Epes	November 16, 1925 to November 16, 1929	4
Wm. Meade Fletcher	February 1, 1928 to December 19, 1943	16
George C. Peery	November 29, 1929 to April 17, 1933	3
Thos. W. Ozlin	April 17, 1933 to July 14, 1944	11
Harvey B. Apperson	January 31, 1944 to October 5, 1947	4
Robert O. Norris	August 30, 1944 to November 20, 1944	
L. McCarthy Downs	December 16, 1944 to April 18, 1949	5
W. Marshall King	October 7, 1947 to June 24, 1957	10
Ralph T. Catterall	April 28, 1949 to January 31, 1973	24
Jesse W. Dillon	July 16, 1957 to January 28, 1972	14
Preston C. Shannon	March 10, 1972 to January 31, 1996	25
Junie L. Bradshaw	March 10, 1972 to January 31, 1985	13
Thomas P. Harwood, Jr.	February 20, 1973 to February 20, 1992	19
Elizabeth B. Lacy	April 1, 1985 to December 31, 1988	4
Theodore V. Morrison, Jr.	February 15, 1989 to December 31, 2007	19
Hullihen Williams Moore	February 26, 1992 to January 31, 2004	13
Clinton Miller	February 15, 1996 to January 31, 2006	11
Mark C. Christie	February 1, 2004 to	
Judith Williams Jagdmann	February 1, 2006 to	
James C. Dimitri	September 3, 2008 to	

From 1903 through 2014 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	11	Dimitri	6
Jagdmann	9				

Preface

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

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

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

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

RULES OF PRACTICE AND PROCEDURE

TABLE OF CONTENTS

PART I
GENERAL PROVISIONS

	Page
Rule 10. Applicability	1
Rule 20. Good faith pleading and practice	1
Rule 30. Counsel	2
Rule 40. Photographs and broadcasting of proceedings	2
Rule 50. Consultation by parties with commissioners and hearing examiners	2
Rule 60. Commission staff	3
Rule 70. Informal complaints	3

PART II.
COMMENCEMENT OF FORMAL PROCEEDINGS

Rule 80. Regulatory proceedings	3
Rule 90. Adjudicatory proceedings	4
Rule 100. Other proceedings	4

PART III.
PROCEDURES IN FORMAL PROCEEDINGS

Rule 110. Motions	5
Rule 120. Procedure before hearing examiners	5
Rule 130. Amendment of pleadings	6
Rule 140. Filing and service	6
Rule 150. Copies and format	7
Rule 160. Memorandum of completeness	7
Rule 170. Confidential information	8
Rule 180. Official transcript of hearing	10
Rule 190. Rules of evidence	10
Rule 200. Briefs	10
Rule 210. Oral argument	10
Rule 220. Petition for rehearing or reconsideration	10
Rule 230. Extension of time	11

PART IV.
DISCOVERY AND HEARING PREPARATION PROCEDURES

Rule 240. Prepared testimony and exhibits	11
Rule 250. Process, witnesses, and production of documents and things	12

Rule 260.	Interrogatories to parties or requests for production of documents and things.	12
Rule 270.	Hearing preparation.	14
Rule 280.	Discovery applicable only to 5 VAC 5-20-90 proceedings.	14

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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.

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. BAN20020839
JULY 25, 2014**APPLICATION OF
FINANCIAL EXCHANGE COMPANY OF VIRGINIA, INC.
D/B/A MONEY MART

For a license to engage in business as a payday lender

CORRECTING AND LICENSE REISSUANCE ORDER

On November 7, 2002, the State Corporation Commission ("Commission") entered an Order in this case granting Financial Exchange Company of Virginia, Inc. d/b/a Money Mart ("Company"), a license to engage in business as a payday lender under Chapter 18 of Title 6.2 (formerly Chapter 18 of Title 6.1) of the Code of Virginia. Thereafter, the Bureau of Financial Institutions ("Bureau") reported to the Commission that an office address contained in the Order is incorrect as a result of information supplied by the Company and that the Company subsequently paid the fee required by Commission regulation for reissuance of its license certificate.

Accordingly, IT IS ORDERED THAT:

- (1) The tenth location listed in the Order Granting a License entered on November 7, 2002, is hereby corrected, nunc pro tunc to that date, to read "1375 E. Little Creek Road, Norfolk, Virginia 23518" rather than "1375 E. Little Creek Road, Norfolk, Virginia 23503."
- (2) All other provisions of the Order Granting a License entered on November 7, 2002, shall remain in full force and effect.
- (3) The Bureau shall issue and deliver to the Company a corrected license certificate.

**CASE NO. BAN20130373
JANUARY 10, 2014**REQUEST BY
VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Virginia Beach Community Development Corporation, 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 corporation'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 Virginia Beach Community Development Corporation 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. BAN20130375
FEBRUARY 27, 2014**APPLICATION OF
NORTHERN STAR CREDIT UNION, INCORPORATED

To merge with Belt Line Employees 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 Belt Line Employees 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 Belt Line Employees 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 Belt Line Employees 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 order of the Commission prior to the expiration date.

**CASE NO. BAN20140030
MARCH 13, 2014**

APPLICATION OF
CITIZENS AND FARMERS BANK

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

ORDER GRANTING AUTHORITY

Citizens and Farmers 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 and trust business following a merger with Central Virginia Bank, a Virginia state-chartered bank. Citizens and Farmers 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 \$2,783,000, and its surplus will be not less than \$72,449,000; (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 and trust business is GRANTED to Citizens and Farmers 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 802 Main Street, West Point, King William County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Central Virginia 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. BAN20140040
MARCH 14, 2014**

NOTICE OF
SOUTHERN NATIONAL BANCORP OF VIRGINIA, INC.

To acquire Prince George's Federal Savings Bank

ORDER OF APPROVAL

Southern National Bancorp of Virginia, Inc., a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the notice required by § 6.2-1160 of the Code of Virginia of its proposed acquisition of Prince George's Federal Savings Bank, a federal savings bank. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

NOW THE COMMISSION, having considered the notice and the report of the Bureau, finds that the proposed acquisition will not have a detrimental effect on the safety or soundness of the Virginia bank subsidiary of Southern National Bancorp of Virginia, Inc.

Accordingly, IT IS ORDERED THAT the proposed acquisition of Prince George's Federal Savings Bank by Southern National Bancorp of Virginia, Inc. 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. BAN20140041
MAY 22, 2014**

APPLICATION OF
SONABANK

For a certificate of authority to conduct a banking business following a merger with Prince George's Federal Savings Bank and for authority to operate the authorized offices of the merging financial institutions

ORDER GRANTING AUTHORITY

Sonabank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1146 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with Prince George's Federal Savings Bank, a federal savings bank. Sonabank proposes to be the surviving financial institution in the merger and seeks authority to operate all of the currently authorized offices of the merging financial institutions. 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 \$2,000,000, and its surplus will be not less than \$95,820,000; (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 the proposed merger of Prince George's Federal Savings Bank into Sonabank is APPROVED and a certificate of authority to conduct a banking business is GRANTED to Sonabank, 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 6830 Old Dominion Drive, McLean, Fairfax County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Prince George's Federal Savings 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.

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. BAN20140047
MARCH 13, 2014**

APPLICATION OF
NEWPORT NEWS SHIPBUILDING EMPLOYEES' CREDIT UNION, INC. D/B/A
BAYPORT CREDIT UNION

To merge with Chesapeake City Employees Credit Union

ORDER APPROVING A MERGER

Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport 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, to merge with Chesapeake City Employees 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 of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Chesapeake City Employees 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 Chesapeake City Employees Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of Chesapeake City Employees Credit Union at 401 Albemarle Drive, Suite 102, Chesapeake, Virginia 23322. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

**CASE NO. BAN20140072
MARCH 27, 2014**

APPLICATION OF
MARTINSVILLE DU PONT EMPLOYEES CREDIT UNION, INCORPORATED

To merge with Martinsville Postal Credit Union, Incorporated

ORDER APPROVING A MERGER

Martinsville Du Pont Employees 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 Martinsville Postal 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 Martinsville Postal 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 Martinsville Postal 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 order of the Commission prior to the expiration date.

**CASE NO. BAN20140088
MAY 21, 2014**

APPLICATION OF
XENITH BANKSHARES, INC.

To acquire control of Colonial Virginia Bank

ORDER OF APPROVAL

Xenith Bankshares, Inc., 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 Colonial Virginia Bank, a Virginia state-chartered 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 Colonial Virginia Bank by Xenith Bankshares, Inc. 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. BAN20140094
MAY 21, 2014**

APPLICATION OF
XENITH BANK

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

ORDER GRANTING AUTHORITY

Xenith 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 Colonial Virginia Bank, a Virginia state-chartered bank. Xenith 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 \$19,000,000, and its surplus will be not less than \$75,000,000; (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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Xenith 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 901 East Cary Street, Suite 1700, City of Richmond, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Colonial Virginia 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.

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. BAN20140095
JULY 15, 2014**

APPLICATION OF
PCC TITLE LOANS, LLC

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

ORDER GRANTING A LICENSE

PCC 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 785-B East Market Street, Harrisonburg, Virginia 22801. 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. BAN20140109
JUNE 3, 2014**

APPLICATION OF
LSF8 CANADA LIMITED

To acquire 100% of Financial Exchange Company of Virginia, Inc. d/b/a Money Mart

ORDER OF APPROVAL

LSF8 Canada Limited has filed with the State Corporation Commission ("Commission") the application required by § 6.2-1808 of the Code of Virginia to acquire 100% of Financial Exchange Company of Virginia, Inc. d/b/a Money Mart, 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 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart by LSF8 Canada Limited 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. BAN20140134
JULY 15, 2014**

APPLICATION OF
NEWPORT NEWS SHIPBUILDING EMPLOYEES' CREDIT UNION, INC.
D/B/A BAYPORT CREDIT UNION

To merge with Hampton Roads Postal Credit Union, Inc.

ORDER APPROVING A MERGER

Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport 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, to merge with Hampton Roads Postal Credit Union, Inc., 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 Hampton Roads Postal Credit Union, Inc. 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 Hampton Roads Postal Credit Union, Inc. 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 order of the Commission prior to the expiration date.

**CASE NO. BAN20140151
DECEMBER 18, 2014**

APPLICATION OF
TIDEWATER LOANS LLC
D/B/A AMERICAN TITLE LOANS

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

ORDER GRANTING A LICENSE

Tidewater Loans LLC d/b/a American Title 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 4830 Virginia Beach Boulevard, Virginia Beach, Virginia 23462. 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. BAN20140162
SEPTEMBER 24, 2014**

APPLICATION OF
EAGLE BANCORP, INC.

To acquire control of Virginia Heritage Bank

ORDER OF APPROVAL

Eagle Bancorp, Inc., an out-of-state bank holding company with headquarters in Bethesda, Maryland, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Virginia Heritage 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 Heritage Bank by Eagle Bancorp, Inc. 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. BAN20140171
SEPTEMBER 5, 2014**

REQUEST BY
PIEDMONT HOUSING ALLIANCE

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Piedmont Housing Alliance, 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 Piedmont Housing Alliance 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. BAN20140176
OCTOBER 28, 2014**

REQUEST BY
GREATER LYNCHBURG HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Greater Lynchburg Habitat for Humanity, 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 Greater Lynchburg Habitat for Humanity, 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. BAN20140190
OCTOBER 7, 2014**

REQUEST BY
ROCKBRIDGE AREA HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Rockbridge Area Habitat for Humanity, 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 Rockbridge Area Habitat for Humanity, 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. BAN20140197
OCTOBER 28, 2014**

REQUEST BY
HABITAT FOR HUMANITY OF NORTHERN VIRGINIA, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Habitat for Humanity of Northern Virginia, 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 of Northern Virginia, 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. BAN20140203
OCTOBER 3, 2014**

APPLICATION OF
EVB

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

ORDER GRANTING AUTHORITY

EVB, 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 and trust business following a merger with Virginia Company Bank, a Virginia state-chartered bank. EVB 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 \$10,195,000, and its surplus will be not less than \$86,973,000; (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 and trust business is GRANTED to EVB, 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 307 Church Lane, Tappahannock, Essex County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Virginia Company 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. BAN20140233
OCTOBER 7, 2014**

REQUEST BY
STAUNTON – AUGUSTA – WAYNESBORO HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Staunton – Augusta – Waynesboro Habitat for Humanity, 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 Staunton – Augusta – Waynesboro Habitat for Humanity, 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. BAN20140234
OCTOBER 30, 2014**

APPLICATION OF
NEWPORT NEWS SHIPBUILDING EMPLOYEES' CREDIT UNION, INC.
D/B/A BAYPORT CREDIT UNION

To merge with Hampton City Employees Credit Union, Incorporated

ORDER APPROVING A MERGER

Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport 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, to merge with Hampton City Employees 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 Hampton City Employees 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 Hampton City Employees Credit Union, Incorporated into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of Hampton City Employees Credit Union, Incorporated at 22 Lincoln Street, 3rd Floor, Hampton, Virginia 23669. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

**CASE NO. BAN20140254
DECEMBER 16, 2014**

REQUEST BY
FARMVILLE AREA HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Farmville Area Habitat for Humanity, 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 Farmville Area Habitat for Humanity, 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. BFI-2013-00019
AUGUST 27, 2014**

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

v.
BING SING D. WANG A/K/A
CINDY WANG,
Defendant

SETTLEMENT ORDER

The Bureau of Financial Institutions ("Bureau") alleged in a Rule to Show Cause "Rule" filed on June 4, 2014, that Bing Sing D. Wang a/k/a Cindy Wang ("Defendant") pled guilty and was convicted of federal charges of conspiracy to commit bank fraud, and that Wang's guilty plea and criminal conviction involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensee. In the Rule, the Bureau requested that the State Corporation Commission ("Commission") bar

Wang from any position of employment, management, or control of any Virginia licensed mortgage lender or mortgage broker in accordance with § 6.2-1620 of the Code of Virginia ("Code").

The Commission is authorized by § 6.2-1620 (A) (iii) of the Code to bar a person from any position of employment, management, or control of any licensee, upon making a finding, after notice and opportunity to be heard, that the person, after July 1, 2003, was convicted of, or pled guilty or nolo contendere to, any crime, if the criminal conviction or plea involved any offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a licensee.

The Defendant has been advised of her 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 she has waived her right to a hearing, and agreed to be barred from any position of employment, management, or control of any Virginia mortgage lender or mortgage broker licensee.

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, the recommendation of the Hearing Examiner, 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 barred from any position of employment, management, or control of a Virginia licensed mortgage lender or mortgage broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. BFI-2013-00070
MARCH 25, 2014**

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

Ex Parte: In re: Payday Lending

ORDER ADOPTING REGULATIONS

On September 3, 2013, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend the Commission's regulations governing licensed payday lenders, which are set forth in Chapter 200 of Title 10 of the Virginia Administrative Code, 10 VAC 5-200-10 *et seq.* The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on September 23, 2013, posted on the Commission's website, and sent to all licensed payday lenders and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before October 25, 2013.

Comments on the proposed regulations were filed by Carla Stone Witzel, Esquire, of Gordon Feinblatt, LLC; Meade Spotts, Esquire, of Spotts Fain PC; and David B. Irvin, Senior Assistant Attorney General, of the Office of the Attorney General. The Commission did not receive any requests for a hearing.

Ms. Witzel indicated in her comments that the proposed addition of "debit card" to the definition of "good funds instrument" in 10 VAC 5-200-10 and to the payday lending pamphlet text in 10 VAC 5-200-80 conflicts with the prohibition against electronically debiting a borrower's deposit account or otherwise obtaining any funds from a borrower by electronic means. Accordingly, Ms. Witzel recommended that the Commission add an exception for debit cards to 10 VAC 5-200-20 H.¹

Also, in 10 VAC 5-200-20 H, Mr. Spotts suggested that licensees should be permitted to print a check on behalf of a borrower, at the borrower's request, at such time as the borrower makes a partial payment, or a payment on an extended payment plan or an extended term loan. These checks would be drawn on the borrower's deposit account and would replace the original security check, so that the security check held by the licensee would reflect the borrower's reduced loan balance.

Mr. Irvin recommended deleting the words "following the expiration of any applicable record retention periods" from 10 VAC 5-200-20 P and adding a sentence which provides that a licensee or former licensee must abide by the record retention requirements set forth in § 6.2-1809 of the Code of Virginia. In 10 VAC 5-200-85 B, Mr. Irvin proposed adding a requirement that any mailing sent by a licensee to a consumer contain the name and address of the payday lender as set forth in the license issued by the Commission in the space for a return address on the outside of the envelope. Mr. Irvin also proposed adding "print media proofs" to 10 VAC 5-200-85 E.

¹ We considered Ms. Witzel's comment and agree with the Bureau that adding "debit card" to the definition of "good funds instrument" in 10 VAC 5-200-10 does not conflict with the prohibition in 10 VAC-5-200-20 H. A borrower that uses a debit card to make a payment on a payday loan initiates the financial transaction, as opposed to the licensee initiating the payment and debiting the borrower's deposit account or otherwise obtaining funds from the borrower by electronic means.

The Bureau considered the comments filed and responded to them in its Statements of Position, which the Bureau filed with the Clerk of the Commission on February 12, 2014. Based on its responses, the Bureau stated that it is amenable to (1) adding language in 10 VAC 5-200-20 H that clarifies that a licensee is permitted to print a replacement security check for a borrower at such time that the borrower makes a payment on an extended payment plan or an extended term loan; (2) deleting the words "following the expiration of any applicable record retention periods" from the first sentence of 10 VAC 5-200-20 P; and (3) adding "print media proofs" to 10 VAC 5-200-85 E. Apart from also adding language to the text of the payday lending pamphlet in 10 VAC 5-200-80 to reflect the changes made to 10 VAC 5-200-20 H, the Bureau otherwise recommended that the Commission adopt the proposed regulations as proposed.

NOW THE COMMISSION, having considered the proposed regulations, the comments filed, the Bureau's Statements of Position, the record herein, and applicable law, concludes that the proposed regulations should be modified to incorporate certain suggestions that were made by commenters and the Bureau. The Commission further concludes that the proposed regulations, as modified, should be adopted with an effective date of May 1, 2014, so that licensees have a reasonable period of time in which to implement the amendments to the regulations.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations, as modified herein and attached hereto, are adopted effective May 1, 2014.
- (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, and the papers filed herein shall be placed in the Commission's file for ended causes.

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-2013-00081
JULY 28, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CPL HOLDINGS, LLC,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that CPL Holdings, LLC ("Defendant") acquired 100% of the ownership of LMB Mortgage Services, Inc., a licensed mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 et seq.) of the Code of Virginia ("Code"), without prior Commission approval in violation of § 6.2-1608 of the Code; and that the Defendant 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 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) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2013-00096
JANUARY 30, 2014**

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

v.

SI MORTGAGE COMPANY
D/B/A SISTAR MORTGAGE COMPANY,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that SI Mortgage Company d/b/a Sistar Mortgage Company ("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 11, 2013, the Bureau of Financial Institutions examined the Defendant and as a result of the examination alleged that the Defendant had violated §§ 6.2-406 and 6.2-1601 of the Code, as well as 10 VAC 5-160-20 and 10 VAC 5-160-50 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 Twenty-Four Thousand Dollars (\$24,000) in four consecutive monthly installments of Six Thousand Dollars (\$6,000) with the first installment due January 15, 2014, and waived its right to a hearing in the 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 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-2013-00129
JANUARY 8, 2014**

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

v.

ULTRALIGHT FS, INC.
f/k/a OBOPAY, INC.,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Obopay, Inc. ("Obopay")¹ is licensed to engage in the business of money transmission under Chapter 19 of Title 6.2 of the Code of Virginia ("Code"); and that the Commission's Bureau of Financial Institutions ("Bureau") alleged that Obopay: (1) has had significant and ongoing losses; (2) has inadequate policies and procedures as well as a highly questionable business plan in place to achieve profitability; (3) failed to file audited financial statements for the twelve-month fiscal year ending December 31, 2012, in violation of § 6.2-1905 D of the Code; (4) failed to maintain at all times the minimum net worth required by § 6.2-1906 B of the Code; (5) failed to maintain at all times the permissible investments required by § 6.2-1918 A of the Code; (6) failed to conduct a due diligence review of a new authorized delegate and failed to implement a reasonable risk-based supervision program to monitor such authorized delegate, in violation of § 6.2-1911 B of the Code; (7) failed to provide written notice of various administrative or regulatory proceedings, in violation of § 6.2-1917 C of the Code; (8) failed to provide written notice of its appointment of new senior officers and directors within ten days, in violation of § 6.2-1917 D of the Code; (9) failed to accurately report its Virginia transaction volume in its 2012 semi-annual report, in violation of 10 VAC 5-120-40 of the Commission's rules governing money order sellers and money transmitters, 10 VAC 5-120-10 *et seq.*; (10) failed to maintain books, accounts, and records in accordance with § 6.2-1916 of the Code; and (11) provided the Bureau with unreliable and contradictory internal financial statements that made it impossible to assess Obopay's true financial condition. The Commissioner also reported that upon being informed that he intended to recommend that Obopay's license be revoked pursuant to § 6.2-1907 B of the Code, Ultralight FS, Inc. f/k/a Obopay, Inc. ("Defendant"), offered to settle this case by surrendering Obopay's money transmitter license 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.

¹ Obopay recently changed its name to Ultralight FS, Inc. The license remains in the name of Obopay, Inc.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2013-00131
FEBRUARY 27, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
METCITY CAPITAL LLC
(USED IN VA BY: JT HOLDING LLC),
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that MetCity Capital LLC (Used in VA by: JT Holding 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 December 1, 2013; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 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 January 10, 2014. 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-2013-00131
MARCH 19, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
METCITY CAPITAL LLC
(USED IN VA BY: JT HOLDING LLC),
Defendant

ORDER GRANTING RECONSIDERATION

On February 27, 2014, the State Corporation Commission ("Commission") issued an Order Revoking a License in this docket.¹ On March 18, 2014, Donald Anderson 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.*, on behalf of MetCity Capital LLC (Used in VA by: JT Holding LLC) ("Defendant") requesting that the Commission reconsider the revocation of the Defendant's Virginia mortgage broker license.

THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced request.

¹ Doc. Con. Cen. No. 140230016

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 State Corporation Commission.

**CASE NO. BFI-2013-00131
MAY 2, 2014**

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

v.

METCITY CAPITAL LLC
(USED IN VA BY: JT HOLDING LLC),
Defendant

ORDER ON RECONSIDERATION

By Order Revoking a License entered on February 27, 2014, the State Corporation Commission ("Commission") revoked the mortgage broker license of MetCity Capital LLC (Used in VA by: JT Holding LLC) ("Defendant"), for failing to continuously maintain a bond in full force as required by § 6.2-1604 of the Code of Virginia.

On March 18, 2014, the Defendant filed a Petition for Reconsideration ("Petition") pursuant to 14 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 14 VAC 5-20-10 *et seq.*, requesting that the Commission reconsider the revocation of its mortgage broker license.

On March 19, 2014, the Commission issued an Order Granting Reconsideration, by which it retained jurisdiction over this matter, and ordered the Defendant to file (1) a bond in conformance with § 6.2-1604 of the Code of Virginia, and (2) verification that a bond had been continuously maintained in full force, on or before April 22, 2014. As of the date of this Order, the Defendant has not filed a bond with the Commission, nor proof that a bond has been continuously maintained.

NOW THE COMMISSION, having considered the record herein, is of the opinion that the Defendant's Petition should be denied.

Accordingly, IT IS ORDERED THAT:

- (1) The Order Revoking a License entered February 27, 2014 is hereby AFFIRMED.
- (2) The Defendant's Petition for Reconsideration is DENIED.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. BFI-2013-00132
MARCH 13, 2014**

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

Ex Parte: In re: Ocwen Financial Corporation and Ocwen Loan Servicing, LLC

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 Consent Order ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between Ocwen Financial Corporation and Ocwen Loan Servicing, LLC, a licensed mortgage lender 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-2013-00133
FEBRUARY 27, 2014**

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner"), has reported to the State Corporation Commission ("Commission") that North South Financial 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 Defendant failed to provide the Bureau of Financial Institutions ("Bureau") access to its premises, books, records, and information in order for the Bureau to conduct an examination in violation of § 6.2-1611 of the Code; that the Defendant failed to pay its annual fee due May 25, 2013, as required by § 6.2-1612 of the Code; that the Defendant failed to maintain the required surety bond in violation of § 6.2-1604 of the Code; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on December 17, 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 January 17, 2014. 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 (1) failed to provide the Bureau access to its premises, books, records, and information, (2) failed to pay its annual fee, and (3) 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-2014-00002
AUGUST 28, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BD PDL SERVICES, LLC
A/K/A
BD PDL SERVICES.COM, LLC
BOTTOM DOLLAR PAYDAY, AND
BOTTOMDOLLARPAYDAY.COM,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that BD PDL Services, LLC a/k/a BD PDL Services.com, LLC, Bottom Dollar Payday, and BottomDollarPayday.com ("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 May 14, 2014, (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 to comply with Chapter 18 of Title 6.2 (§ 6.2-1800 *et seq.*) of the Code, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 26, 2014; 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) BD PDL Services, LLC a/k/a BD PDL Services.com, Bottom Dollar Payday, and BottomDollarPayday.com shall immediately (i) cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code, and (ii) comply with Chapter 18 of Title 6.2 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-2014-00006
APRIL 15, 2014**

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

v.
VIP PDL SERVICES, LLC
A/K/A THE VIP LOAN SHOP.COM,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that VIP PDL Services, LLC a/k/a The VIP Loan Shop.com ("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 27, 2014, (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 to comply with Chapter 18 of Title 6.2 (§ 6.2-1800 *et seq.*) of the Code, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 1, 2014; 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) VIP PDL Services, LLC a/k/a The VIP Loan Shop.com shall immediately (i) cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code, and (ii) comply with Chapter 18 of Title 6.2 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-2014-00009
SEPTEMBER 24, 2014**

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

Ex Parte: In re: Money Order Sellers and Money Transmitters

ORDER TO TAKE NOTICE

Section 6.2-1913 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 19 (§ 6.2-1900 *et seq.*) of Title 6.2 of the Code of Virginia. The Commission's regulations governing licensed money order sellers and money transmitters ("licensees") are set forth in Chapter 120 of Title 10 of the Virginia Administrative Code ("Chapter 120").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 120. The proposed regulations: (i) define various terms including "generally accepted accounting principles," "merchant or service provider," and "senior officer"; (ii) clarify the scope of the term "money transmission"; (iii) require licensees to file a quarterly report of outstanding and permissible investments; (iv) clarify that permissible investments must be unencumbered and held solely in the name of the licensee; (v) prohibit licensees from providing false, misleading, or deceptive information to the Bureau or a Virginia resident; (vi) clarify that the acts and omissions of a licensee's authorized delegates constitute acts and omissions of the licensee; (vii) require licensees and former licensees to maintain their contact information with the Bureau until they have no outstanding money orders and money transmission transactions; (viii) add certain receivables from depository institutions as permissible investments and limit receivables under § 6.2-1919 A 5 of the Code of Virginia as permissible investments; (ix) require licensees and their authorized delegates to dispose of records containing consumers' personal financial information in a secure manner; (x) specify additional events that require licensees to file a written report with the Commissioner of Financial Institutions; (xi) prescribe an application fee for any person submitting an application to acquire 25% or more of the

ownership of a licensee; and (xii) prohibit licensees from allowing an authorized delegate to designate or appoint a subdelegate to sell money orders or engage in money transmission business. Various technical and other clarifying amendments also have 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 January 1, 2015.

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 20, 2014. 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-2014-00009. 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 "Money Order Sellers and Money Transmitters" 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-2014-00012
JULY 16, 2014**

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

v.
LOAN SHOP A/K/A LOAN SHOP
ONLINE AND LOAN SHOP ONLINE.COM,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Loan Shop a/k/a Loan Shop Online and Loan Shop Online.com ("Defendant") has engaged in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code of Virginia ("Code"); and that upon being informed that the Commissioner planned to recommend that a cease and desist order be entered against the Defendant, the Defendant offered to settle this case by abiding by the provisions of this Order and waived its right to a hearing. 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 (i) cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code, and (ii) comply with Chapter 18 of Title 6.2 (§ 6.2-1800 *et seq.*) of the Code.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00014
JULY 15, 2014**

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

v.

ACI WORLDWIDE CORP.,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that ACI Worldwide Corp. ("Defendant") acquired 100% of the ownership of Official Payments Corporation, a licensed money transmitter under Chapter 19 of Title 6.2 (§ 6.2-1900 et seq.) of the Code of Virginia ("Code"), without prior Commission approval in violation of § 6.2-1914 of the Code; and that the Defendant 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 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) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00023
AUGUST 1, 2014**

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

v.

NEW AMERICA FINANCIAL CORPORATION,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that New America Financial Corporation ("Defendant"), is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that on October 31, 2013, the Bureau of Financial Institutions ("Bureau") examined the Defendant and as a result of the examination alleged that the Defendant had violated §§ 6.2-1614 (1) and 6.2-406 A of the Code; 10 VAC 5-160-30 B, 10 VAC 5-160-20 (8), and 10 VAC 5-160-60 A (2) of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and 12 CFR §§ 1024.7 (b), 1024.7 (d), and 1024.15 of the Real Estate Settlement Procedures Act (Regulation X); 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 Thirteen Thousand Five Hundred Dollars (\$13,500), and waived its right to a hearing in the case. The Defendant will pay the civil penalty in two equal installments of Six Thousand Seven Hundred Fifty Dollars (\$6,750), with the first installment to be paid on July 15, 2014, and the second installment to be paid on August 15, 2014. 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) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00024
JULY 15, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EXECUTIVE FINANCIAL SERVICES CO., INC.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions has reported to the State Corporation Commission ("Commission") that Executive Financial Services Co., Inc. ("Defendant") is licensed to engage in business as a mortgage lender and a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Chapter 16"); that the Defendant failed to maintain at least \$200,000 in funds available for the operation of its mortgage lending business, as required by Chapter 16; that the Commissioner of Financial Institutions, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 7, 2014, (1) of his intention to recommend revocation of the Defendant's mortgage lender license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 9, 2014; and that no written request for a hearing was filed.

NOW THE COMMISSION finds that the Defendant has failed to maintain at least \$200,000 in funds available for the operation of its mortgage lending business as required by law.

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

**CASE NO. BFI-2014-00026
JULY 15, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MD FINANCIAL LLC
D/B/A WIRE INTO CASH,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that MD Financial LLC d/b/a Wire Into Cash ("Defendant") has engaged in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code of Virginia ("Code"); and that upon being informed that the Commissioner planned to recommend that a cease and desist order be entered against the Defendant, the Defendant offered to settle this case by abiding by the provisions of this Order and waived its right to a hearing. 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 (i) cease and desist from engaging in the business of making payday loans to Virginia residents in violation of § 6.2-1801 of the Code, and (ii) comply with Chapter 18 of Title 6.2 (§ 6.2-1800 *et seq.*) of the Code.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00027
MAY 22, 2014**

IN THE MATTER OF
LIFE LINE CREDIT UNION, INC.

5855 Bremono Road, Suite 701
Richmond, Virginia 23226

ORDER CLOSING THE CREDIT UNION

Upon examination of Life Line Credit Union, Inc., a Virginia state-chartered credit union under Chapter 13 of Title 6.2 (§ 6.2-1300 *et seq.*) of the Code of Virginia having its share accounts federally insured by the National Credit Union Administration ("NCUA"), and on the basis of other information presented by the Commissioner of Financial Institutions ("Commissioner"), the State Corporation Commission ("Commission") finds that it is necessary in order to protect the public interest to close Life Line Credit Union, Inc. in accordance with § 6.2-1313 B of the Code of Virginia and to seek the appointment of the NCUA Board as receiver to act as liquidating agent for Life Line Credit Union, Inc., as provided by law. The Commission further finds, based on various reports and other information, that (1) Life Line Credit Union, Inc., is insolvent, (2) Life Line Credit Union, Inc. has insufficient net worth for safe and sound operation, (3) no reasonable prospect for rehabilitation of Life Line Credit Union, Inc., exists, (4) Life Line Credit Union, Inc. has failed to devise an acceptable plan for restoration of its net worth, (5) action must be taken to protect the members of Life Line Credit Union, Inc., and conserve its assets, and (6) disposition of its assets and liabilities by the NCUA Board as receiver is in the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Life Line Credit Union, Inc., be closed, and Life Line Credit Union, Inc., hereby is closed, as of 4:00 pm on Friday, May 23, 2014.
- (2) Life Line Credit Union, Inc., shall deliver its books, assets, and affairs to the Commissioner or such agents as he may designate.
- (3) The Commissioner or his agents shall take charge of such books, assets, and affairs and then relinquish them to the receiver, the NCUA Board, to act as liquidating agent for Life Line Credit Union, Inc., pursuant to an appropriate order by a circuit court.
- (4) A notice of closing shall be posted at the main entrance of Life Line Credit Union, Inc.

**CASE NO. BFI-2014-00039
AUGUST 28, 2014**

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

v.
1ST SOLUTION MORTGAGE INC.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that 1stSolution Mortgage Inc. ("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 July 15, 2014; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 18, 2014, (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 August 18, 2014. As of the date of this Order, the Defendant has not filed a new bond and the Commission has not received a written request for a hearing. Therefore, the Commissioner 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-2014-00042
OCTOBER 17, 2014**

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

v.
SUMMIT FUNDING, INC.
D/B/A GREENWOOD LENDING,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Summit Funding, Inc. d/b/a Greenwood Lending ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that on December 11, 2013, the Bureau of Financial Institutions examined the Defendant and as a result of the examination alleged that the Defendant had violated §§ 6.2-406 A, 6.2-1614 (1), and 55-66.3 of the Code; 10 VAC 5-160-30 and 10 VAC 5-160-60 A (2) of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and 12 C.F.R. § 1024.7 (d); 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 Fourteen Thousand Dollars (\$14,000), tendered said sum to the Commonwealth of Virginia, 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) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00043
OCTOBER 3, 2014**

IN RE:
EASTERN VIRGINIA BANKSHARES, INC.
and
EVB

ORDER REDUCING FEES

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Eastern Virginia Bankshares, Inc., a Virginia bank holding company, and its wholly owned subsidiary, EVB, a Virginia state-chartered bank, have filed applications with the Bureau of Financial Institutions ("Bureau") for (i) Eastern Virginia Bankshares, Inc., to acquire 100% of the outstanding voting shares of Virginia Company Bank, a Virginia state-chartered bank, and (ii) Virginia Company Bank to merge with and into EVB; that the total application fees incident to such filings prescribed by §§ 6.2-704 A 3 and 6.2-908 B 4 of the Code of Virginia would be Fourteen Thousand Five Hundred Dollars (\$14,500); and that Eastern Virginia Bankshares, Inc., and EVB 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 Eastern Virginia Bankshares, Inc., and EVB in connection with the above-referenced applications is hereby reduced to Seven Thousand Five Hundred Dollars (\$7,500).

**CASE NO. BFI-2014-00044
OCTOBER 27, 2014**

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

v.
EC FINANCIAL LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that EC Financial 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 September 2, 2014; and that the Commissioner, pursuant to delegated

authority, gave written notice to the Defendant by certified mail on September 11, 2014, (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 13, 2014. As of the date of this Order, the Defendant has not filed a new bond and the Commission has not received a written request for a hearing. Therefore, the Commissioner 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-2014-00044
NOVEMBER 13, 2014**

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

ORDER GRANTING RECONSIDERATION

On October 27, 2014, the State Corporation Commission ("Commission") issued an Order Revoking a License in this docket.¹ On November 10, 2014, EC Financial LLC ("Defendant"), 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 the Defendant's Virginia mortgage broker 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. 141050077

**CASE NO. BFI-2014-00045
SEPTEMBER 22, 2014**

IN RE:
APPROVED FINANCIAL CORP.

ORDER CANCELLING A CERTIFICATE

On August 25, 1952, Government Employees Finance and Industrial Loan Corporation was issued a certificate of authority to engage in business as an industrial loan association. Thereafter, the name of the company was changed to American Industrial Loan Association and later to Approved Financial Corp. Now the Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the company's president, by letter dated August 4, 2014, surrendered its certificate of authority to engage in business as an industrial loan association, 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 Approved Financial Corp.'s certificate of authority.

Accordingly, IT IS ORDERED THAT:

- (1) The surrender of the certificate authorizing Approved Financial Corp., formerly known as Government Employees Finance and Industrial Loan Corporation, to engage in business as an industrial loan association is hereby 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-2014-00046
DECEMBER 12, 2014**

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

v.

A-1 MORTGAGE CORPORATION,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that A-1 Mortgage Corporation ("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 failed to pay its annual fee due May 25, 2014 as required by § 6.2-1612 of the Code; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 8, 2014, (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 November 10, 2014. As of the date of this Order, the Defendant has not paid its annual fee and the Commission has not received a written request for a hearing. Therefore, the Commissioner 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 failed to pay its annual fee 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-2014-00054
OCTOBER 20, 2014**

IN RE:
TOWNE BANK

ORDER REDUCING FEES

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Towne Bank, a Virginia state-chartered bank, has filed applications with the Bureau of Financial Institutions ("Bureau") for Franklin Federal Savings Bank, a federal savings institution, and its parent, Franklin Financial Corporation, to merge into Towne Bank; that the total application fees incident to such filings prescribed by §§ 6.2-908 B 4 and 6.2-1202 C 6 of the Code of Virginia would be Fifteen Thousand Dollars (\$15,000); and that Towne Bank has requested that the Commission reduce such fees pursuant to its authority granted under §§ 6.2-908 C and 6.2-1202 E of the Code of Virginia. The Commissioner has also reported to the Commission that the basis for the requested reduction in fees is reasonable and that such reduction would not be detrimental to the Bureau's effectiveness.

GOOD CAUSE having been shown, the total fees payable by Towne Bank in connection with the above-referenced applications is hereby reduced to Seven Thousand Five Hundred Dollars (\$7,500).

CLERK'S OFFICE**CASE NO. CLK-2013-00003
MAY 1, 2014**IN RE:
DANMARC, INC.**ORDER TERMINATING CORPORATE EXISTENCE**

On December 14, 2012, the Circuit Court of Arlington County ("Circuit Court") entered a decree ("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").

On January 16, 2013, the Commission entered an Involuntary Dissolution Order in this case dissolving DanMarc, Inc. pursuant to § 13.1-749 A of the Code of Virginia. Thereafter, the Clerk of the Circuit Court delivered a certified copy of a Final Decree reciting that all of the assets of DanMarc, Inc. have been distributed to its creditors and shareholders.

Accordingly, IT IS ORDERED THAT:

- (1) The corporate existence of DanMarc, Inc., is hereby terminated pursuant to § 13.1-749 B of the Code of Virginia.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. CLK-2013-00012
MARCH 7, 2014**

SELF STORAGE PARTNERS, LLC and
WONDERLAND I, LLC,
Petitioners
v.
PAUL PECK,
Defendant

FINAL ORDER

On June 25, 2013, Self Storage Partners, LLC ("SSP") and Wonderland I, LLC ("Wonderland") (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 5-20-10 *et seq.*¹ The Petition concerns Articles of Organization filed with the Office of the Clerk of the Commission ("Clerk") by Paul Peck ("Defendant" or "Peck") to form SSP and Wonderland in 2010.

The Petition alleges that the Defendant lacked authority to act for the Petitioners, including filing the Articles of Organization. The Petitioners allege that the Articles of Organization fail to identify the real organizers of the companies and fail to include intended terms. Based on these allegations, the Petitioners assert that the Defendant acted in an *ultra vires* capacity and usurped control of the Petitioners.² The Petitioners rely in part upon a final order of the Circuit Court of the City of Norfolk ("Circuit Court") in a previous lawsuit styled *Peck v. Decipher, Inc.*³ The Circuit Court Order entered on November 30, 2012, and following an evidentiary trial, held in part that Peck acted as the agent of Decipher in forming the Petitioners; that 100% ownership and control of SSP vests in Decipher; and 51% ownership and 100% control of Wonderland vests in SSP. The Circuit Court Order further held that "[t]hose certain actions of [Peck] in naming himself the sole organizer, member, and manager of SSP and Wonderland I, LLC, were *ultra vires* as were those portions of writings granting [Peck] control of SSP or Wonderland I, LLC."⁴

As part of the Petition, the Petitioners request the Commission enter an order correcting each of their Articles of Organization effective as of the date of formation, as well as correct the effects of the Articles of Organization filed by the Defendant in an *ultra vires* capacity and without authority.⁵ As

¹ The Petitioners originally filed separate petitions on June 3, 2013, under the signature of their manager rather than their counsel. The Petition filed on June 25, 2013, consolidated the previously submitted petitions and was submitted by the Petitioners' counsel. Pursuant to the Scheduling Order entered on July 15, 2013, the case proceeded on the Petition filed on June 25, 2013.

² Petition at 1-3.

³ Order, *Peck v. Decipher, Inc.*, Case No. CL11-7907 (Cir. Ct. City of Norfolk) (entered Nov. 30, 2012) (hereinafter "Circuit Court Order"). Decipher, Inc. ("Decipher") is the manager of both Petitioners.

⁴ Circuit Court Order at 2.

⁵ Petition at 3-4.

part of the Petition, the Petitioners also include proposed Articles of Organization that identify additional organizers of the Petitioners, as well as add operating terms that the Petitioners allege the Defendant should have included in the Articles of Organization that he filed in 2010.

On July 15, 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 in this case, directed the Petitioners to file proof of service of the Petition upon the Defendant, and directed the Clerk to file a response to the Petition.

On August 9, 2013, the Clerk, by counsel, responded to the Petition ("Clerk's Response"). Based upon its review of the Petition as well as § 13.1-1004 E of the Code of Virginia ("Code"), the Clerk determined that the issues in this case are whether the Commission may correct the Articles of Organization as requested by the Petitioners, as well as whether the Commission may eliminate the effects of the filings made through the Defendant's alleged *ultra vires* conduct.⁶ The Clerk took the position that: (1) the Commission may correct the Articles of Organization based upon prior judicial findings of *ultra vires* conduct; (2) correction may occur following the Clerk's receipt of appropriate Articles of Organization from the Petitioners; and (3) other than limited correction of the Articles of Organization, the Commission does not have broader authority to eliminate the effects of the Defendant's actions.⁷

On August 13, 2013, the Defendant, by counsel, filed his Response to Petition ("Defendant's Response"). The Defendant, among other things, claimed that the Commission's authority to grant the relief requested by Petitioners is limited to the *ultra vires* acts set forth in the Circuit Court Order – specifically, naming himself as sole organizer, member and manager of SSP and Wonderland. The Defendant also alleged that because the Articles of Organization filed in 2010 do not identify him as a member or manager of the Petitioners, the only *ultra vires* action concerning the filed Articles of Organization, as determined by the Circuit Court, was naming himself as the sole organizer of the Petitioners. Accordingly, the Defendant contended that the Petitioners' relief under § 13.1-1004 E of the Code is limited to amending the Articles of Organization to name the proper organizers.⁸

On August 28, 2013, the Petitioners filed a Motion to Strike Defendant's Response to Petition ("Motion to Strike") and a Motion to Leave to Reply to Defendant's Response to Petition ("Motion for Leave"). As part of their Motion to Strike and the proposed Reply to Defendant's Response included with the Motion for Leave, the Petitioners alleged that: (1) the Defendant should be estopped from relying upon the assertions in the Response; (2) the Defendant made misrepresentations in the Response; (3) the Defendant has conflicts of interest in this proceeding; (4) the Defendant lacked the authority to take prior actions on behalf of SSP and Wonderland; and (5) the Defendant now lacks authority and standing to oppose the relief requested in the Petition.

The Hearing Examiner held a prehearing conference by telephone with the parties and counsel to the Clerk on September 12, 2013, to clarify disputed issues in the case. On September 13, 2013, the Hearing Examiner entered a Ruling accepting the Petitioners' reply as a legal memorandum, but not as evidence, in the case and directing the Petitioners to file "drafts of their revised, proposed Articles of Organization for [SSP] and Wonderland."⁹ On September 27, 2013, the Petitioners provided the Defendant and the Commission with the following documents: (1) proposed corrected Articles of Organization for SSP and Wonderland; and (2) amended and restated Articles of Organization for SSP and Wonderland.

The hearing was convened as scheduled on October 4, 2013. James A. Evans, Esquire, appeared on behalf of the Petitioners. Gregory A. Giordano, Esquire, and Brian C. Purcell, Esquire, appeared on behalf of Peck. Donnie L. Kidd, Esquire, appeared on behalf of the Clerk.

At the hearing, the Petitioners presented the testimony of Warren Lynwood Holland, Jr., Decipher's CEO; and the Clerk presented the testimony of Charles Rogers, Principal Charter Examiner for the Commission.

On October 24, 2013, the Hearing Examiner entered a Ruling allowing post-hearing briefs to be filed by November 13, 2013. The Petitioners, the Defendant, and the Clerk each filed a post-hearing brief.

On December 5, 2013, the Hearing Examiner filed her Report ("Report") and addressed several issues raised by the Petitioners at the hearing.

First, the Hearing Examiner addressed the Petitioners' arguments that the Circuit Court Order barred the Defendant's participation in this case. Reviewing the Circuit Court Order, the Hearing Examiner determined that it prohibits the Defendant from continued participation in the business activities of Decipher, SSP, and Wonderland.¹⁰ The Hearing Examiner further determined, however, that the Circuit Court Order does not prohibit the Defendant from defending himself in any legal proceeding involving SSP or Wonderland, particularly when the results of such a legal proceeding may impact the Defendant's contractual obligations. Noting that the Commission case could impact such obligations, the Hearing Examiner found that the Defendant could defend himself in the Commission action.¹¹

Second, the Hearing Examiner disagreed with the Petitioners' assertion that the Commission has "broad authority, pursuant to § 13.1-1004 E of the Code, to retroactively modify previously filed Articles of Organization as a means of eliminating all possible effects of a filer's overall *ultra vires* conduct."¹² Instead, the Hearing Examiner determined that the Commission's authority under § 13.1-1004 E of the Code is "limited to the *correction* of the Commission's records."¹³ Based on this determination, the Hearing Examiner found that the only records subject to correction under § 13.1-1004 E of the

⁶ Clerk's Response at 5.

⁷ Clerk's Response at 1-2.

⁸ Defendant's Response at 3.

⁹ September 13, 2013 Hearing Examiner's Ruling at 3.

¹⁰ Report at 8.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

Code are the Petitioners' Articles of Organization filed in 2010, which contain statutorily required information and inaccurately identify the Defendant as the only organizer of the Petitioners.¹⁴

Third, the Hearing Examiner determined that, according to the Circuit Court Order, the only finding of *ultra vires* conduct as to the Petitioner's Articles of Organization filed in 2010 was that the Defendant named himself as the "sole organizer, member, and manager of" the Petitioners.¹⁵ Accordingly, the Hearing Examiner found that the Commission has authority pursuant to § 13.1-1004 E of the Code to correct the Petitioners' Articles of Organization to include all of the organizers of SSP and Wonderland.¹⁶

The Hearing Examiner, however, did not find it appropriate to adopt and approve other broad modifications to the Articles of Organization sought by the Petitioners in three proposed sets of Articles of Organization that they submitted with the Petition and on September 27, 2013. The Hearing Examiner found that these modifications did not constitute corrections to the Defendant's *ultra vires* filings at the Commission.¹⁷ Addressing several retroactive provisions proposed by the Petitioners, the Hearing Examiner further noted that "correction" of records under § 13.1-1004 E of the Code does not authorize adding provisions or information that could not have existed when the record was initially filed or that may have unintended consequences if changed.¹⁸

The Hearing Examiner found that the appropriate correction to the Petitioners' Articles of Organization filed in 2010 – made in accordance with § 13.1-1004 E of the Code – is the addition of Warren L. Holland, Jr., Cindy Thornburg, and Decipher as organizers of the Petitioners. The Hearing Examiner thus recommended that the Commission enter an order authorizing the filing of corrected Articles of Organization for SSP and Wonderland with this change but denying the Petitioners' request for additional extensive, retroactive provisions.¹⁹

On December 26, 2013, the Petitioners filed comments on the Hearing Examiner's Report, asserting that the Commission has broad authority under § 13.1-1004 E of the Code to eliminate the effects of *ultra vires* filings.²⁰ The Petitioners further stated that, while it can be argued that the proposed Articles of Organization would not have been submitted as an initial submission, that fact is not material and the Commission should erase the far-reaching effects of Peck's wrongful execution of multiple documents.²¹ Neither the Defendant nor the Clerk filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of the record in this matter, the Hearing Examiner's Report, the Petitioners' comments, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations should be adopted. In this regard, we note that § 13.1-1004 E of the Code constrains the Commission "to correct Commission records so as to eliminate the effects of clerical errors and of filings made by a person without authority to act for the limited liability company." Thus, our authority to "eliminate the effects of" *ultra vires* conduct under the facts of this case is limited to correcting the Articles of Organization, consistent with the Circuit Court Order. This is the correction recommended by the Hearing Examiner, which we hereby adopt.

Accordingly, IT IS ORDERED THAT:

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

(2) The Petition of SSP and Wonderland is hereby GRANTED to the extent that the Petitioners may revise the Articles of Organization for each Petitioner to identify Decipher, Warren L. Holland, Jr., and Cindy Thornburg as organizers of the Petitioners. To effectuate this change, the Petitioners, within thirty (30) days of the date of entry of this Order, must submit to the Office of the Clerk a signature page for each Petitioner's Articles of Organization that bears the signatures of Decipher, Warren L. Holland, Jr., and Cindy Thornburg. If the Clerk receives these signature pages within thirty (30) days of the date of this Order, the signature pages shall be added to the Articles of Organization currently on file with the Clerk for each of the Petitioners and the effective date of this change shall be the original date of formation for each of the Petitioners.

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

¹⁴ *Id.* at 9.

¹⁵ *Id.* (quoting Ex. 3 at 2, ¶ 3).

¹⁶ *Id.* at 9.

¹⁷ *Id.*

¹⁸ *Id.* at 9-10.

¹⁹ *Id.* at 10.

²⁰ Comments at 1-3.

²¹ *Id.* at 4.

**CASE NO. CLK-2013-00018
APRIL 8, 2014**

MIDATLANTIC FARM CREDIT, ACA,
Petitioner
v.
MIDATLANTIC FARM CREDIT ACA LLC,
Defendant

FINAL ORDER

On October 28, 2013, MidAtlantic Farm Credit, ACA ("Petitioner"), by counsel, filed with the State Corporation Commission ("Commission") a Complaint in the Office of the Clerk ("Clerk"), pursuant to 5 VAC 5-20-70 and 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The Petitioner alleged, among other things, that MidAtlantic Farm Credit ACA LLC ("Defendant") was formed as a limited liability company in the Commonwealth of Virginia ("Virginia") on July 16, 2013.¹ The Petitioner discovered the Defendant's existence in August 2013 and alleged that it did not form the Defendant and has no record of any dealings with the Defendant's registered agent, Jeffery C. Bliss ("Bliss"). Further, the Petitioner alleged that the Defendant's name is confusingly similar to its own and that it had been unable to contact, locate, or identify persons affiliated with the Defendant – including Bliss, which the Petitioner asserts might be an assumed name based on its own investigation into the Defendant. As part of the Complaint, the Petitioner expressed concern that the Defendant may have been formed as part of a scheme to redirect checks or wire transfers intended for the Petitioner.

In the Complaint, the Petitioner requested that the Commission cancel the Defendant's existence.² In support, the Petitioner alleged that: (i) there is no legitimate reason why any company should exist that uses a name that is confusingly similar to the Petitioner's name; and (ii) there are numerous questions surrounding the existence of the Defendant and its registered agent, as alleged by the Petitioner, that raise grave suspicions concerning the Defendant's legitimacy as a Virginia LLC.

On November 14, 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 November 25, 2013, the Petitioner filed a Supplement to Complaint and proof of notice. In its Supplement to Complaint, the Petitioner further alleged, among other things, that it had learned of purported fraudulent activities of the Defendant with regard to unauthorized bank accounts opened at BB&T Bank ("BB&T") and established in the name of "MidAtlantic Farm Credit ACA LLC."³

On December 17, 2013, the Clerk, by counsel, responded to the Petition. The Clerk addressed the Petitioner's request to cancel the Defendant's existence on the grounds that the Defendant has a confusingly similar name and the possibility that it is committing a fraud upon the Petitioner. The Clerk noted that neither of the Petitioner's grounds provide a basis to cancel the Defendant's existence under the Virginia Limited Liability Company Act, §§ 13.1-1000 *et seq.* of the Code of Virginia ("Code"). The Clerk, however, further noted that relief is available through an alternative provision not alleged by the Petitioner. Specifically, the Clerk stated that the factual allegations of the Complaint, if proved, support involuntary cancellation of the Defendant's existence pursuant to § 13.1-1050.3 A.2 of the Code for failure to maintain a registered office or a registered agent in Virginia.

On January 21, 2014, the Petitioner filed a Motion for Summary Judgment ("Motion"). In support of its Motion and as part of an accompanying affidavit, the Petitioner stated that attempts to serve the Defendant with copies of the pleadings in this case by personal service and mail have been unsuccessful. These service attempts were made at the address of the Defendant's registered office on record with the Clerk and directed to the registered agent at that same address of record.

On February 11, 2014, the Hearing Examiner filed his Report ("Report"). In his Report, the Hearing Examiner stated that there were no disputed facts in the case and found that Summary Judgment should be granted. In support of his finding, the Hearing Examiner noted that the Defendant's registered office is not located at the address of record on file with the Clerk and that the Defendant's registered agent cannot be located at that address or any other address. The Hearing Examiner recommended the Commission adopt the finding in his Report, grant the Petitioner's Motion for Summary Judgment, and cancel the Defendant's existence as a limited liability company. In addition, the Hearing Examiner allowed 21 days for comment to his Report. No comments were 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 finding and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The finding and recommendations of the Hearing Examiner are hereby ADOPTED.
- (2) The Petitioner's Motion is hereby GRANTED.

¹ Although the Complaint alleges that the Defendant was chartered as a corporation in Virginia, the Clerk's records, as well as Exhibit 2 appended to the Complaint, show that the Defendant was formed as a Virginia limited liability company.

² Although the Complaint requests that the Commission terminate the Defendant's corporate charter, the Defendant is a limited liability company, an entity whose existence, under certain circumstances, may be involuntarily canceled by the Commission.

³ According to the Supplement to Complaint, the BB&T account was established the same day that the Commission issued the Defendant's certificate of organization.

(3) The Defendant's existence as a Virginia limited liability company is hereby CANCELLED pursuant to § 13.1-1050.3 A.2 of the Code for failing to maintain a registered office or a registered agent in Virginia.

(4) 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-2013-00019
FEBRUARY 21, 2014**

JACKI GAIL LEWIS,
Petitioner
v.
24X7 COMPUTER SERVICES, LLC,
Defendant

FINAL ORDER

On November 5, 2013, the Office of the Clerk ("Clerk") of the State Corporation Commission ("Commission") received a letter from Jacki Gail Lewis ("Petitioner") alleging that someone had used her personal information without her authorization to illegally form 24X7 Computer Services, LLC ("Defendant"), and asking that the Commission cancel the Defendant's existence. Based upon the allegations and request for relief, the Clerk filed the letter on November 8, 2013, as a petition ("Petition") pursuant to 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

On November 22, 2013, the Commission entered a Scheduling Order in which it, among other things, docketed the Petition; directed the Petitioner to serve a copy of her letter together with a copy of the Scheduling Order on the Defendant by certified mail, return receipt requested; directed the Defendant to file an answer or other responsive pleading within 21 days after service upon it of a copy of the Scheduling Order and the Petitioner's letter; directed the Clerk to file a response to the Petitioner's letter and the relief requested therein; and assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission and file a final report.

On December 17, 2013, the Clerk, by counsel, responded to the Petition. The Clerk stated, among other things, that the issue is whether the Commission may void the records resulting in the formation of the Defendant effective as of the date of its formation based on an allegedly unauthorized filing.¹ The Clerk responded that the Commission, upon proof of the allegations, may void the records based upon § 13.1-1004 E of the Code of Virginia, which authorizes the Commission to correct records that were made without authority.

By Hearing Examiner's Ruling dated December 26, 2013, the matter was set for hearing on January 27, 2014. The hearing commenced as scheduled. The Petitioner participated telephonically and appeared *pro se*. The Defendant failed to appear after having been served with notice of the hearing. The Clerk appeared by its counsel, Donnie L. Kidd, Esquire.

On February 10, 2014, 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 proved that the Defendant was formed by persons unknown, or their accomplices, who were not authorized to act on behalf of the limited liability company. The Hearing Examiner recommended the Commission void *ab initio* the Certificate of Organization issued to the Defendant on April 13, 2013. In addition, the Petitioner waived her comments to the Report.

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 Petition of Jacki Gail Lewis is hereby GRANTED.

(3) The Certificate of Organization issued to the Defendant is hereby VOID *ab initio* and the Clerk shall promptly make such entries in the records of his office as may be necessary to reflect the relief afforded by this Order.

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

¹ Response at 1.

**CASE NO. CLK-2014-00005
NOVEMBER 10, 2014**

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

v.
THE NORTHERN NECK CHILDREN'S HOME, INC.,
Defendant

ORDER TERMINATING CORPORATE EXISTENCE

On July 23, 2014, the State Corporation Commission ("Commission") entered an Order directing the involuntary termination of The Northern Neck Children's Home, Inc.'s ("Defendant") corporate existence pursuant to §§ 13.1-909 A (5) and 13.1-915 A (ii) of the Code of Virginia ("Code") pending judicial dissolution of the Defendant in a Virginia Circuit Court.¹

On September 17, 2014, the Circuit Court for the County of Lancaster ("Circuit Court") entered an order approving the liquidation of the assets of the Defendant ("September 17, 2014 Order").² Thereafter, the Circuit Court entered a Decree reciting that all of the assets of the Defendant had been distributed in accordance with the September 17, 2014 Order and ordered the case closed.³

Accordingly, IT IS ORDERED THAT:

- (1) The existence of the Defendant is hereby terminated pursuant to §§ 13.1-909 A (5), 13.1-911 B, and 13.1-915 A (ii) of the Code.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Doc. Con. Cen. No. 140730076.

² *In Re: The Northern Neck Children's Home, Inc.*, Case No. CL14000054-00, Order Approving Liquidation of the Assets of The Northern Neck Children's Home, Inc. (Cir. Ct. Lancaster County Sept. 17, 2014).

³ *In Re: The Northern Neck Children's Home, Inc.*, Case No. CL14000054-00, Decree (Cir. Ct. Lancaster County Oct. 17, 2014).

BUREAU OF INSURANCE

CASE NO. INS-1998-00179
APRIL 28, 2014

PETITION OF

DAVID S. AND ELIZABETH W. HARDIN

For review of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an order in Case No. CH94E01059-00 ("Receivership Order") appointing the State Corporation Commission ("Commission") as Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation (collectively, "HOW Companies"). The Receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On August 25, 1998, David S. and Elizabeth W. Hardin (collectively, "Petitioners") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 2869421.

The Petitioners asserted, among other things, that the Deputy Receiver's decision to deny their claim for coverage was in error due to: (1) the lack of timely notification that structural coverage existed on their dwelling which deprived Petitioners of their rights to request performance during the coverage period of the Insurance/Warranty Program, and (2) the existence of Major Structural Defects ("MSDs") prior to the expiration of the Insurance/Warranty Program that were a result of the original construction of the dwelling and that should be covered.¹

By Order dated September 4, 1998, 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 September 25, 1998, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review ("Motion to Dismiss") and a Memorandum in Support of the Motion to Dismiss. In his Motion to Dismiss, the Deputy Receiver asserted that the Petitioners' claims for warranty coverage were time-barred by the express contractual provisions of the Insurance/Warranty Program and, further, that the defects alleged did not constitute MSDs as that term was defined by the documents defining the scope of the Insurance/Warranty Program and the process for submitting covered claims ("Insurance/Warranty Documents").² The Deputy Receiver contended that the Petitioners thus failed to assert a claim upon which relief could be granted, and the Petition should be dismissed.

By Hearing Examiner's Ruling dated October 8, 1998, the Petitioners were directed to file any response to the Motion to Dismiss.

On October 26, 1998, the Petitioners filed an answer to the Deputy Receiver's Motion to Dismiss. The Petitioners asserted, among other things, that the issue relevant to the appeal was not whether the previous homeowners notified them of the existence of the Insurance/Warranty Program. Rather, they asserted the Deputy Receiver had the obligation to notify homeowners of their rights in a timely fashion.³ In addition, the Petitioners contended that the Deputy Receiver had an implied obligation and responsibility to the policyholders to notify them of the status of their policy. They asserted that the lack of timely notification was "at the very least, negligent, and it deprived us of our rights to request performance" during the term of the Insurance/Warranty Program.⁴

On October 7, 2007, the Chief Hearing Examiner issued a Ruling in this matter. In her Ruling, the Chief Hearing Examiner stated that on June 13, 2005, the Commission entered its Order Approving Plans of Liquidation for the HOW Companies.⁵ She noted that the Plan of Liquidation required the Deputy Receiver to wind down the businesses of the HOW Companies and concluded it would be in the best interests of all of the HOW Companies' policyholders and creditors to conclude pending matters.⁶

The Chief Hearing Examiner explained that § 8.01-335 of the Code of Virginia 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 two years upon at least fifteen days' notice to the parties. She noted that no pleadings or other activities had occurred with respect to the matter since 2001. Therefore,

¹ Petition at 2.

² Deputy Receiver's Response.

³ Petitioners' Response to Motion to Dismiss ("Petitioners' Response") at 2.

⁴ *Id.*

⁵ *Commonwealth of Virginia, at the relation of the State Corporation Commission v. HOW Insurance Company, a Risk Retention Group, Home Warranty Corporation, and Home Owners Warranty Corporation*, Case No. INS-1994-00218, Order Approving Plans of Liquidation, 2005 S.C.C. Ann. Rept. 58 (June 13, 2005).

⁶ Ruling at 1.

the Chief Hearing Examiner advised the parties that the matter would be dismissed unless good cause was shown on or before October 26, 2007, why the matter should not be dismissed from the Commission's docket of active cases.⁷

On October 25, 2007, the Deputy Receiver filed comments to the Ruling in which he agreed with the Chief Hearing Examiner's conclusion that the case was ripe for dismissal. On October 26, 2007, the Petitioners filed comments requesting that the case not be dismissed.

On March 17, 2014, the Chief Hearing Examiner issued her Report ("Chief Hearing Examiner's Report"). After noting that no settlement had been reached in this case, she considered the outstanding Motion to Dismiss and made the following findings:

- (1) All coverage, including MSD coverage, expired on May 1, 1997, prior to receipt of Petitioners' claim by the HOW Companies;
- (2) Petitioners' claim is therefore time-barred by the express provisions of the Insurance/Warranty Documents;
- (3) The Deputy Receiver's Determination of Appeal should be affirmed; and
- (4) This Petition should be dismissed.⁸

The Chief Hearing Examiner recommended that the Commission enter an order adopting her findings, granting the Motion to Dismiss, affirming the Deputy Receiver's Determination of Appeal, and dismissing the Petition.⁹

The parties were directed to file comments within 21 days of the entry of the Chief Hearing Examiner's Report. No comments were filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings in the Chief Hearing Examiner's Report are hereby ADOPTED.
- (2) The Deputy Receiver's Motion to Dismiss is hereby GRANTED.
- (3) The Petition of David S. and Elizabeth W. Hardin for review of the Deputy Receiver's Determination of Appeal is hereby DENIED.
- (4) The Determination of Appeal in Claim No. 2869421 issued by the Deputy Receiver is hereby AFFIRMED.
- (5) The case is DISMISSED, and the papers herein shall be passed to the file for ended causes.

⁷ *Id.* at 1-2.

⁸ Chief Hearing Examiner's Report at 10.

⁹ *Id.*

**CASE NO. INS-2002-00121
MAY 14, 2014**

PETITION OF
MARIANNE AND CHARLES ANDERSON

For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal

ORDER

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an order in Case No. CH94E01059-00 ("Receivership Order") appointing the State Corporation Commission ("Commission") as Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation (collectively, "HOW Companies"). The Receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

Marianne and Charles Anderson (collectively, "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 Determination of Appeal in Claim No. 3550864-A.

The Petitioners asserted, among other things, that their home had major defects in the siding that should have been covered under an insurance/warranty program that was offered by the HOW Companies in which the Petitioners' home had been enrolled by the builder ("Insurance/Warranty Program"). Specifically, the Petitioners contended that the basis for denial of the claim had erroneously been based upon the term of coverage. The

Petitioners advised that they had expended extensive time and effort to ascertain and assess the siding problem, which effort began before coverage under the Insurance/Warranty Program expired.¹

By Order dated May 9, 2002, 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 May 31, 2002, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review ("Motion to Dismiss") and a Memorandum in Support of the Motion to Dismiss ("Memorandum"). The Deputy Receiver asserted that the Petitioners' claims for warranty coverage were time-barred by the express contractual provisions of the Insurance/Warranty Program.² The Deputy Receiver further asserted that even if timely submitted, the allegations were insufficient to support a claim for Major Structural Defects ("MSD") as the definition of an MSD requires actual physical damage to and failure of one of only eight designated load-bearing elements of the home.³ The Deputy Receiver contended that the Petitioners thus failed to assert a claim upon which relief could be granted, and the Petition should be dismissed.⁴

In their Reply the Petitioners contended, among other things, that the sole reliance on the terms of the Insurance/Warranty Program bewildered Petitioners, and they asserted other circumstances should be considered.⁵

On April 15, 2014, the Chief Hearing Examiner issued her Report and made the following findings:

(1) All coverage, including MSD coverage and the expiration of the grace period, expired on August 31, 2000, prior to receipt of Petitioners' claim by the HOW Companies.

(2) The Petitioners' claim is time-barred by the express provisions of the Insurance/Warranty Documents [for submitting covered claims].

(3) The Deputy Receiver's Determination of Appeal should be affirmed.

(4) The Petition should be dismissed.⁶

The Chief Hearing Examiner recommended that the Commission adopt the findings of her Report, grant the Motion to Dismiss, affirm the Deputy Receiver's Determination of Appeal, and dismiss the Petition.⁷ The parties were directed to file comments within 21 days of the entry of the Chief Hearing Examiner's Report. No comments were filed.

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

Accordingly, IT IS ORDERED THAT:

(1) The findings in the Chief Hearing Examiner's Report are hereby ADOPTED.

(2) The Deputy Receiver's Motion to Dismiss is hereby GRANTED.

(3) The Petition of Marianne and Charles Anderson for review of the Deputy Receiver's Determination of Appeal is hereby DENIED.

(4) The Determination of Appeal in Claim No. 3550864-A issued by the Deputy Receiver is hereby AFFIRMED.

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

¹ Petition at 1.

² Deputy Receiver's Memorandum at 2-4.

³ *Id.* at 4.

⁴ *Id.* at 3, 4.

⁵ Reply Brief of Petitioner[s] at 1.

⁶ Chief Hearing Examiner's Report at 5.

⁷ *Id.*

**CASE NO. INS-2009-00062
OCTOBER 31, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GREEK CATHOLIC UNION OF THE U.S.A.,
Defendant

FINAL ORDER

Greek Catholic Union of the U.S.A. ("Defendant"), a foreign fraternal benefit society domiciled in the State of Pennsylvania, is licensed to transact the business of a fraternal benefit society in the Commonwealth of Virginia ("Commonwealth").

By Order Suspending License ("Order") entered May 22, 2009, the Defendant was prohibited from transacting new business in the Commonwealth until further order of the State Corporation Commission ("Commission").¹ The Order was entered due to the Defendant's 2008 Annual Statement, which indicated a 76% decline in surplus.²

The Defendant's June 30, 2014 Quarterly Statement filed with the Commission's Bureau of Insurance ("Bureau") indicates that the Defendant is in compliance with Virginia's financial regulatory requirements. The Bureau has recommended that the Defendant's license to transact the business of a fraternal benefit society 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 entered by the Commission on May 22, 2009, is hereby VACATED.
- (2) This case is hereby DISMISSED.
- (3) The papers herein shall be placed in the file for ended causes.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission v. Greek Catholic Union of the U.S.A.*, 2009 S.C.C. Ann. Rept. 130, Order Suspending License (May 22, 2009).

² Pursuant to 14 VAC 5-290-30 of the Commission's Rules Establishing Standards for Companies Deemed to Be in Hazardous Financial Condition, 14 VAC 5-290-10 *et seq.*, when an insurer's excess of surplus to policyholders over and above an insurer's statutorily required surplus to policyholders has decreased by more than fifty percent in the preceding twelve-month period or any shorter period of time, the Commission may deem such condition to be hazardous to policyholders, creditors, or the general public.

**CASE NO. INS-2009-00140
NOVEMBER 24, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TRIAD GUARANTY INSURANCE CORPORATION,
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.

Triad Guaranty Insurance Corporation, 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 11, 1987.

By Impairment Order entered by the Commission on June 23, 2009¹, the Defendant was ordered to cure the impairment in its surplus on or before September 23, 2009, and notify the Commission of the accomplishment thereof by affidavit of its president or other authorized officer.

By letter of Kenneth W. Jones, the Defendant's President and Chief Executive Officer, received by the Commission's Bureau of Insurance on August 25, 2009, the Defendant voluntarily consented not to solicit or issue any new insurance policies or contracts in the Commonwealth, other than the

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission v. Triad Guaranty Insurance Corporation*, Case No. INS-2009-00140, 2009 S.C.C. Ann. Rpt. 156, Impairment Order (June 23, 2009).

modification or refinancing of existing business, until further order of the Commission. On October 8, 2009, the Commission vacated the Impairment Order and entered a Consent Order to this effect.²

Subsequently, on December 11, 2012, an Order of Rehabilitation was entered in the Circuit Court of Cook County, Illinois ("Circuit Court"), against the Defendant by the Director of Insurance of the State of Illinois.³ The Circuit Court found that the Defendant "is insolvent and that its further transaction of business would be hazardous to its policyholders, or to its creditors, or to the public."⁴ In addition, the Defendant's Virginia corporate certificate of authority was revoked on April 30, 2014, for failure to file its 2013 annual report and pay its 2013 annual registration fee.

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 Commission shall enter an order subsequent to December 10, 2014, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before December 10, 2014, 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.

² *Commonwealth of Virginia, ex rel. State Corporation Commission v. Triad Guaranty Insurance Corporation*, Case No. INS-2009-00140, Consent Order (Oct. 8, 2009).

³ *State of Illinois ex rel. Boron v. Triad Guaranty Insurance Corporation et al.*, Case No. 12 CH 43895, Order of Rehabilitation (Dec. 11, 2012).

⁴ *Id.* at 2.

**CASE NO. INS-2009-00140
DECEMBER 18, 2014**

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

v.

TRIAD GUARANTY INSURANCE CORPORATION,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("Order") entered November 24, 2014,¹ Triad Guaranty Insurance Corporation, 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 December 10, 2014, revoking the license of the Defendant unless on or before December 10, 2014, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

On October 8, 2009, the Defendant voluntarily consented not to solicit or issue any new insurance policies or contracts in the Commonwealth, other than the modification or refinancing of existing business, until further order of the Commission.² Subsequently, on December 11, 2012, an Order of Rehabilitation was entered in the Circuit Court of Cook County ("Court"), Illinois, against the Defendant.³ The Court found that the Defendant "is insolvent and that its further transaction of business would be hazardous to its policyholders, or to its creditors, or to the public."⁴ In addition, the Defendant's Virginia corporate certificate of authority was revoked on April 30, 2014, for failure to file its 2013 annual report and pay its 2013 annual registration.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau of Insurance ("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 Doc. Con. Cen. No. 141120193.

² See Consent Order entered in this docket on Oct. 8, 2009. The Commission entered an Impairment Order against the Defendant on June 23, 2009, that was vacated when the Consent Order was entered.

³ *State ex rel. Boron v. Triad Guaranty Ins. Corp. et al.*, Case No. 12 CH 43895, Order of Rehabilitation (Ill. Cir. Ct. Dec. 11, 2012).

⁴ *Id.* at 2.

(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-2011-00239
JULY 28, 2014**

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

v.

SOUTHERN TITLE INSURANCE CORPORATION, in Receivership,

ORDER OF LIQUIDATION WITH A FINDING OF INSOLVENCY

On October 4, 2013, Jacqueline K. Cunningham, as Deputy Receiver ("Deputy Receiver") of Southern Title Insurance Corporation ("Southern Title" or "Company"), filed with the State Corporation Commission ("Commission") her application ("Application") for the Commission's entry of an Order of Liquidation declaring Southern Title to be insolvent, approving the proposed claims filing deadline, authorizing use of the unearned premium reserve ("UPR") in accordance with § 38.2-4613 of the Code of Virginia ("Code"), and addressing all related matters.

On October 18, 2013 the Commission entered a scheduling order ("Scheduling Order") that (i) set a hearing ("Liquidation Hearing") on the Deputy Receiver's proposed liquidation of Southern Title; (ii) established response dates for those persons wishing to oppose the Application; (iii) approved notice procedures for the Liquidation Hearing and other receivership proceedings, and (iv) appointed a Hearing Examiner to conduct all further proceedings in this matter.¹

The notice procedures required that the Deputy Receiver provide direct written notice of the Liquidation Hearing to all creditors, claimants, and policyholders for whom Southern Title's records provided a valid mailing address, and publish notice of the Liquidation Hearing one day a week for two consecutive weeks in publications specified in a schedule of publications attached to the Application. In addition, the Deputy Receiver was authorized to use electronic mail to provide notice to any claimant, creditor, or policyholder for whom Southern Title maintains a valid electronic mail address.

The Liquidation Hearing was held before the Senior Hearing Examiner on May 13, 2014. Joseph West, Esquire, and Michael P. Marcin, Esquire, appeared on behalf of the Deputy Receiver. John O. Cox, Esquire, appeared on behalf of the Commission's Bureau of Insurance ("Bureau"). The Deputy Receiver presented her case for liquidation of Southern Title through four witnesses: (i) Susan E. Roehm, Director of Information Services for Palomar Financial; (ii) Donald Beatty, Esquire, Senior Counsel in the Commission's Office of General Counsel; (iii) Joel Vaag, Principal for Oliver Wyman Actuarial Consultants; and (iv) Clark Thomson, CPA, Managing Partner for Calhoun, Thomson & Matza, LLP.

Ms. Roehm testified, among other things, that her firm was hired by the Deputy Receiver to handle accounting and various other tasks for the receivership including providing notice to all creditors, claimants, and policyholders for whom Southern Title's records provide valid mailing addresses. Ms. Roehm also testified as to the Deputy Receiver's compliance with the notice requirements of the Scheduling Order.²

Mr. Beatty testified that he is the Special Deputy Receiver for Southern Title and that as such he is responsible for the day to day operation of the Company.³ Mr. Beatty testified that according to Southern Title's December 31, 2012, audited financial statement, the Company was insolvent by \$30,438,982.⁴ Mr. Beatty also testified that as of December 31, 2013, Southern Title's liabilities exceeded its assets by \$25,446,699⁵ and that it was unable to pay its obligations.⁶ Mr. Beatty contended that efforts to rehabilitate the Company would be futile due to deep insolvency.⁷ In addition, Mr. Beatty noted that the Deputy Receiver issued a request for proposals seeking a purchaser of the Company, or reinsurance, or any other possible arrangements and that no proposals were received.⁸ Because further efforts to rehabilitate the Company would be futile, Mr. Beatty recommended that Southern Title be liquidated.⁹

Mr. Beatty advised that the UPR is a reserve established by § 38.2-4610.1 of the Code for the protection of policyholders.¹⁰ Mr. Beatty testified that as of December 20, 2011, the date that the Company was placed into receivership, the UPR was \$9,974,279.¹¹ Mr. Beatty testified that § 38.2-4613 C of

¹ Doc. Con. Cen. No. 131050066.

² Roehm, Tr. at 8-12.

³ Beatty, Tr. at 14.

⁴ *Id.* at 16-17; Exhibit No. 3.

⁵ Beatty, Tr. at 17; Exhibit No. 4.

⁶ Beatty, Tr. at 17-18.

⁷ *Id.* at 18.

⁸ *Id.* at 19.

⁹ *Id.*

¹⁰ *Id.* at 20.

the Code provides that the UPR may be used for (i) the payment of expenses of administration of a receivership; (ii) policyholder claims filed before the claims filing deadline; and (iii) if there are any remaining funds, claims filed after the claims filing deadline but within twenty years of the deadline.¹²

Mr. Vaag testified as to his duties as the appointed actuary to Southern Title since 2012.¹³ Mr. Vaag testified that he was engaged, in part, to provide an estimate of the unpaid loss and loss adjustment expense for Southern Title.¹⁴ Mr. Vaag testified that as of December 31, 2013, the range of unpaid loss and loss adjustment expense liabilities, net of reinsurance, was \$33,547,000 to \$40,009,000, with a central estimate of \$36,778,000.¹⁵

Finally, Mr. Thomson testified that his firm was engaged to audit the statutory basis financial statements for the year ended December 31, 2012.¹⁶ Mr. Thomson affirmed that as of December 31, 2012, Southern Title was insolvent by \$30,438,982.¹⁷ He opined that the Company cannot fulfill its obligations in the normal course of business.¹⁸

On June 12, 2014, the Senior Hearing Examiner issued his Report ("Report") which summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the Liquidation Hearing. In his Report, the Senior Hearing Examiner found that the Deputy Receiver had provided notice to claimants, creditors, and policyholders as directed in the Scheduling Order. The Senior Hearing Examiner also found that, based on the evidence presented during the Liquidation Hearing, Southern Title is insolvent as liabilities far exceed assets, and the Company is unable to pay its obligations as they become due in the ordinary course of business. Based on the Company's insolvency, and its failed efforts to locate either a purchaser or reinsurance, the Senior Hearing Examiner found that further efforts to rehabilitate Southern Title would be futile.¹⁹ He found that the Commission should grant the Deputy Receiver's Application and enter a liquidation order as requested by the Deputy Receiver.²⁰ He recommended that the Commission enter an order adopting his findings and dismissing the case.²¹

The Report allowed the parties 21 days to provide comments. No comments were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Senior Hearing Examiner's findings and recommendations are reasonable and should be adopted except that we will keep this case open pending resolution of the receivership.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Application is hereby GRANTED.
- (2) Southern Title is hereby found and declared to be INSOLVENT, as that term is defined in § 38.2-1501 of the Code.
- (3) Further efforts to rehabilitate Southern Title would be futile, and the Company should be liquidated.
- (4) The Deputy Receiver is hereby directed to proceed with the LIQUIDATION of Southern Title in accordance with the provisions of Title 38.2, Chapter 15 of the Code, other applicable Virginia law, and the orders of the Commission, and all subject to the further orders of the Commission.
- (5) The Deputy Receiver is hereby AUTHORIZED to use assets equal to the value of the UPR on December 20, 2011 (\$9,974,279), to enter into contracts of reinsurance to pay all policyholder claims, or if no such contracts of reinsurance are effected, to be distributed according to the order of preference in § 38.2-4613 C of the Code, and to report its Statutory Premium Reserve liability as \$9,974,279, less any distribution or payment made in accordance with § 38.2-4613 of the Code;
- (6) The Claims Filing Deadline is hereby established at six (6) months following the date entry of this Order, applicable to all claims against Southern Title other than Pending Claims and Administrative Claims, all as more fully described in the Application;

¹¹ *Id.* at 21; Exhibit No. 5.

¹² Beatty, Tr. at 24.

¹³ Vaag, Tr. at 34.

¹⁴ *Id.* at 35.

¹⁵ *Id.* at 36; Exhibit No. 8.

¹⁶ Thomson, Tr. at 39-40.

¹⁷ *Id.* at 40; Exhibit No. 11.

¹⁸ Thomson, Tr. at 41.

¹⁹ Report at 6.

²⁰ *Id.* at 9.

²¹ *Id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (7) The Deputy Receiver is hereby AUTHORIZED to:
- i. Promulgate reasonable requirements for the method of presentment and for perfecting claims including, but not limited to, the following: that all claims be rendered certain, liquidated, and non-contingent within a reasonable time following initial presentment but no more than one year following expiration of the Claims Filing Deadline;
 - ii. Continue managing the affairs of Southern Title until such time as it is liquidated and dissolved;
 - iii. Maintain a reasonable reserve of both UPR and non-UPR assets for the costs and expenses of administration;
 - iv. Allocate the costs and expenses of administration between UPR and non-UPR assets in the proportion those assets bear to the value of all estate assets;
 - v. Allocate the costs and expenses of paying claims pursuant to §§ 38.2-1509 B 1 (ii) and 38.2-4613 C (ii) of the Code between UPR and non-UPR assets in the proportion those assets bear to the value of all estate assets;
 - vi. After reserving for the costs and expenses of administration, pursuant to §§ 38.2-1509 B 1 and 38.2-1510 of the Code, including the costs of curative actions taken to resolve title defects that, left uncured, might give rise to claims under insurance policies issued by Southern Title, adjudicate and pay out non-UPR designated funds according to the following priorities:
 1. The claims of all secured creditors with a perfected security interest not voidable under § 38.2-1513 of the Code to the extent of the value of their security;
 2. The claims of the associations for "covered claims" and "contractual obligations," as defined in § 38.2-1603 of the Code and in other applicable comparable statutes in other jurisdictions, and the claims of other policyholders arising out of insurance contracts apportioned without preference, such payments to be made from Southern Title assets in accordance with a Commission order or directive of the Deputy Receiver setting the payment percentage;
 3. Taxes owed to the United States and other debts owed to any person, including the United States, which by the laws of the United States are entitled to priority;
 4. Claims for wages entitled to priority as provided in § 38.2-1514 of the Code;
 5. On a *pro rata* basis, claims of all other creditors; and
 6. That portion of all Late Filed Claims, as described in the Application, scheduled to be paid from non-UPR fund sources.
 - vii. Adjudicate and pay out UPR designated funds in the following order of preference:
 1. All expenses incurred under § 38.2-4613 of the Code in connection with the receivership and rehabilitation proceedings, including the costs of curative actions taken to resolve title defects that, left uncured, might give rise to claims under insurance policies issued by Southern Title;
 2. Policyholder claims for losses filed before the Claims Filing Deadline apportioned without preference, such payments to be made from Southern Title assets in accordance with a Commission order or directive of the Deputy Receiver setting the payment percentage; and
 3. Policyholder claims for losses that were filed after the Claims Filing Deadline, as they are allowed until such time as no funds remain or until December 20, 2031, whichever is earlier.
 - viii. Transfer UPR assets that remain unpaid or undistributed after December 20, 2031, if any, to the non-UPR accounts of Southern Title to be administered as non-UPR designated funds;
 - ix. In the event that she cannot find any person owed funds by the Company, deliver such unclaimed funds to the custody of the state of that person's last known address, as shown by the Company's books and records, pursuant to the procedures established by that state's unclaimed property laws;
 - x. Create a trust to hold any unclaimed funds if the applicable state unclaimed property laws did not permit her to deliver any such unclaimed funds to the relevant states prior to the date that Southern Title would cease to exist and the receivership would terminate;
 - xi. Cause a third party or contractor of the Company to assume remaining obligations and contingencies of Southern Title in exchange for reasonable consideration, and be authorized to obtain an independent opinion from an actuarial or accounting firm regarding the reasonableness of consideration paid for the assumption of Southern Title obligations or contingencies; and
 - xii. Take all steps necessary and appropriate to liquidate and dissolve Southern Title as soon as reasonably practicable.
- (8) The rights, interests, and contingent claims of all policyholders, and creditors of the Company are hereby fixed as of the date of the entry of this Order;

(9) The Deputy Receiver is hereby authorized, in her reasonable discretion, to issue a directive extending the Claims Filing Deadline for a period no greater than one (1) year;

(10) The termination and closure of these receivership proceedings upon application of the Deputy Receiver, at the completion of the liquidation, for the Commission's order terminating these proceedings is hereby approved; and

(11) This matter is continued.

**CASE NO. INS-2013-00035
NOVEMBER 24, 2014**

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

v.

RED ROCK INSURANCE COMPANY
f/k/a BANCINSURE, 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 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.

Red Rock Insurance Company f/k/a Bancinsure, Inc., a foreign corporation domiciled in the state of Oklahoma ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order ("Impairment") entered herein March 19, 2013,¹ 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. In addition, on August 21, 2014, the District Court of Oklahoma County, State of Oklahoma entered an Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction² against the Defendant. The Court found that the Defendant "is currently insolvent and in a condition such that continued operation would be hazardous to the policyholders, the creditors of the insurer or the general public."³

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 December 5, 2014, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before December 5, 2014, 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. 130330020.

² *State of Oklahoma, ex rel. Doak v. Red Rock Insurance Company*, Case No. CJ-2014-4353, Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction (Aug. 12, 2014).

³ *Id.* at 3.

**CASE NO. INS-2013-00035
DECEMBER 18, 2014**

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

v.

RED ROCK INSURANCE COMPANY
F/K/A BANCINSURE, INC.,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein November 24, 2014,¹ Red Rock Insurance Company f/k/a Bancinsure, Inc., an Oklahoma 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 December 5, 2014, suspending the license of the Defendant

¹ Doc. Con. Cen. No. 141120194.

unless on or before December 5, 2014, 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 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 19, 2013.² In addition, on August 21, 2014, the District Court of Oklahoma County, State of Oklahoma ("Court"), entered an Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction³ against the Defendant. The Court found that the Defendant "is currently insolvent and in a condition such that continued operation would be hazardous to the policyholders, the creditors of the insurer or the general public."⁴

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.

² The Commission entered an Impairment Order against the Defendant on March 19, 2013. (Doc. Con. Cen. No. 130330020). The Impairment Order directed the Defendant to eliminate the impairment and provide the affidavit within 90 days.

³ *State ex rel. Doak v. Red Rock Ins. Co.*, Case No. CJ-2014-4353, Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction (Dist. Ct. Okla. County Aug. 12, 2014).

⁴ *Id.* at 3.

**CASE NO. INS-2013-00036
JULY 15, 2014**

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

v.

REUBEN MAYFIELD, JR.

and

M&M INSURANCE AGENCY, INC.,

Defendants

FINAL ORDER

On March 21, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause against Reuben Mayfield, Jr. ("Mayfield") and M&M Insurance Agency, Inc. ("Agency") (collectively, "Defendants"), based on allegations made by the Commission's Bureau of Insurance ("Bureau") that the Defendants: (i) misappropriated premiums in violation of § 38.2-1813 of the Code of Virginia ("Code"); (ii) failed to obey previous orders of the Commission by continuing to mishandle premiums after entering into Commission Settlement Orders that contained orders to cease and desist from mishandling premiums in violation of § 12.1-33 of the Code; and (iii) violated § 38.2-1831 of the Code by violating previous orders of the Commission; improperly withholding, misappropriating, or converting premiums received in the course of doing insurance business; and using dishonest practices or demonstrating incompetence or untrustworthiness in the conduct of business in the Commonwealth of Virginia ("Commonwealth"). The Bureau sought monetary penalties and the revocation of the Defendants' insurance licenses.

Based on its investigation of these violations, the Bureau asserted that Mayfield repeatedly failed to remit premiums to insurers in the ordinary course of business and engaged in "floating," whereby Mayfield used premiums for purposes other than paying for an insured's policy (such as to pay for personal and/or business expenses) and then used premiums from other insureds, collected at a later date, to repay the funds he had used. The Bureau further alleged that Mayfield allowed the Agency's trust account ("Premium Account") to incur numerous insufficient funds ("NSF") charges in a two-year period, resulting in bank fees of approximately \$8,000 that were paid, at least in part, with insureds' premiums. Additionally, the Bureau alleged that the Premium Account incurred 16 negative balances between January 2010 and May 2012, at times when it should have contained insureds' premiums.

As a result of its investigation, the Bureau also alleged that the Defendants had violated numerous Commission Settlement Orders¹ requiring them to cease and desist from mishandling premiums in violation of § 38.2-1813 of the Code. The Defendants agreed to the Prior Settlement Orders following earlier similar allegations by the Bureau that they had mishandled premiums.

An evidentiary hearing in this matter commenced on July 30, 2013. William Stanton, Esquire, and Scott A. White, Esquire, appeared as counsel for the Bureau. JoAnne L. Nolte, Esquire, appeared as counsel for the Defendants, who fully participated in the hearing.

During the hearing, the Bureau called seven witnesses: three consumers (Theodore H. Giles ("Giles"), Rev. Charles Smith ("Smith") and Theodore Fuller ("Fuller")) who purchased insurance from the Defendants; a Special Investigator for an insurer; a business associate of Mayfield; Bureau Senior Investigator Larry Beadles ("Beadles"); Jasper Carl Williams; and Deputy Commissioner for Agent Regulation and Administration in the Bureau, Brian P. Gaudiose ("Gaudiose"). The consumers offered testimony concerning their purchase of insurance from Mayfield. Beadles testified about his examination of Defendants' business records and bank accounts. Gaudiose discussed Mayfield's disciplinary history with the Bureau and the appropriateness of revocation given Mayfield's previous opportunities for change as well as recent problems concerning his mishandling of premium funds.

The Defendants called five witnesses: one consumer (Tierra Simone Terrell ("Terrell")); the Vice President of the Professional Insurance Agents Association of Virginia and the District of Columbia, Inc., Dennis Yocom ("Yocom"); Mayfield's wife; the Agency's accountant since January 2013; and Mayfield. Terrell testified about her business experiences with Mayfield. Yocom testified about Mayfield's involvement in professional organizations and submitted a letter in support of the Defendants. The accountant expressed his opinion that voluntary safeguards - including changing banks and hiring an accountant to oversee the Premium

Account - were now in place to assure proper money handling. Mayfield testified about his business practices, asserting that he inadvertently transferred premiums out of the Premium Account and that problems with the Premium Account were due to bank "holds" and/or bad checks from consumers.

On April 21, 2014, the Hearing Examiner filed his report ("Report"), which thoroughly summarized the factual and procedural history of the case, as well as the evidence and arguments presented at the hearing. Specifically, he analyzed the experiences of the three insureds presented by the Bureau, stating that the insureds' experiences "fit the general pattern of a premium account that failed to be maintained in accordance with the fiduciary standards required by law."² He found that the Bureau has provided clear and convincing evidence that each Defendant committed 242 violations of § 38.2-1813 of the Code, including the following:

- (I) The Defendants mishandled premiums in violation of Code § 38.2-1813(A):
 - (a) 210 times when they failed to hold premiums in a fiduciary capacity as evidenced by 210 insufficient funds fees incurred in the Premium Account;
 - (b) 19 times when they failed to hold premiums in a fiduciary capacity as evidenced by 19 negative balances in the Premium Account;
 - (c) One time when they converted \$8,500 of Giles Care [Transportation Service LLC or "Giles Care"] premiums to Mayfield in September 2011;
 - (d) One time when they used Mr. Fuller's premiums to pay for Giles Care's insurance;
 - (e) One time when they used the Full Gospel [Tabernacle Church or "Full Gospel"] premiums to pay the Agency's rent;
 - (f) One time when they failed to remit the \$650 in premiums they accepted from Full Gospel and the premium account balance fell below \$650, which suggests the funds were mishandled; and
 - (g) One time when they used premiums to pay for a hotel stay at the Wyndham Resort.
- (II) The Defendants mishandled premiums in violation of Code § 38.2-1813(A) when they failed to remit premiums in the ordinary course of business and when they failed to remit premiums belonging to:
 - (a) Giles Care for eight months;
 - (b) Fuller for six months; and
 - (c) Full Gospel for three months.
- (III) The Defendants also failed to maintain an accurate record and itemization of premiums in violation of Code § 38.2-1813(B) when they failed to record five separate disbursements made related to Giles Care's premium in the Agency's Cash Disbursement Journal.³

¹ The Hearing Examiner found that the Defendants violated the following Commission Orders: *State Corporation Commission v. Reuben Mayfield, Jr. and M&M Insurance Agency, Inc.*, Case No. INS-1997-00296, Doc. Con. Cen. No. 980110178, Settlement Order (Jan. 8, 1998); *State Corporation Commission v. Reuben Mayfield, Jr. and M&M Insurance Agency, Inc.*, Case No. INS-2001-00067, Doc. Con. Cen. No. 010420068, Settlement Order (Apr. 26, 2001); *State Corporation Commission v. Reuben Mayfield, Jr. and M&M Insurance Agency, Inc.*, Case No. INS-2004-00330, Doc. Con. Cen. No. 050320489, Settlement Order (Mar. 24, 2005) (hereinafter, "Prior Settlement Orders").

² Report at 24.

³ *Id.* at 24-25.

The Hearing Examiner also discussed the Defendants' compliance with the Prior Settlement Orders. Based on his findings that each of the Defendants committed 242 violations of § 38.2-1813 of the Code in this case, he found that each of the violations of § 38.2-1813 of the Code also constitutes a violation of the Commission's Prior Settlement Orders.⁴

The Hearing Examiner also considered whether Mayfield complied with the provision of the Prior Settlement Order in Case No. INS-2004-00330 whereby he agreed to sell the Agency for five years. The Hearing Examiner found that Mayfield complied with this provision by divesting his ownership interest in the Agency for five years.⁵

Concerning penalties, the Hearing Examiner considered the Bureau's contention that the Defendants' licenses should be revoked pursuant to § 38.2-1831 of the Code, specifically for the following causes: (i) subdivision 2, "[v]iolating any insurance laws, or violating any regulation, subpoena or order of the Commission or of another state's insurance regulatory authority;" (ii) subdivision 6, "[i]mproperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business; and (iii) subdivision 10, "[u]sing 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."⁶

Based on the findings that the Defendants mishandled premiums in violation of § 38.2-1813 of the Code and violated the Prior Settlement Orders, the Hearing Examiner found that the Bureau has provided clear and convincing evidence that the Defendants are in violation of § 38.2-1831 (2).⁷ He also found that the Bureau provided clear and convincing evidence that the Defendants are in violation of § 38.2-1831 (6) of the Code, stating that each of the 210 NSF fees and the 19 negative balances in the Agency Premium Account indicate that the Defendants failed to hold premiums in a separate fiduciary account, and the premiums were used or commingled with funds used for purposes other than paying premiums.⁸

The Hearing Examiner also found that the Bureau has provided clear and convincing evidence that the Defendants are in violation of § 38.2-1831 (10) of the Code based on the evidence that the Defendants engaged in fraudulent, incompetent or dishonest business conduct by failing to procure insurance after receiving funds from Fuller and Smith; by failing to inform Fuller that the Department of Motor Vehicles suspended his driver's license because Mayfield used his premium to pay for another insured's policy; and by producing conflicting versions of Mayfield's cash disbursement journal related to premiums from Giles. The Hearing Examiner also found that the Defendants demonstrated incompetence in regard to bank fees.⁹

The Hearing Examiner then considered the Defendants' voluntary procedures put in place since January 2013 to address the Bureau's concerns, such as changing banks and changing accountants, Mayfield's career as an insurance agent, and Mayfield's history of mishandling premium accounts. To ensure the Defendants cease and desist from mishandling customer premiums, the Hearing Examiner recommended that the Commission should revoke the licenses of the Defendants.¹⁰ He further recommended that, if the Commission decides that the Defendants should retain their licenses, the Defendants should receive penalties limited to \$50,000 per Defendant.¹¹ He also recommended that the Commission adopt all the findings in his Report and dismiss this case.¹²

On May 9, 2014, the Defendants, by counsel, filed comments to the Report. The Defendants asserted that the violations were due to a combination of factors, many of which were outside of the Defendants' control, such as problems caused by the U.S. mail system and banking institutions, as well as Mayfield's "inadvertently taking double commissions."¹³ The Defendants also cited the testimony of Mayfield and the Agency's accountant "that the voluntary procedures that Defendants have put into place are working,"¹⁴ including switching banks, hiring another licensed agent to assist in running the Agency, and engaging an accountant to write checks from the Premium Account.¹⁵ The Defendants offered for the accountant to report regularly to the Bureau concerning certain aspects of the Defendants' business.¹⁶

The Defendants asserted that they would be unable to pay penalties of \$100,000.¹⁷ Lastly, they urged in the event of license revocation that they be allowed to retain their licenses for at least twelve months so that they could sell their insurance book of business.¹⁸

⁴ *Id.* at 25-26.

⁵ *Id.* at 28.

⁶ *Id.* at 17.

⁷ *Id.* at 28.

⁸ *Id.*

⁹ *Id.* at 28-29.

¹⁰ *Id.* at 29-30.

¹¹ *Id.* at 30.

¹² *Id.*

¹³ Defendant's Comments to the Report of Howard P. Anderson, Jr., Hearing Examiner dated April 21, 2014 at 6 (hereinafter "Defendants' Comments").

¹⁴ *Id.*

¹⁵ *Id.* at 6-9.

¹⁶ *Id.* at 9.

¹⁷ *Id.* at 10.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in his Report should be adopted with modification. We will allow the Defendants to retain their licenses for six months from the date of this Order, during which time the Defendants are directed to wind down their insurance business. During this period, the Defendants will continue all voluntary procedures implemented to ensure the proper handling of insureds' funds that they discussed during the hearing and in the Defendants' Comments. We also will require Mayfield to contact the Bureau every sixty (60) days during the six-month period to inform the Bureau of the progress he has made in winding down his business. At the end of the six-month period, the Defendants' licenses will automatically be revoked.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the April 21, 2014 Report are hereby ADOPTED with modification as set forth herein.
- (2) The Defendants' licenses to transact the business of insurance in the Commonwealth are hereby REVOKED, effective six months from the date of this Order.
- (3) For the next six months, beginning at the date of this Order, the Defendants shall wind down their insurance business.
- (4) For the next six months, beginning at the date of this Order, the Defendants shall continue all voluntary procedures implemented to ensure the proper handling of insureds' funds that they discussed during the hearing and in the Defendants' Comments filed May 9, 2014.
- (5) For the next six months, beginning at the date of this Order, Mayfield shall contact the Bureau every sixty (60) days to inform the Bureau of the progress he has made in winding down the Defendants' business. Specifically, Mayfield shall submit a written report to Deputy Commissioner Brian P. Gaudiose or his designee providing a detailed status concerning the sale of the insurance book of business.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹⁸ *Id.* at 11.

**CASE NO. INS-2013-00054
APRIL 1, 2014**

APPLICATION OF
GREGORY M. SHEPARD

For approval of acquisition of control of or merger with a domestic insurer

FINAL ORDER

On April 8, 2013, Gregory M. Shepard ("Applicant" or "Mr. Shepard") requested that the State Corporation Commission ("Commission") approve his Form A Statement Regarding the Acquisition of Control of a Domestic Insurance Company ("Application") pursuant to § 38.2-1323 of the Code of Virginia and 14 VAC 5-260-40 of the Commission's Rules Governing Insurance Holding Companies, 14 VAC 5-260-10 *et seq.* The Application requested approval of the Applicant's proposal to acquire 22.7% of the outstanding voting stock of Donegal Group, Inc. ("DGI"), parent company of Southern Insurance Company, a Virginia domestic insurer. In addition, Mr. Shepard filed Exhibits H-N to the Form A as confidential.

On November 22, 2013, the Commission entered a Preliminary Order. The Commission stated that the Application was incomplete but that it was in the best interests of the Applicant, DGI, and the Commission's Bureau of Insurance ("Bureau"), for the matter to be docketed to facilitate resolution of any issues related to any motions that were before the Commission. Among other things, the Commission appointed a Hearing Examiner to address any pending motions and to conduct all further proceedings in the matter.

On February 19, 2014, counsel for Mr. Shepard filed a letter announcing the withdrawal of his Form A. Mr. Shepard asked that the Hearing Examiner's Ruling dated February 10, 2014, allowing the unsealing of personal financial documents Mr. Shepard had filed under seal, be vacated, withdrawn, or stayed.

On February 19, 2014, the Bureau filed a letter stating that it had no objection to Mr. Shepard's request that his information filed under seal remain confidential.

On February 21, 2014, the Hearing Examiner filed his Report ("Report"). In his Report the Hearing Examiner found that based on the withdrawal of Mr. Shepard's Form A, the Application should be dismissed and Exhibits H-P of Mr. Shepard's Amended Form A, which was filed December 16, 2013, should be resealed and treated as confidential. The Hearing Examiner recommended that the Commission adopt the findings of his Report and dismiss this case. In addition, he allowed for a 21-day comment period. No comments to the Report were filed in this matter.

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

**CASE NO. INS-2013-00152
SEPTEMBER 5, 2014**

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

v.

COMMERCIAL TRAVELERS MUTUAL INSURANCE COMPANY,
Defendant

FINAL ORDER

Commercial Travelers Mutual Insurance Company ("Defendant"), a foreign corporation domiciled in the State of New York, is licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth").

By Order Suspending License ("Order") entered December 16, 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 falling below the \$4 million minimum required by § 38.2-1030 of the Code of Virginia.

The Defendant's June 30, 2014 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.

Accordingly, IT IS ORDERED THAT:

- (1) The Order entered by the Commission on December 16, 2013, is hereby VACATED.
- (2) This case is hereby DISMISSED.
- (3) The papers herein shall be placed in the file for ended causes.

¹ Doc. Con. Cen. No. 131230025.

**CASE NO. INS-2013-00157
JUNE 18, 2014**

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

v.

GEOFFREY S. YARK,
Defendant

ORDER DISMISSING CASE

On August 15, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Geoffrey S. Yark ("Defendant") based on an investigation conducted by the Bureau of Insurance ("Bureau") pursuant to § 38.2-1809 of the Code of Virginia. The Rule, among other things, docketed the case, directed the Defendant to file a responsive pleading, scheduled a hearing for October 1, 2013, and assigned a Hearing Examiner to conduct all further proceedings.

On September 30, 2013, the Bureau filed a Motion to Continue in which it stated that the Defendant and the Bureau had reached a tentative resolution of the case. In a Hearing Examiner's Ruling dated September 30, 2013, the hearing scheduled for October 1, 2013, was canceled and the matter was continued generally.

On June 2, 2014, the Bureau filed a Motion to Dismiss ("Motion") the Rule against the Defendant on the grounds that the Defendant had voluntarily surrendered his insurance agent license and agreed to be precluded from reapplying for such license for a period of three years. Based on the surrender of the Defendant's license, the Bureau decided to take no further remedial action against the Defendant and moved for the matter to be dismissed from the Commission's docket.

On June 6, 2014, the Hearing Examiner issued his Report in which he found that the Bureau's Motion should be granted and recommended that the Commission enter an order dismissing this proceeding from the Commission's docket of active case and passing the papers herein to the file for ended causes.

NOW THE COMMISSION, upon consideration of this matter, finds that the Hearing Examiner's finding and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Bureau's Motion hereby is granted.
- (2) This case hereby is dismissed.
- (3) The papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2013-00166
FEBRUARY 5, 2014**

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

v.

JAMES DOUGLAS PITTLER

and

PITTLER, MICHAELSON & FROST, INC.,

Defendants

FINAL ORDER

On July 19, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against James Douglas Pittler ("Pittler") and Pittler, Michaelson & Frost, Inc. ("Agency") (collectively, "Defendants"), based on allegations made by the Commission's Bureau of Insurance ("Bureau") that the Defendants: (i) failed to maintain records and make them available upon the Bureau's request, in violation of § 38.2-1809 of the Code of Virginia ("Code"); and (ii) failed to report the initiation of regulatory proceedings and disciplinary orders entered by at least four other states against Pittler in violation of § 38-2-1826 C of the Code.¹ Among other things, the Rule ordered the Defendants to appear at a hearing before the Commission on September 16, 2013, and to file a responsive pleading to the Rule on or before August 16, 2013. The Rule also assigned this matter to a Hearing Examiner to conduct further proceedings.

On August 29, 2013, the Bureau filed a Motion for Default Judgment ("Motion") in which the Bureau affirmed that the Defendants received notice of the Rule by certified mailings sent to the address specified by Pittler and the Agency as the registered address for service of process. The Bureau contended that the Defendants failed to claim the certified mailings and failed to file a responsive pleading to the Rule. The Bureau attached the affidavit of its primary investigator in this matter, Linwood Bennett, to provide a factual basis for the Commission's jurisdiction and the Defendants' alleged violations. In a Hearing Examiner's Ruling dated September 4, 2013, the Hearing Examiner found that the Bureau's Motion should be taken under advisement to be addressed at the scheduled hearing.

On September 16, 2013, the evidentiary hearing for this matter was convened as scheduled. Donnie L. Kidd, Esquire, appeared on behalf of the Bureau. The Defendants failed to appear at the hearing. Counsel for the Bureau presented proof of service of the Rule on the Defendants, the affidavit of Linwood Bennett and all of the attachments to the affidavit, which consisted of nine documents that were admitted as evidence into the record.

During the Hearing, counsel for the Bureau stated that each Defendant committed one violation of § 38.2-1809 of the Code by failing to provide or retain records and to make them available to the Bureau during the investigation. Additionally, the Bureau stated that each Defendant committed four violations of § 38.2-1826 of the Code for failing to provide notification of the final disposition of administrative proceedings against Pittler in at least four other states. For reasons stated by the Bureau during the hearing, the only relief sought by the Bureau was the revocation of the Defendants' insurance licenses.

On January 2, 2014, the Hearing Examiner filed his Report ("Report"). Based on proof of notice and the Defendants' failure to file a responsive pleading or make an appearance at the hearing, the Hearing Examiner found that the Defendants were in default and the Bureau's Motion should be granted. In addition, the Hearing Examiner found that the Bureau provided clear and convincing evidence that the Defendants committed each of the violations alleged by the Bureau. Finally, the Hearing Examiner found that the Commission should revoke the insurance licenses of the Defendants as sanctions in the proceeding. He recommended that the Commission enter an order adopting his findings and dismissing the case from the Commission's docket of active cases. The parties were granted 21 days to file comments to the Report. No comments were 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 Bureau's Motion is hereby GRANTED.
- (3) The licenses of the Defendants are hereby REVOKED.
- (4) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

¹ The Bureau later chose not to pursue the allegations concerning the failure to report the initiation of regulatory proceedings against Pittler but continued to pursue the allegations concerning the failure to report disciplinary orders entered in four states against Pittler. Tr. at 7.

CASE NO. INS-2013-00168
APRIL 28, 2014

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 was licensed by the Commission to act as a viatical settlement provider in the Commonwealth. However, on September 25, 2013, the Commission entered an Order Suspending License ("Order")¹ 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 Defendant's failure to timely file its 2012 annual report and anti-fraud certification with the Commission. Additionally, the Defendant's registration to transact business in the Commonwealth was cancelled by the Office of the Clerk of the Commission on November 30, 2013.

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 revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 9, 2014, revoking the license of the Defendant to act as a viatical settlement provider in the Commonwealth unless on or before May 9, 2014, 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. 130920283.

CASE NO. INS-2013-00168
SEPTEMBER 30, 2014

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

v.
MILESTONE PROVIDERS, LLC,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered April 28, 2014,¹ Milestone Providers, LLC, a nonresident limited liability corporation domiciled in Pennsylvania ("Defendant") that was licensed by the 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 May 9, 2014, revoking the license of the Defendant unless on or before May 9, 2014, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

On September 25, 2013, the Commission entered an Order Suspending License ("Order")² 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 Defendant's failure to timely file its 2012 annual report and anti-fraud certification with the Commission. Additionally, the Defendant's registration to transact business in the Commonwealth was cancelled by the Office of the Clerk of the Commission on November 30, 2013.

¹ Doc. Con. Cen. No. 140440089.

² Doc. Con. Cen. No. 130920283.

The Bureau of Insurance ("Bureau") has recommended that, based on the foregoing, the license of the Defendant to act as a viatical settlement provider in the Commonwealth be revoked.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to act as a viatical settlement provider in the Commonwealth hereby is REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a viatical settlement provider.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2013-00169
APRIL 28, 2014**

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 was licensed by the Commission to act as a viatical settlement provider in the Commonwealth. However, on September 25, 2013, the Commission entered an Order Suspending License ("Order")¹ 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 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 revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 12, 2014, revoking the license of the Defendant to act as a viatical settlement provider in the Commonwealth unless on or before May 12, 2014, 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. 130920284.

**CASE NO. INS-2013-00169
SEPTEMBER 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SECONDARY LIFE CAPITAL, LLC,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice ("Order") entered April 28, 2014,¹ Secondary Life Capital, LLC, 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 of Virginia ("Commonwealth"), was ordered to take notice that the Commission would enter an order subsequent to May 12, 2014, revoking the license of the Defendant unless on or before May 12, 2014, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

¹ Doc. Con. Cen. No. 140440098.

The Commission entered an Order Suspending License² against the Defendant on September 25, 2013, 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 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 license of the Defendant to act as a viatical settlement provider in the Commonwealth hereby is REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a viatical settlement provider.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

² Doc. Con. Cen. No. 130920284.

**CASE NO. INS-2013-00190
JUNE 16, 2014**

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

v.

RECIPROCAL OF AMERICA and
THE RECIPROCAL GROUP, in Receivership,

FINAL ORDER

On August 2, 2013, Jacqueline K. Cunningham, the Deputy Receiver ("Deputy Receiver") of Reciprocal of America ("ROA") and The Reciprocal Group, filed an application ("Application") wherein the Deputy Receiver sought an order from the State Corporation Commission ("Commission") for approval of two major steps in this receivership: the increase of claims payments from 95% to 100%, and approval of a proposed Loss Portfolio Transfer Agreement ("LPT Agreement") for ROA's workers' compensation insurance book of business.

Specifically, the Deputy Receiver sought the Commission's entry of: (1) a scheduling order setting a hearing on the proposed increase in the claims payment percentage and the LPT Agreement for ROA's workers' compensation insurance book of business, approving notice procedures, and establishing response dates; and (2) following the hearing, a final Commission order that: (i) authorized the increase from 95% to 100% of the percentage that ROA may pay ("Payment Percentage") on approved claims by Guaranty Associations,¹ policyholders, and insureds for losses, indemnification, or defense costs covered under ROA insurance policies (Policy Claims for Economic Damages a/k/a "Direct Claims"); (ii) authorized the payment of an additional 5% distribution or credit to all Guaranty Associations, policyholders, and insureds who had received a 95% distribution on their Direct Claims to account for the difference in payment percentage distributions; (iii) authorized the Deputy Receiver to make full payment on indirect claims if and when she concluded that she could do so without undue risk of unlawful preference; (iv) authorized the continued payment of all administrative expenses and secured creditor claims at 100%; (v) approved the proposed transfer of ROA's workers' compensation insurance business to Providence Washington Insurance Company ("PWIC") in accordance with, and subject to, the terms and conditions of the LPT Agreement;² and (vi) approved the steps necessary to implement and consummate the proposed Loss Portfolio Transfer and other transactions contemplated by the LPT Agreement (collectively, "Loss Portfolio Transfer").

On August 14, 2013, the Kentucky Hospitals filed a Notice of Participation.³ The Kentucky Hospitals are policyholders and "direct insureds" of ROA. Additionally, as subscribers of ROA, the Kentucky Hospitals also have an equity interest in the ROA receivership estate.⁴ The Kentucky Hospitals joined the case to protect their interests as policyholders, equity subscribers, and claimants of ROA. Through their participation, the Kentucky Hospitals sought to ensure that no action was taken in this case, including approval of the proposed Loss Portfolio Transfer, which would prejudice or adversely affect

¹ The Guaranty Associations are statutory organizations that have been responsible for approximately half the claims in the Workers' Compensation Book (as defined in the LPT Agreement) since the inception of the receivership. The Guaranty Associations include: Alabama Insurance Guaranty Association; Arkansas Property & Casualty Insurance Guaranty Fund; Georgia Insurers Insolvency Pool; Kentucky Insurance Guaranty Association; Mississippi Insurance Guaranty Association; Missouri Property & Casualty Insurance Guarantee Association; North Carolina Insurance Guarantee Association; South Carolina Property & Casualty Insurance Guaranty Association; and Pennsylvania Property & Casualty Insurance Guaranty Association. Hearing Examiner's Report at 2 and n.5.

² Pursuant to the LPT Agreement, claims processing for the workers' compensation book of business will be performed by an affiliate of PWIC, SeaBright Insurance Company ("SeaBright").

³ The Kentucky Hospitals ("Kentucky Hospitals") include: Appalachian Regional Healthcare; Hardin Memorial Hospital; Highlands Regional Medical Center; Murray-Calloway County Hospital; Owensboro Mercy Health System; Regional Medical Center/Trover Clinic Foundation; Rockcastle Hospital and Respiratory Care Center; St. Claire Regional Medical Center; and T.J. Sampson Community Hospital.

⁴ Kentucky Hospitals' Notice of Participation at 1-2.

either: (i) the priority status of the Kentucky Hospitals as claimants or their rights, individually and collectively, to seek and obtain payment of their ROA claims; and (ii) their rights as equity subscribers.⁵

On August 29, 2013, the Commission entered a Scheduling Order Setting Hearing, Approving Notice Procedures, and Establishing Response Dates. The Commission set a hearing on the Application for December 4, 2013. In addition, the Commission approved the Deputy Receiver's proposed notice requirements and directed that notice of the Application and hearing be given. Finally, the Commission established a procedural schedule for the case and assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission and to file a final report.

A public hearing was convened as scheduled on December 4, 2013. The Deputy Receiver appeared by her counsel, Patrick H. Cantilo, Esquire. The Commission's Bureau of Insurance appeared by its counsel, John O. Cox, Esquire. The Kentucky Hospitals appeared by their counsel, Greg E. Mitchell, Esquire, and William J. George, Esquire. The Deputy Receiver's Proofs of Notice by Mailing, Publication, and Posting were accepted into the record as Exhibit A. There were no public witnesses.

On March 31, 2014, the Hearing Examiner filed his Report ("Hearing Examiner's Report" or "Report"). In his Report he found⁶ that:

- (1) The Deputy Receiver's request to increase the Payment Percentage to 100% is reasonable and is supported by the evidence.
- (2) The Commission may approve the LPT Agreement pursuant to § 38.2-136 C of the Code of Virginia ("Code") without having to obtain policyholder consent to the reinsurance transaction.
- (3) Policyholders will not lose any rights or claims afforded under their original policies under the Virginia Property and Casualty Insurance Guaranty Association Act as a result of the Commission's approval of the LPT Agreement.
- (4) The Kentucky Hospitals offered no credible evidence that its member hospitals would be harmed as a result of the elimination of the Guaranty Associations' statutory obligation to administer and pay ROA's claims under the terms of the LPT Agreement.
- (5) The Kentucky Hospitals offered no evidence that PWIC could not meet its obligations to its policyholders, now or in the future.
- (6) The language recommended by the Kentucky Hospitals should be included in the Commission's Final Order to address the issue of covered claims ("Covered Claims").
- (7) The Kentucky Hospitals' objections to the cost and efficiency of SeaBright managing ROA's workers' compensation claims have no merit.
- (8) SeaBright has the expertise and resources to manage effectively ROA's workers' compensation claims in Kentucky and the other states in which ROA did business.
- (9) There is no statutory requirement under Virginia or Kentucky law that PWIC or SeaBright must have a physical presence in either state to transact the business of insurance.
- (10) The Commission should deny the Kentucky Hospitals' request to opt out of the LPT Agreement.
- (11) The Kentucky Hospitals offered no compelling evidence that PWIC would be unable to meet its financial obligations to its insureds after the Loss Portfolio Transfer.
- (12) PWIC has the financial ability to enter into the LPT Agreement with ROA;
- (13) The Kentucky Hospitals failed to establish that there were any significant discrepancies in ROA's loss reserves.
- (14) There was no compelling business reason for the Deputy Receiver to study the costs of the Kentucky Hospitals assuming their own claims.
- (15) The requirement to submit claim files to ROA within 30 days of the LPT Agreement closing date is not unduly burdensome and is necessary to ensure the uninterrupted payment of workers' compensation benefits to injured workers.
- (16) The issue of the commutation or assignment of the Gen Re Settlement Trust is moot⁷.
- (17) SeaBright is duly licensed in Kentucky to administer the workers' compensation claims of the Kentucky Hospitals.

⁵ *Id.* at 2.

⁶ As an initial matter, the Hearing Examiner addressed which hospitals have appeared by counsel in this proceeding since the Kentucky Hospitals' Notice of Participation listed nine hospitals as parties to the case, but subsequent pleadings and objections referred to fourteen additional hospitals and deleted one hospital from the original list. The Hearing Examiner found the following hospitals have appeared and have subjected themselves to the Commission's jurisdiction in this case: Appalachian Regional Healthcare; Baptist Health Madisonville; Baptist Health Richmond; Clinton County Hospital; Crittendon Health Systems; Cumberland Hospital; Hardin Memorial Hospital; Harrison Memorial Hospital; Highlands Regional Medical Center; Livingston Hospital & Healthcare Service; Marcum & Wallace Hospital; Marshall County Hospital; Monroe County Hospital; Murray-Calloway County Hospital; Ohio County Hospital; Owensboro Mercy Health System; Pineville Community Hospital; Regional Medical Center/ Trover Clinic Foundation; Rockcastle Hospital and Respiratory Care Center; St. Claire Regional Medical Center; St. Joseph Mt. Sterling (formerly, Gateway Regional Medical Center); T.J. Sampson Community Hospital; and Twin Lakes Regional Medical Center. Hearing Examiner's Report at 24, 38. We adopt this finding of the Hearing Examiner.

⁷ The Kentucky Hospitals listed this issue among its objections but did not raise this issue at the hearing, in its post-hearing brief, or in comments to the Hearing Examiner's Report.

(18) Kentucky law does not require SeaBright to have a managed healthcare system certified in all 120 counties.

(19) The Kentucky Hospitals failed to produce any compelling evidence that SeaBright's managed healthcare networks cannot deliver workers' compensation benefits in Kentucky.⁸

The Hearing Examiner recommended that the Commission enter an order:

- (1) Adopting the findings in his Report.
- (2) Approving the proposed increase in the Payment Percentage.
- (3) Approving the LPT Agreement and proposed Loss Portfolio Transfer.
- (4) Providing that any amounts due from ROA to PWIC under the LPT Agreement and the Loss Portfolio Transfer shall be treated as a cost and expense of administration under § 38.2-1509 B 1 of the Code, and holding that such payments to PWIC are not on account of an antecedent debt and are not voidable under § 38.2-1513 of the Code.
- (5) Relieving the Guaranty Associations from further liability and responsibility for Covered Claims that are part of the "Workers' Compensation Book" (as defined in the LPT Agreement) previously covered by the Guaranty Associations and directing that after the Loss Portfolio Transfer becomes effective, all claimants may only seek payment or reimbursement for the Workers' Compensation Book covered contracts (as defined in the LPT Agreement) from PWIC, except to the extent that the Guaranty Associations fail to return timely the records regarding such claims to the Deputy Receiver.
- (6) Providing that PWIC is not responsible or liable for any Indirect Claims and Excluded Losses (as defined in the LPT Agreement) and that no person or entity shall have a valid claim or cause of action against PWIC for any amounts related to or arising in connection with, directly or indirectly, any Indirect Claims and Excluded Losses.
- (7) Requiring the Guaranty Associations and policyholders or their third-party administrators who have possession or control of any records or files related to the Workers' Compensation Book to return the same to the Deputy Receiver no later than thirty (30) days after the Deputy Receiver makes a written request for them.
- (8) Providing that failure by a Guaranty Association, policyholder, or third-party administrator to return any such file or record within that time will result in forfeiture and waiver by such Guaranty Association, policyholder, or third-party administrator of any right to coverage, payment, or reimbursement by ROA and PWIC for such claims related to such delayed file or record.
- (9) Allowing a policyholder to appeal a waiver of coverage under the LPT Agreement for the untimely submission of a claim file by a third party pursuant to the Amended Receivership Appeal Procedure adopted in the Sixth Directive of Deputy Receiver on November 10, 2004⁹.
- (10) Providing that no approval or consent is required from (i) any policyholder, insured, or other person covered under any policy that is part of the Workers' Compensation Book, or (ii) any other person or entity in order to effect the assumption by PWIC of the Workers' Compensation Book, or to otherwise effect and consummate the Loss Portfolio Transfer contemplated by, or in connection with, the LPT Agreement.
- (11) Approving the retention by the receivership estate of the Gen Re Settlement Trust;¹⁰
- (12) Authorizing the Deputy Receiver to continue seeking an agreement to commute or assign the Gen Re Settlement Trust and, if successful in those efforts, to make the corresponding adjustments in the LPT Agreement with PWIC.
- (13) Approving (i) the assignment and transfer of the Transferred Reinsurance and Excess Insurance Contracts (as defined in the LPT Agreement) to PWIC; (ii) the substitution of PWIC for ROA under each of those assigned Transferred Reinsurance and Excess Insurance Contracts; and (iii) the release of ROA from any liability and obligation under those assigned Transferred Reinsurance and Excess Insurance Contracts.
- (14) Assigning and transferring to PWIC all of ROA's rights and obligations under the Transferred Reinsurance and Excess Insurance Contracts, as applicable, substituting PWIC for ROA under those assigned Transferred Reinsurance and Excess Insurance Contracts, and authorizing PWIC to assert ROA's rights under such assigned Transferred Reinsurance and Excess Insurance Contracts and recover from the excess insurers and other reinsurers for its own account any amounts that, in the absence of such assignment, would have been recoverable by ROA.
- (15) Providing that the Covered Claims being transferred to PWIC as part of the Loss Portfolio Transfer are "claims of other policyholders arising out of insurance contracts" pursuant to § 38.2-1509 B 1 (ii) of the Code, and that the Loss Portfolio Transfer in no way relieves the Guaranty Associations from any future liability and responsibility for the Covered Claims in the event of PWIC's insolvency.

⁸ Hearing Examiner's Report at 38-39.

⁹ The Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure may be found at: <http://www.reciprocalgroup.com/documents.htm>.

¹⁰ Over the years, the ROA had entered into a number of reinsurance contracts with General Reinsurance Corporation and its subsidiaries and affiliates ("Gen Re"), some covering the Workers' Compensation Book liabilities. As a result of the settlement of a lawsuit, Gen Re established the Gen Re Settlement Trust. Since the Deputy Receiver and Gen Re have not reached an agreement for the commutation or assignment to PWIC of the parties' obligations under the reinsurance agreements and the Gen Re Settlement Trust, the Deputy Receiver will retain the rights and obligations under the Gen Re Settlement Trust after the closing date of the LPT Agreement. Moreover, PWIC has an agreement to provide ROA the necessary reports and support for ROA to seek reimbursements from the Gen Re Settlement Trust. Hearing Examiner's Report at 35-36.

(16) Authorizing the Deputy Receiver to take any steps reasonably necessary to implement these measures and otherwise effect and consummate the LPT Agreement and the transactions contemplated therein.¹¹

The Hearing Examiner provided the parties 21 days in which to submit comments.

On April 9, 2014, the Deputy Receiver filed Comments concerning recommendation number 9 in the Hearing Examiner's Report. The Deputy Receiver commented that this recommendation should apply only so long as the receivership remains open and the Amended Receivership Appeal Procedure remains in effect.¹² On April 28, 2014, the Kentucky Hospitals filed Comments to the Report.¹³ The Kentucky Hospitals repeated several objections and arguments that it raised in prior filings and at the hearing in this case, which were addressed by the Hearing Examiner.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the Hearing Examiner's findings and recommendations are reasonable and should be adopted, along with the Deputy Receiver's requested modification to the Hearing Examiner's recommendation number 9. We further find that the Deputy Receiver has met all the requirements of § 38.2-136 C of the Code.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations contained in the Hearing Examiner's Report are hereby adopted, along with the modification to the Hearing Examiner's recommendation number 9 as described in the Deputy Receiver's April 9, 2014 Comments.

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

¹¹ Hearing Examiner's Report at 39-41.

¹² Comments of Deputy Receiver at 1.

¹³ By Order dated April 18, 2014, the Commission allowed the parties an extension of time until April 28, 2014, to file comments to the Hearing Examiner's Report. Doc. Con. Cen. No. 140430035.

**CASE NO. INS-2013-00229
JANUARY 15, 2014**

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

v.

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Genworth Life and Annuity 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 §§ 38.2-610 A (1) and 38.2-610 A (2) of the Code of Virginia ("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 commissions for services as an agent to persons who were not properly licensed and appointed; violated § 38.2-1822 A of the Code by knowingly permitting unlicensed persons to act as agents; violated §§ 38.2-1833 A (1) and 38.2-1834 D of the Code by failing to comply with agent licensing requirements; and violated § 38.2-3115 B of the Code by failing to properly pay interest on life insurance proceeds.

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 Thirteen Thousand Dollars (\$13,000), 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 December 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 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-2013-00238
OCTOBER 14, 2014**

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

Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance

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. In addition, § 38.2-5202 of the Code provides specific authority for the promulgation of regulations pertaining to long-term care insurance.

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>.

On November 26, 2012, the Commission entered an Order in which it noted an increase in the number and frequency of long-term care insurance premium rate increase requests. The Commission directed the Bureau of Insurance ("Bureau") to prepare a report that studies premium rate increases associated with long-term care policies.¹ On October 4, 2013, the Bureau filed the requested report ("Report"). Subsequently, the Commission found that it was appropriate to undertake a review of the Report and Chapter 200 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Long-term Care Insurance, 14 VAC 5-200-10 *et seq.* ("Rules").² The Commission issued two separate Orders³ to allow interested persons and insurers writing long-term care insurance in Virginia, as well as members of the general public and certain specific individuals, respectively, to comment on the Bureau's Report and propose amendments to the Rules. As a result of those comments, the Bureau filed a Response ("Response") on May 1, 2014, that included a number of specific recommendations for amendments to the Rules. Concurrently, the Commission scheduled a hearing to receive comments on the Bureau's Response.⁴ The hearing was held on June 19, 2014, at which time public oral comments were received.⁵

Based on the Bureau's Report, written and oral comments, and the Bureau's Response, the Bureau has submitted to the Commission proposed amendments to the Rules, which amend the Rules at 14 VAC 5-200-30, 14 VAC 5-200-40, 14 VAC 5-200-70, 14 VAC 5-200-75, 14 VAC 5-200-77, 14 VAC 5-200-100, 14 VAC 5-200-120, 14 VAC 5-200-150, 14 VAC 5-200-153, 14 VAC 5-200-183, and 14 VAC 5-200-185; repeal the Rules at 14 VAC 5-200-20; and add new Rules at 14 VAC 5-200-125, 14 VAC 5-200-154, and 14 VAC 5-200-195.

The Bureau submits these proposed amendments to Chapter 200 to address concerns regarding the recent substantial premium rate increases implemented by insurers writing long-term care insurance in Virginia. These amendments, in part, incorporate into Chapter 200 recent revisions to the National Association of Insurance Commissioners' ("NAIC") Model Regulation, as well as the provisions of the NAIC's Model Bulletin of Alternative Filing Requirements for Long-term Care Premium Rate Increases, which applies to rate increases for pre-rate stability policies (those issued prior to October 1, 2003) as well as post-rate stability policies (those issued on or after October 1, 2003) that are currently in effect. These amendments conform to the Bureau's recommendations contained in its Response filed in this case.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-200-30, 14 VAC 5-200-40, 14 VAC 5-200-70, 14 VAC 5-200-75, 14 VAC 5-200-77, 14 VAC 5-200-100, 14 VAC 5-200-120, 14 VAC 5-200-150, 14 VAC 5-200-153, 14 VAC 5-200-183, and 14 VAC 5-200-185; repeal the Rules at 14 VAC 5-200-20; and add new Rules at 14 VAC 5-200-125, 14 VAC 5-200-154, and 14 VAC 5-200-195, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to amend the Rules at 14 VAC 5-200-30, 14 VAC 5-200-40, 14 VAC 5-200-70, 14 VAC 5-200-75, 14 VAC 5-200-77, 14 VAC 5-200-100, 14 VAC 5-200-120, 14 VAC 5-200-150, 14 VAC 5-200-153, 14 VAC 5-200-183, and 14 VAC 5-200-185; repeal the Rules at 14 VAC 5-200-20; and add new Rules at 14 VAC 5-200-125, 14 VAC 5-200-154, and 14 VAC 5-200-195, is 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 consider the amendments to Chapter 200 of Title 14, shall file such comments or hearing request on or before December 1, 2014, with Joel H. Peck, Clerk, State Corporation

¹ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of investigating long-term care insurance premium rates*, Case No. INS-2012-00282, Doc. Con. Cen. No. 121130186, Order Directing Report (Nov. 26, 2012).

² The Rules can be found at: <http://law.lis.virginia.gov/admincode/title14/agency5/chapter200>.

³ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance*, Case No. INS-2013-00238, Doc. Con. Cen. No. 131130115, Order Initiating Proceeding (Nov. 25, 2013); and *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance*, Case No. INS-2013-00238, Doc. Con. Cen. No. 140120003, Amending Order (Jan. 13, 2014).

⁴ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance*, Case No. INS-2013-00238, Doc. Con. Cen. No. 140510027, Order Scheduling Hearing (May 1, 2014).

⁵ A transcript of the hearing can be found at: <http://docket.scc.virginia.gov/vaprod/main.asp> by using the "Search Cases" feature and searching for Case No. INS-2013-00238.

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/case>. All comments shall refer to Case No. INS-2013-00238.

(3) If no written request for a hearing on the proposal to amend Chapter 200 of Title 14 is received on or before December 1, 2014, 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 the Rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the proposal to amend the Rules by mailing a copy of this Order, together with the proposal, to all insurers licensed by the Commission to sell long-term care insurance in Virginia, and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the 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.

**CASE NO. INS-2013-00245
DECEMBER 22, 2014**

PETITION OF
GADIENT ENTERPRISES, INC.

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. CL11005660-00 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 ("Code").¹ Pursuant to her grant of authority, the Deputy Receiver in her Second Directive Adopting Receivership Appeal Procedure² established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver with respect to claims against Southern Title.

On October 25, 2013, Gadiant Enterprises, Inc. ("Gadiant Enterprises" or "Petitioner"), filed with the Commission, pursuant to the Supplemental Rules of Practice and Procedure in Aid of Receivership Proceedings and Order in Aid of Receivership,³ a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") contesting the Deputy Receiver's denial of coverage made in connection with Southern Title Policy No. L92-194561 ("Policy").

By Order⁴ dated November 4, 2013, the Commission docketed the Petition and assigned the matter to a Hearing Examiner to conduct all further proceedings in this matter. Thereafter the Deputy Receiver and the Petitioner filed a number of motions, responses and replies. These include: the Deputy Receiver's Motion to Dismiss and Memorandum in Support of Motion to Dismiss filed December 2, 2013;⁵ Gadiant Enterprises' Motion to Strike Southern Title's Motion to Dismiss ("Motion to Strike") and Brief in Opposition to Such Motion ("Brief in Opposition") dated December 23, 2013;⁶ the Deputy Receiver's Motion to Strike Brief in Opposition and Reply Memorandum in Support of Motion to Dismiss and Memorandum in Support of Motion to Strike, filed January 10, 2014;⁷ Gadiant Enterprises' Response to Southern Title's Motion to Strike Brief in Opposition, filed January 31, 2014;⁸ Gadiant Enterprises'

¹ *Commonwealth of Virginia, ex rel., State Corp. Comm'n v. Southern Title Ins. Corp.*, Case No. INS-2011-00239, 2011 S.C.C. Ann. Rept. 200, Order Appointing Deputy Receiver for Conservation and Rehabilitation (Dec. 20, 2011).

² *Id.* The Second Directive Adopting Receivership Appeal Procedure is available at: <http://www.southerntitle.com/Documents.htm>.

³ *Commonwealth of Virginia, ex rel., State Corp. Comm'n v. Southern Title Ins. Corp., in Receivership*, Case No. INS-2011-00239, Doc. Con. Cen. No. 120430039, Order in Aid of Receivership (Apr. 19, 2012).

⁴ Doc. Con. Cen. No. 131110118.

⁵ Doc. Con. Cen. Nos. 131210011 and 131210012.

⁶ Doc. Con. Cen. No. 140120144. The Motion to Strike and Brief in Opposition were filed electronically on December 23, 2013, in the wrong case docket and on a date in which the Commission's offices were closed. The pleadings were accepted for filing on December 26, 2013, and were filed in the correct case docket on January 16, 2014, when the error in the case number on the face of the pleadings was discovered.

⁷ Doc. Con. Cen. Nos. 140110193 and 140110194.

⁸ Doc. Con. Cen. No. 140130155.

Motion for Summary Judgment filed February 7, 2014;⁹ the Deputy Receiver's Reply Memorandum in Support of Motion to Strike, filed February 14, 2014;¹⁰ the Deputy Receiver's Response to Motion for Summary Judgment, filed February 27, 2014;¹¹ and Gadiant Enterprises' Reply to Southern Title's Response to Gadiant Enterprises' Motion for Summary Judgment, filed March 13, 2014.¹²

On May 21, 2014, a hearing was convened. Norman Lamson, Esquire, appeared on behalf of Gadiant Enterprises; Dabney J. Carr, IV, Esquire, and Philip R. de Haas, Esquire, appeared on behalf of the Deputy Receiver; and John O. Cox, Esquire, appeared on behalf of the Commission's Bureau of Insurance.

Factual Background

The Policy issued by Southern Title to Gadiant Enterprises insured a first lien Deed of Trust ("Deed of Trust") from Barbara E. Corby-Martin ("Corby-Martin") to W.G. Pickford and William F. Meese ("Trustees") that was recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia ("Circuit Court"), securing Gadiant Enterprises in the principal sum of \$80,000. Corby-Martin pledged a certain 16.36 acres of land located in Albemarle County, Virginia ("Property"), as collateral for: (i) a loan in the amount of \$80,000 from Gadiant Enterprises that was evidenced by a promissory note ("Promissory Note"); and (ii) a lease between Dancing Rainbow, Inc. ("Dancing Rainbow"), a corporation owned and controlled by Corby-Martin, and Gadiant Enterprises for the Swiss Way Market in Scottsville, Virginia ("Lease"). The Deed of Trust provided that Corby-Martin and Jared Gellert¹³ granted and conveyed to the Trustees the Property with general warranty of title.¹⁴

Corby-Martin operated the Swiss Way Market for several years before running into financial trouble. In order to continue operating the Swiss Way Market, Corby-Martin obtained loans from at least two other lenders and secured them with the Property. She used the proceeds of the loans, in part, to pay off the Gadiant Enterprises Promissory Note. Although Corby-Martin had satisfied the Promissory Note, Gadiant Enterprises did not release the Deed of Trust because it also secured Dancing Rainbow's obligations under the Lease. Corby-Martin later sold the property to a third entity in an attempt to pay off some of her lenders.¹⁵

Having exhausted her access to credit, Corby-Martin intentionally burned the Swiss Way Market to avoid payment of the lease and to collect insurance proceeds on the property inside the store. Corby-Martin was convicted of arson and sentenced to a term in federal prison. Dancing Rainbow's corporate existence was involuntarily terminated by the Commission for failure to pay its annual registration fee and file an annual report.¹⁶

In its Petition, Gadiant Enterprises sought a finding by the Commission that Southern Title was liable to the Petitioner as the named insured under a policy of title insurance in the amount of \$71,957.60, on the basis that the policy secured Gadiant Enterprises against loss or damage sustained or incurred by it by reason of the invalidity or unenforceability of the lien of the insured mortgage upon the title of the Property.

In addition, Gadiant Enterprises stated the Circuit Court and the Supreme Court of Virginia ("Supreme Court") had refused to enforce the Deed of Trust against the Property despite a finding by the Circuit Court that Dancing Rainbow owed Gadiant Enterprises \$71,957.60 with interest for breach of the Lease, and the value of the Property far exceeded the amount owed. Gadiant Enterprises sought a Commission determination of the amount of its claim so that the claim may be paid in the event the Commission authorized payments from the Southern Title receivership estate.¹⁷

Hearing Examiner's Report

On July 2, 2014, the Hearing Examiner issued his Report, which summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. The Hearing Examiner addressed several procedural and substantive issues raised by the parties in preliminary filings and at the hearing. These issues included: (i) the timeliness of the filing of the Defendant's Brief in Opposition, (ii) whether payment of the promissory note served to extinguish any coverage that would otherwise be due under the Policy, (iii) the extent of coverage provided by the Policy, (iv) the application of certain Policy exclusions, and (v) whether Gadiant Enterprises provided timely notice of its claim to the Deputy Receiver.

Procedural Issue

The Deputy Receiver moved to strike Gadiant Enterprises' Brief in Opposition on the grounds that it was not timely filed pursuant to the Commission's Rules of Practice and Procedure ("Rules").¹⁸ In support of the Motion to Strike, the Deputy Receiver argued that the Rules state that "any response to a motion must be filed within 14 days of the filing of the motion," excluding intervening weekends and holidays.¹⁹ Southern Title filed its

⁹ Doc. Con. Cen. No. 140210156.

¹⁰ Doc. Con. Cen. No. 140220011.

¹¹ Doc. Con. Cen. No. 140220256.

¹² Doc. Con. Cen. No.140310387.

¹³ Mr. Gellert was subsequently released from the Deed of Trust.

¹⁴ Report of Michael D. Thomas, Hearing Examiner, Doc. Con. Cen. No. 140710075 (July 2, 2014), at 1, 11. (citing Petition at 1-10) (hereinafter, "Report").

¹⁵ *Id.* at 11.

¹⁶ *Id.*

¹⁷ *Id.* at 2 (citing Petition at 2, 5-7).

¹⁸ 5 VAC 5-20-10 *et seq.*

¹⁹ *See* 5 VAC 5-20-110 and 5 VAC 5-20-140 of the Rules.

Motion to Dismiss on December 2, 2013, which made the Petitioner's response to the Motion to Dismiss due on or before December 20, 2013. The Petitioner's Brief in Opposition certified that it was filed electronically with the Clerk of the Commission on December 23, 2013, a day when the Commission's Clerk's office was closed, and it was accepted for filing on December 26, 2013.²⁰

The Petitioner responded that Southern Title's Motion to Strike Brief in Opposition should be denied because the response period was inapplicable. The Petitioner stated that Rule 5 VAC 5-20-110 is inapplicable because Southern Title's Motion to Dismiss is a responsive pleading pursuant to Rule 5 VAC 5-20-100 rather than a motion under Rule 5 VAC 5-20-110. As a responsive pleading, the 14-day response period to respond to a motion under Rule 5 VAC 5-20-110 was never triggered. In addition the Petitioner argued that its Motion to Strike and Brief in Opposition are essentially one pleading, and the Brief in Opposition cannot be stricken without striking the Motion to Strike that it supports. Rule 5 VAC 5-20-110 allows Southern Title to file a response to the Petitioner's Motion to Strike, not a motion to strike another motion to strike.²¹

After reviewing these arguments, the Hearing Examiner explained that the Rules provide that

[m]otions 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.²²

A motion to strike, in Virginia, is "[t]he test of the sufficiency of any defensive pleading in any suit in equity or action at law..."²³ The Hearing Examiner found that a response to a motion to dismiss and a motion to strike a defensive pleading are substantively different pleadings. A response to a motion to dismiss is governed by the Commission's Rules, and it is required to be filed within 14 business days of the filing of the motion to dismiss.²⁴ The Hearing Examiner stated that § 8.01-274 of the Code permits a party to file a motion to strike a defensive pleading any time before the court takes up that pleading; as a result, Gadiant Enterprises' Motion to Strike and Brief in Opposition were timely filed.²⁵

Substantive Issues

The Hearing Examiner next considered the Deputy Receiver's argument that there was no coverage under the Policy because the Promissory Note had been repaid. The Deputy Receiver cited section 9(b) of the Conditions and Stipulations of the Policy, which provides that "[p]ayment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage...shall reduce the amount of insurance pro tanto."²⁶ The Deputy Receiver argued that Corby-Martin's repayment of the \$80,000 principal of the insured Promissory Note reduced the amount of insurance under the Policy to zero.²⁷

The Petitioner argued that, assuming Corby-Martin's repayment of the \$80,000 Promissory Note reduced the amount of insurance shown on the face of the Policy to zero, Southern Title is nevertheless liable in the amount of \$71,957.60 because it is the least amount under Section 7(a) (i), (ii), and (iii),²⁸ and this section prevails over Section 9(b).²⁹

The Hearing Examiner reviewed Schedule A of the Policy and stated that the amount of insurance was \$80,000, the estate or interest in the land that was encumbered by the insured mortgage was fee simple, and the insured mortgage was the Deed of Trust.³⁰ He noted that the Deed of Trust provided that it secured both the Promissory Note between Corby-Martin and Gadiant Enterprises, and the Lease between Dancing Rainbow and Gadiant Enterprises.³¹

According to the Hearing Examiner, the insuring clause of the Policy provides coverage against loss or damage not exceeding the Amount of Insurance stated in Schedule A incurred by the Insured by reason of the invalidity or unenforceability of the lien of the insured mortgage upon the title.³²

²⁰ Report at 10.

²¹ *Id.*

²² Rule 5 VAC 5-20-110.

²³ Va. Code § 8.01-274.

²⁴ Report at 11 (citing Rule 5 VAC 5-20-140).

²⁵ *Id.*

²⁶ *Id.* at 14 (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 7).

²⁷ *Id.*

²⁸ Section 7(a)(i)(ii) and (iii) of the Policy provide that the liability of the Company under the policy shall not exceed the least of the amount of insurance stated on the face of the policy, the amount of unpaid principal indebtedness as reduced under Section 9, or the difference in the value of the insured interest in the estate and the value of the interest in the estate subject to the defect in title. Memorandum in Support of Motion to Dismiss at Ex. 1.

²⁹ Report at 14 (citing Motion to Strike and Brief in Opposition at 2-7).

³⁰ *Id.* (citing Brief in Support of Motion to Dismiss at Ex. 1, p.1).

³¹ *Id.* (citing Petition at Ex. C-2).

³² *Id.* at 14-15 (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 4).

The Hearing Examiner concluded that the \$80,000 policy limit applies to the Deed of Trust, which secures both the Promissory Note and the Lease. The Hearing Examiner explained that the Policy provided \$80,000 in coverage for non-payment of the Promissory Note, or it provided \$80,000 in coverage for breach of the Lease, or it provided \$80,000 in coverage for both non-payment of the Promissory Note and breach of the Lease.³³

The Hearing Examiner next considered the Deputy Receiver's argument that the Policy insures only against a loss sustained by reason of the unenforceability of the lien of the insured mortgage upon the title to the estate described in Schedule A of the Policy. The Deputy Receiver pointed out that the estate or interest described in Schedule A of the Policy was the fee simple estate held by Corby-Martin on the Property upon which the Petitioner attempted to foreclose.³⁴ The Deputy Receiver stated that, according to the Petition, the Circuit Court did not deny the Petitioner's request to foreclose on the Deed of Trust because of the invalidity of the lien of the insured mortgage upon the title to the Property.³⁵ Instead, the Circuit Court ruled that the Deed of Trust authorized a foreclosure sale only upon a failure to repay the Promissory Note, not upon the failure to pay rent under the Lease.³⁶ Consistent with the Circuit Court, the Hearing Examiner found that the Petitioner had a valid and enforceable lien that provided no remedy for breach of the Lease. Since the lien is neither invalid nor unenforceable, coverage under the Policy was never triggered.³⁷

The Deputy Receiver also argued even if the Petitioner's loss was sustained by reason of the invalidity or unenforceability of the lien of the insured mortgage upon the title to the estate at issue, the Policy excludes the Petitioner's claim.³⁸ Exclusion 3(a) of the Policy excludes "[d]efects, liens, encumbrances, adverse claims or other matters...created, suffered, assumed or agreed to by the insured claimant."³⁹ The Deputy Receiver contended that any defect in the Deed of Trust was agreed to by the Petitioner.⁴⁰

The Petitioner argued that Exclusion 3(a) does not apply to this case, claiming that the language of the Policy requires actual knowledge of the defect, as well as intentional misconduct, breach of duty, or otherwise inequitable dealings by the insured, and that such conduct on the part of the Petitioner had not been demonstrated.⁴¹

The Hearing Examiner concluded that the attorney for the Petitioner was not directly responsible for drafting the Deed of Trust; however, he was involved in the drafting process and was a trustee of the Property under the trust created by the document. The Hearing Examiner stated that Gadiant Enterprises had agreed to the essential terms of the Deed of Trust prior to its execution and filing with the Circuit Court. He found that exclusion 3(a) excludes coverage for the Petitioner's claim because Gadiant Enterprises, or its duly authorized agent, agreed to the terms of the Deed of Trust.⁴²

Next, the Deputy Receiver argued that Exclusion 3(d) of the Policy, which excludes "[d]efects, liens, encumbrances, adverse claims or other matters...attaching or created subsequent to the Date of Policy," applies because the liability for the unpaid rent that the Petitioner seeks to recover did not accrue until after the Policy was issued.⁴³ The Petitioner responded that Exclusion 3(d) applies to matters arising after the date that the Policy was issued, noting that the Deed of Trust was the document that was insured and it was in existence at the time the Policy was issued.⁴⁴

The Hearing Examiner explained that the Promissory Note and the Lease referred to in the Deed of Trust were both in existence at the time the Policy was issued. According to his analysis, since these instruments were subject to periodic payments reducing the amount owed and reducing the amount secured by the Property, any damages accruing under the Deed of Trust would have to be determined upon default under the Promissory Note or upon breach of the Lease. The Hearing Examiner found Exclusion 3(d) is inapplicable in this case.⁴⁵

Finally, the Deputy Receiver argued that the Petitioner failed to provide timely written notice of its claim, citing Section 3 of the Policy Conditions and Stipulations, which provides that "[t]he insured shall notify the Company promptly in writing...in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to...the lien of the insured mortgage."⁴⁶ The Petitioner argued that it did provide

³³ *Id.* at 15.

³⁴ *Id.* at 15 (citing Memorandum in Support of Motion to Dismiss at Ex. 1, pp. 1 and 4).

³⁵ *Id.* at 15 (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 4).

³⁶ *Id.* (citing Petition at 10; Memorandum in Support of Motion to Dismiss at Ex. 2.)

³⁷ *Id.* at 16 (citing Memorandum in Support of Motion to Dismiss at Ex. 2, p. 2).

³⁸ *Id.* (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 4).

³⁹ *Id.* (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 5).

⁴⁰ *Id.* (citing Memorandum in Support of Motion to Dismiss at 3, 8-9).

⁴¹ *Id.* (citing Motion to Strike and Brief in Opposition at 7-12).

⁴² *Id.* at 17.

⁴³ *Id.* (citing Memorandum in Support of Motion to Dismiss at 3, 8-9, and Ex. 1, p. 5).

⁴⁴ *Id.* (citing Motion to Strike at 12-13).

⁴⁵ *Id.* at 17-18.

⁴⁶ *Id.* at 18 (citing Memorandum in Support of Motion to Dismiss at Ex. 1, p. 6).

timely notice to Southern Title and that, in any event, Southern Title had notice.⁴⁷ The Petitioner further claimed that, even if notice was not timely, Southern Title would have to plead lack of notice and prove prejudice.⁴⁸

After review of the Policy and the arguments of the parties, the Hearing Examiner found that, under (ii) and (iii) of Section 3 of the Policy Conditions and Stipulations, Gadiant Enterprises was obligated to provide Southern Title with written notice of a potential claim prior to filing its suit in Circuit Court in 2006 and to provide Southern Title with written notice of the Circuit Court's adverse finding after the court order on September 4, 2009, and before entry of the Court's final order on October 5, 2009. The Hearing Examiner noted that the Petitioner did not provide written notice to Southern Title until June 10, 2011, well after the Virginia Supreme Court denied Gadiant Enterprises' petition for rehearing. The Hearing Examiner found that Southern Title is prejudiced in that it has no access to Virginia courts to protect its interest under the Policy. The Hearing Examiner found that, pursuant to the terms of Section 3 of the Policy, coverage was terminated when the Petitioner failed to provide timely written notice of its claim to Southern Title.⁴⁹

After examining all procedural and substantive issues, the Hearing Examiner found that the Deputy Receiver's Motion to Dismiss should be granted because the Petitioner's lien is neither invalid nor unenforceable; therefore, coverage under the Policy was never triggered. He also found that the Petitioner's claim is excluded pursuant to Exclusion 3(a) of the Policy and that the Petitioner failed to provide timely notice of its claim. In granting the Motion to Dismiss, the Hearing Examiner also found that the Petitioner's Motion to Strike and Motion for Summary Judgment should be denied.⁵⁰

Based on the pleadings, facts and arguments presented in the case, the Hearing Examiner made the following ultimate findings:

- (1) Gadiant Enterprises' Motion to Strike and Brief in Opposition were timely filed;
- (2) The Deputy Receiver's Motion to Strike should be denied;
- (3) The Policy limits applied to either the Promissory Note or the Lease, or both;
- (4) Gadiant Enterprises' lien is neither invalid nor unenforceable, therefore, coverage under the policy was never triggered;
- (5) Gadiant Enterprises' claim is excluded under Exclusion 3(a) of the Policy;
- (6) Exclusion 3(d) of the Policy is inapplicable to this case;
- (7) Gadiant Enterprises failed to provide timely notice of its claim, therefore, coverage under the Policy was terminated pursuant to Section 3 of the Conditions and Stipulations of the Policy;
- (8) The Deputy Receiver's Motion to Dismiss should be granted; and
- (9) Gadiant Enterprises' Motion to Strike and Motion for Summary Judgment should be denied.⁵¹

The Hearing Examiner recommended that the Commission enter an order adopting his findings and recommendations; denying the Deputy Receiver's Motion to Strike; granting the Deputy Receiver's Motion to Dismiss; denying the Petitioner's Motion to Strike and Motion for Summary Judgment; affirming the Deputy Receiver's determination of appeal of the Petitioner's claim; dismissing the Petition with prejudice; and passing the papers in the case to the file for ended causes.⁵²

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Gadiant Enterprises' Petition should be denied for the reasons set forth in the Hearing Examiner's Report.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Motion to Strike hereby is DENIED.
- (2) The Deputy Receiver's Motion to Dismiss hereby is GRANTED.
- (3) Gadiant Enterprises' Motion to Strike hereby is DENIED.
- (4) Gadiant Enterprises' Motion for Summary Judgment hereby is DENIED.
- (5) The Deputy Receiver's Determination of Appeal of Gadiant Enterprises' claim hereby is AFFIRMED.

⁴⁷ *Id.* See also Motion to Strike and Brief in Opposition at 13-14.

⁴⁸ Report at 18; Motion to Strike and Brief in Opposition at 14.

⁴⁹ Report at 18-19.

⁵⁰ *Id.* at 19.

⁵¹ *Id.* at 19-20.

⁵² *Id.* at 20.

- (6) Gadiant Enterprises' Petition hereby is DISMISSED with prejudice.
- (7) The case is dismissed, and the papers herein shall be passed to the file for ended causes.

CASE NO. INS-2013-00258
JANUARY 8, 2014

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

v.
 BCHH, INC.,
 Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that BCHH, Inc. ("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 111 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 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-2013-00263
JANUARY 21, 2014

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

v.
 PHILADELPHIA INDEMNITY INSURANCE COMPANY,
 Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Philadelphia Indemnity 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 23, 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-2013-00264
FEBRUARY 7, 2014**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
and
HEALTHKEEPERS, INC.,

For approval to have associates located outside of Virginia conduct customer service and provider services back-up support for Anthem's Virginia Medicaid managed care and FAMIS plans

FINAL ORDER

On December 11, 2013, Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-100 B 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 the Commonwealth of Virginia: 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 to offices located outside of Virginia, it should seek permission from the Commission by filing a petition "... setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

In this Petition, Petitioners are asking for relief, in part, with respect to customer and provider services functions for Anthem's Medicaid/FAMIS managed care plans and described in the Petition (the "Services") from the requirements in the 2007 Final Order that the Services be provided in Virginia. The Petitioners are requesting to be allowed to use Anthem and Anthem affiliate associates located in states other than Virginia to perform the Services. Petitioners represent that providing the Services as described in the Petition will increase efficiencies for both Medicaid/FAMIS members and providers by helping to manage Virginia Medicaid/FAMIS call center wait times and call abandonment rates.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, to the Medical Society of Virginia ("MSV"), and to the Commission's Bureau of Insurance and that MSV has authorized the Petitioners to represent that it does not object to the Petition.⁴

On December 19, 2013, the Commission entered a Scheduling Order in which it provided a deadline of January 15, 2014, for interested persons to comment or to file a notice of participation as a respondent in this matter and provided a deadline of January 22, 2014, for the Bureau of Insurance ("Bureau") to file a response to the Petition.

No comments or notices of participation were filed. On January 7, 2014, the Bureau filed its response to the Petition. The Bureau stated that it does not oppose the relief requested by Anthem.

NOW THE COMMISSION, upon consideration of this matter, and the Bureau's response thereto, finds that the Petition should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's Petition is GRANTED.

(2) Anthem is, with respect to Anthem's Virginia Medicaid managed care and FAMIS plans, permitted to use Anthem and Anthem affiliate associates located in states other than Virginia to answer provider and member calls in the event of peak demand and to ensure business continuity in the event of an incident such as a national disaster, power outage or system outage.

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").*

² *Id.* at 116, paragraph 4.

³ Petition at 1 and 3.

⁴ *Id.* at 4-5.

(3) The other provisions of the Final Order in Case No. INS-2007-00141 are not affected hereby, and Anthem shall continue to comply therewith.

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

**CASE NO. INS-2013-00265
FEBRUARY 21, 2014**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
and
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

FINAL ORDER

On December 11, 2013, Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-100 B 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 the Commonwealth of Virginia: 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 to offices located outside of Virginia, it should seek permission from the Commission by filing a petition "... setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

In this Petition, Petitioners seek an exemption for the Medicare-Medicaid Financial Alignment Demonstration Project ("Duals Program") from the terms and restrictions of the 2007 Final Order that certain services be provided in Virginia. Petitioners represent that at least three other Anthem affiliates in other states will be involved in the Duals Program and that centralizing functions will allow Anthem and its affiliates to provide services in the most cost effective manner with associates trained on the unique needs and specialized requirements of Medicare and Medicaid eligible enrollees in the Duals Programs.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"), to the Medical Society of Virginia ("MSV"), and to the Commission's Bureau of Insurance and that MSV has authorized the Petitioners to represent that it does not object to the Petition.⁴

On December 19, 2013, the Commission entered a Scheduling Order in which it provided a deadline of January 15, 2014, for interested persons to comment or to file a notice of participation as a respondent in this matter and provided a deadline of January 22, 2014, for the Bureau of Insurance ("Bureau") to file a response to the Petition.

On January 15, 2014, Consumer Counsel filed Comments. Consumer Counsel did not object to Anthem's request but requested that the Commission clarify that any new program created by Anthem that would otherwise fall within the conditions set forth in the 2007 Final Order be bound by such conditions.

On January 21, 2014, the Bureau filed its response to the Petition. The Bureau stated that it does not oppose the relief requested by Anthem and further requested that Anthem's assertion that the restrictions in the 2007 Final Order not be taken into consideration in this matter.

On January 23, 2014, Anthem filed a Motion for Permission to File Reply Comments ("Motion").

On January 27, 2014, the Bureau filed its Response to the Motion. The Bureau stated that it does not oppose the Motion.

In its Reply Comments, Anthem stated that it wished to clarify that Anthem was not claiming that all new programs are exempt from the 2007 Final Order, but merely that the Commission should consider as a factor in deciding whether to grant Anthem's Petition the fact that the Duals Program, as a clearly new program, was not one of the business activities that the Commission considered when entering the 2007 Final Order. Anthem further stated that it understands that it must seek an exemption under the terms of the 2007 Final Order to conduct any of the services still subject to the 2007 Final Order from a location outside Virginia.⁵

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").

² *Id.* at 116, paragraph 4.

³ Petition at 4 and 5.

⁴ *Id.* at 9.

⁵ Reply Comments at 2.

NOW THE COMMISSION, upon consideration of this matter, finds that the Petition should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's Motion is GRANTED.
- (2) Anthem's Petition is GRANTED.
- (3) Anthem is, with respect to the Duals Program, permitted to use Anthem and Anthem affiliate associates located in states other than Virginia.
- (4) The other provisions of the 2007 Final Order in Case No. INS-2007-00141 are not affected hereby, and Anthem shall continue to comply therewith.
- (5) This matter is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2013-00272
JANUARY 10, 2014**

IN THE MATTER OF
AVIVA LIFE & ANNUITY COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Aviva Life & Annuity 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 Iowa Division 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, Iowa, and New Hampshire and Aviva Life & Annuity Company, domiciled in Iowa and licensed to transact the business of insurance in the Commonwealth of Virginia ("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.

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

¹ The Agreement also includes Aviva Life & Annuity Company of New York. Aviva Life & Annuity Company of New York is not licensed in the Commonwealth; therefore, this Order does not apply to that company.

**CASE NO. INS-2013-00273
JANUARY 21, 2014**

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

v.

DISCOVER PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Discover 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 § 38.2-305 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth 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 15, 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-2013-00275
JANUARY 2, 2014**

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

v.

SETTLEMENT ESCROW AND ABSTRACT SOLUTIONS, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), and subsequent to the Bureau administratively terminating the registration of Settlement Escrow and Abstract Solutions, Inc. ("Settlement Escrow" or "Defendant"), it is alleged that Settlement Escrow, 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 § 55-525.27 of the Code of Virginia ("Code"), as well as 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.* ("Rules"), by failing to maintain and produce documents repeatedly requested by the Bureau after the Defendant ceased operations.

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 notified of its right to a hearing before the Commission in this matter by certified letter dated February 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 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 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 § 55-525.27 of the Code, as well as Rule 14 VAC 5-395-70, by failing to maintain and produce documents repeatedly requested by the Bureau after the Defendant ceased operations.

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 one (1) year 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-2013-00277
JANUARY 23, 2014**

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 § 38.2-317 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 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 November 26, 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-2013-00278
JANUARY 23, 2014**

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

v.

SENTINAL INSURANCE COMPANY, LTD.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sentinal 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 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 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 112 consumers in the amount of Twenty-two Thousand Eight Hundred Ninety-one Dollars and Fifty Cents (\$22,891.50).

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-2013-00280
JANUARY 10, 2014**

IN THE MATTER OF
LINCOLN NATIONAL LIFE INSURANCE COMPANY,
LINCOLN LIFE AND ANNUITY COMPANY OF NEW YORK, and
FIRST PENN PACIFIC LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Lincoln National Life Insurance Company, Lincoln Life and Annuity Company of New York, and First Penn Pacific Life 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 Indiana 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, Indiana, and New Hampshire and Lincoln National Life Insurance Company, domiciled in Indiana and licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); Lincoln Life and Annuity Company of New York, domiciled in New York and licensed to transact the business of insurance in the Commonwealth; and First Penn Pacific Life Insurance Company, domiciled in Indiana 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. Commissioner Christie did not participate in this matter.

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

**CASE NO. INS-2013-00281
APRIL 24, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EDWARD M. HAMLET,
Defendant

FINAL ORDER

On February 5, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Edward M. Hamlet ("Defendant"), based on allegations made by the Commission's Bureau of Insurance ("Bureau") that the Defendant had been convicted of two insurance-related felony counts of embezzlement/grand larceny and that his insurance license should be revoked pursuant to § 38.2-1831 (9) of the Code of Virginia. Among other things, the Rule scheduled a hearing to be held on April 9, 2014, and assigned the case to a Hearing Examiner to conduct all further proceedings.

On April 9, 2014, the evidentiary hearing was convened as scheduled. Charles Homiller, Esquire, appeared on behalf of the Defendant. William Stanton VII, Esquire, appeared on behalf of the Bureau. In his opening statement, counsel for the Bureau informed the Commission that the Bureau and the Defendant had reached an agreement. After a brief recess, the Bureau and the Defendant offered: (i) a Voluntary Surrender of Insurance Agent or Consultant License Authority;¹ (ii) a settlement offer signed by the Defendant;² and (iii) a limited consent to engage or participate in the business of

¹ Ex. 1.

² Ex. 2.

insurance pursuant to 18 U.S.C. § 1033 ("Limited § 1033 Waiver").³ The documents provide for the voluntary surrender of the Defendant's insurance license and for the divestiture of Hamlet Insurance Services LLC ("Agency") within 90 days. The Limited § 1033 Waiver permits the Defendant to own and provide administrative services to the Agency for 90 days.

On April 11, 2014, the Senior Hearing Examiner issued his Report. In his Report, the Senior Hearing Examiner recommended the Commission accept the Defendant's tendered insurance license and proposed settlement. In addition, at the hearing the parties waived comments to the Report.

NOW THE COMMISSION, upon consideration of the Senior Hearing Examiner's Report, the offer of settlement of the Defendant, and the applicable law, is of the opinion and finds that the Hearing Examiner's recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations in the April 11, 2014 Senior Hearing Examiner's Report are hereby adopted.
- (2) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

³ Ex. 3.

**CASE NO. INS-2013-00282
JANUARY 21, 2014**

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

v.

ALFA ALLIANCE INSURANCE CORPORATION,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Alfa Alliance Insurance Corporation ("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 and 38.2-305 B 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 insurance policies; violated §§ 38.2-604 A, 38.2-604.1 A, 38.2-610 A, 38.2-2118, 38.2-2120, 38.2-2124, 38.2-2125, and 38.2-2126 B of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1318 of the Code by failing to provide convenient access to the files, documents, and records relating to the examination; violated § 38.2-1833 of the Code by paying commissions to agencies/agents that were not appointed by the Defendant; 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 §§ 38.2-2114 A, 38.2-2114 B, 38.2-2114 C, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; and violated § 38.2-510 A (3) 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, 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-eight Thousand Dollars (\$38,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated July 19, 2013, and November 1, 2013, and confirmed that restitution was made to 28 consumers in the amount of Seven Thousand One Hundred Fifty-two Dollars and Eighty-four Cents (\$7,152.84).

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-2013-00283
APRIL 14, 2014**

PETITION OF
GARY R. CORTELLESSA

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. CL11005660-00 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 November 25, 2013, Gary R. Cortellessa ("Petitioner"), by counsel, filed a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition") with the Commission contesting the Deputy Receiver's determination ("Determination of Appeal") that he is not a policyholder of Southern Title and that his claim for wages and a bonus is subordinate to Southern Title's policyholder and other contractual obligations.

By Order dated January 10, 2014, 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 January 31, 2014.

On January 31, 2014, the Deputy Receiver, by counsel, filed a Motion to Dismiss ("Motion") and Memorandum in Support of Motion to Dismiss ("Memorandum in Support"). Among other things, the Deputy Receiver maintained that the Petition should be dismissed because it was not timely filed.²

The Petitioner did not file a response to the Motion.³

On March 5, 2014, the Hearing Examiner issued her Report in which she recommended that the Petition be dismissed. In support of her recommendation, the Hearing Examiner noted that the Deputy Receiver issued her Determination of Appeal relative to the Petitioner's claim on October 22, 2013. The Hearing Examiner explained that, pursuant to the Receivership Appeal Procedure applicable to Southern Title's receivership, any challenge to, or request for the review of, the Determination of Appeal was required to be filed with the Clerk of the Commission no later than November 21, 2013.⁴ Since the Petitioner did not file his Petition until November 25, 2013, the Hearing Examiner stated that it should be dismissed as untimely.⁵

The Hearing Examiner advised that the parties had 21 days from the date of entry of her Report to file comments. The parties did not file comments.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Motion is hereby GRANTED.
- (2) The Petition is hereby DISMISSED.
- (3) The case is dismissed, and the papers filed herein shall be passed to the file for ended causes.

¹ *Commonwealth of Virginia at the relation of the State Corporation Commission v. Southern Title Insurance Corporation*, Case No. INS-2011-00239, 2011 S.C.C. Ann. Rept. 200, Order Appointing Deputy Receiver for Conservation and Rehabilitation (Dec. 20, 2011).

² Motion at 1; Memorandum in Support at 1-2. The Deputy Receiver also asserts that the Petition should be dismissed because it was not filed by an attorney admitted to the Virginia State Bar (Motion at 1; Memorandum in Support at 2) and because it fails to state a claim upon which relief may be granted (Motion at 1; Memorandum in Support at 2-5).

³ Pursuant to 5 VAC 5-20-110 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-010 *et seq.*, such a response was required to be filed within 14 business days of the filing of the Motion.

⁴ Pursuant to the Second Directive Adopting Receivership Appeal Procedure, a challenge to, or request for the review of, a Deputy Receiver's Determination of Appeal must be filed within thirty days of the date of the Determination of Appeal; the failure to comply with this deadline results in the waiver of an appeal. *See* Receivership Appeal Procedure, §§ C and A(9).

⁵ Hearing Examiner's Report at 1-2.

**CASE NO. INS-2014-00001
JANUARY 21, 2014**

IN THE MATTER OF
GENWORTH LIFE INSURANCE COMPANY
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
GENWORTH LIFE INSURANCE COMPANY OF NEW YORK

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Genworth Life Insurance Company, Genworth Life and Annuity Insurance Company, and Genworth Life Insurance Company of New York 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 New Hampshire Insurance Department, the Delaware Department of Insurance and the Virginia Bureau of Insurance for and on behalf of 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 Commonwealth of Virginia ("Commonwealth") and the States of Florida, California, North Dakota, Illinois, Pennsylvania, New Hampshire and Delaware, and Genworth Life Insurance Company, domiciled in Delaware and licensed to transact the business of insurance in the Commonwealth; Genworth Life and Annuity Insurance Company, domiciled and licensed to transact the business of insurance in the Commonwealth; and Genworth Life Insurance Company of New York, 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.

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

**CASE NO. INS-2014-00002
JANUARY 23, 2014**

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

v.
RECO L. CLYBURN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Reco L. Clyburn ("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 untrue information in his license application filed with the Commission when he failed to report a number of criminal charges/convictions on his license application.

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 December 4, 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 untrue information in his license application filed with the Commission when he failed to report a number of criminal charges/convictions on his license application.

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-2014-00003
JANUARY 23, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FILIP HADDAD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Filip Haddad ("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 funds received from insureds in a fiduciary capacity, and by commingling business or personal funds with funds required to be maintained in a separate fiduciary account.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated November 22, 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 § 38.2-1813 of the Code by failing to hold funds received from insureds in a fiduciary capacity, and by commingling business or personal funds with funds required to be maintained in a separate fiduciary account.

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-2014-00004
JANUARY 23, 2014**

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

v.

ASHLEY THARPE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ashley Tharpe ("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 her by the State of Ohio, and by providing untrue information in her license application filed with the Commission when she failed to disclose a conviction on her license application.

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 notified of her right to a hearing before the Commission in this matter by certified letter dated December 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 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 (1) 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 providing untrue information in her license application filed with the Commission when she failed to disclose a conviction on her license application.

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-2014-00005
JANUARY 23, 2014**

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

v.

ANNE MARIE CATHEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anne Marie Cathey ("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 of the Code of Virginia ("Code") by failing to notify the Bureau within 30 days of 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 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 her right to a hearing before the Commission in this matter by certified letter dated November 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 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 A of the Code by failing to notify the Bureau within 30 days of a change in her residence address.

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-2014-00006
JANUARY 22, 2014**

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

v.
TOWER NATIONAL INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

Tower National Insurance Company, a Massachusetts 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 Quarterly Statement of the Defendant, dated September 30, 2013, and filed with the Commission's Bureau of Insurance, indicates surplus of \$2,222,007, an impairment of surplus of \$777,993.

Accordingly, IT IS ORDERED THAT:

- (1) Within ninety (90) days of the date of this Impairment 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 while the impairment of the Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2014-00006
JUNE 9, 2014**

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

v.

TOWER NATIONAL 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.

Tower National Insurance Company, a foreign corporation domiciled in the state of Massachusetts ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order ("Impairment") entered herein January 22, 2014,¹ the Defendant was ordered to 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 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.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to June 25, 2014, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before June 25, 2014, 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. 1401220190.

**CASE NO. INS-2014-00006
SEPTEMBER 26, 2014**

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

v.

TOWER NATIONAL INSURANCE COMPANY,
Defendant

FINAL ORDER

By Impairment Order ("Impairment") entered by the State Corporation Commission ("Commission") on January 22, 2014,¹ Tower National Insurance Company ("Defendant") was ordered to 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 within 90 days of the date of entry of the Impairment.

The Defendant failed to eliminate the impairment in its surplus and, therefore, the Commission entered an Order to Take Notice on June 9, 2014 ("June 9, 2014 Order").² In the June 9, 2014 Order, the Defendant was ordered to take notice that the Commission would enter an order subsequent to June 25, 2014, suspending the license of the Defendant to transact new insurance business in the Commonwealth of Virginia ("Commonwealth") unless on or before June 25, 2014, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

On June 19, 2014, the Defendant filed a letter requesting a hearing before the Commission.³

On July 10, 2014, the Commission entered a Scheduling Order⁴ in which it set a hearing in this matter for September 10, 2014, and assigned this matter to a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

On September 5, 2014, the Bureau filed its Motion to Dismiss ("Motion").⁵ In support of its Motion, the Bureau stated that by affidavit of the Defendant's Vice President, Insurance Regulatory Counsel, and Secretary, the Bureau was advised that as of September 5, 2014, the Defendant had

¹ Doc. Con. Cen. No. 140120190.

² Doc. Con. Cen. No. 140620116.

³ Doc. Con. Cen. No. 140640046.

⁴ Doc. Con. Cen. No. 140720048.

eliminated the impairment in its surplus and restored the same to at least \$3 million. Based on the foregoing, the Bureau requested that the evidentiary hearing scheduled for September 10, 2014, be cancelled and that the Hearing Examiner recommend to the Commission that it enter an order restoring the Defendant's license to one in good standing and dismiss the matter from the Commission's docket of active cases.

On September 8, 2014, the Hearing Examiner issued his Report ("Report").⁶ In his Report, the Hearing Examiner found, among other things, that good cause having been shown, the Bureau's Motion should be granted. In addition, the Hearing Examiner found that the comment period to the Report should be waived since the parties have agreed to the disposition of this case. The Hearing Examiner recommended that the Commission enter an order adopting his findings, granting the Bureau's Motion, restoring the Defendant's license to one in good standing, dismissing this matter, and passing the papers in the case to the file for ended causes.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings of the Hearing Examiner in his September 8, 2014 Report hereby are ADOPTED.
- (2) The Bureau's Motion is hereby GRANTED.
- (3) The Defendant's license is hereby RESTORED TO GOOD STANDING.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

⁵ Doc. Con. Cen. No. 140910091.

⁶ Doc. Con. Cen. No. 140910110.

**CASE NO. INS-2014-00008
JANUARY 23, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLAN SAGES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allan Sages ("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 incomplete or untrue information in his license application filed with the Commission when he failed to report a number of criminal charges/convictions on his license application.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated December 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 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 incomplete or untrue information in his license application filed with the Commission when he failed to report a number of criminal charges/convictions on his license application.

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-2014-00015
JANUARY 30, 2014**

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

v.
SHANA CHANDLER SHANNON,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shana Chandler Shannon ("Defendant") violated §§ 38.2-512 and 38.2-1822 of the Code of Virginia ("Code") by making false statements relating to the business of insurance for the purpose of obtaining funds from an individual, and by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the State Corporation Commission ("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 her 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 her right to a hearing and agreed to be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia ("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.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00016
JANUARY 30, 2014**

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

v.
RENAISSANCE SETTLEMENT PARTNERS, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), and subsequent to the Bureau administratively terminating the registration of Renaissance Settlement Partners, Inc. ("Defendant"), it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth") violated § 55-525.27 of the Code of Virginia ("Code"), as well as 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.* ("Rules"), by failing to maintain and produce documents repeatedly requested by the Bureau after the Defendant ceased operations.

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated March 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 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 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 § 55-525.27 of the Code, as well as Rule 14 VAC 5-395-70, by failing to maintain and produce documents repeatedly requested by the Bureau after the Defendant ceased operations.

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 one (1) year 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-2014-00019
FEBRUARY 11, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Long-Term Care Insurance

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. Copies of these rules and regulations may also be accessed via the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to amend the Rules Governing Long-Term Care Insurance at Chapter 200 of Title 14 of the Virginia Administrative Code, specifically set forth at 14 VAC 5-200-65, *Unintentional lapse*.

The purpose of the amendments to 14 VAC 5-200-65 is to enhance the mailing of notice provisions to long-term care insurance policyholders and/or designees. The current rules require that notice only be mailed by first class United States mail. The proposed amendment requires that long-term care insurance carriers provide the policyholder or certificateholder, as well as a person designated by the policyholder or certificateholder, notice of lapse or termination of the policy or certificate for nonpayment of premium at least 30 days prior to the effective date of such lapse or termination. It also specifies that notice may be mailed by one of several means and that carriers must retain evidence of mailing the required notices. These proof-of-mailing provisions will assist with determining whether a notice was properly sent.

NOW THE COMMISSION is of the opinion that the proposed amendment submitted by the Bureau to amend 14 VAC 5-200-65 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

- (1) The proposal to amend Chapter 200 of Title 14 of the Virginia Administrative Code, specifically 14 VAC 5-200-65, *Unintentional lapse*, is 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 consider the amendments to 14 VAC 5-200-65, shall file such comments or hearing request on or before March 31, 2014, 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/case>. All comments shall refer to Case No. INS-2014-00019.
- (3) If no written request for a hearing on the proposal to amend 14 VAC 5-200-65 is received on or before March 31, 2014, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may amend 14 VAC 5-200-65.

(4) AN ATTESTED COPY hereof, together with a copy of the proposal to amend 14 VAC 5-200-65, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the proposal to amend 14 VAC 5-200-65 by mailing a copy of this Order, together with the proposal, to all companies licensed by the Commission to write long-term care insurance in the Commonwealth of Virginia, as well as all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend 14 VAC 5-200-65, 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 amendment to 14 VAC 5-200-65 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.

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

**CASE NO. INS-2014-00019
JUNE 4, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Long-Term Care Insurance

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered February 11, 2014, all interested persons were ordered to take notice that subsequent to March 31, 2014, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the Rules Governing Long-Term Care Insurance at Chapter 200 of Title 14 of the Virginia Administrative Code specifically set forth at 14 VAC 5-200-65, *Unintentional lapse* ("Rules"). These amendments were proposed by the Bureau of Insurance ("Bureau").

The amendments to 14 VAC 5-200-65 were proposed to enhance the mailing of notice of lapse or termination provisions to long-term care insurance policyholders and/or designees in order to protect such policyholders and/or designees from unintentionally lapsing their long-term care policies due to nonpayment of premium. The current rules require that notice of lapse or termination only be mailed by first class United States mail. The proposed amendments require that long-term care insurance carriers provide the policyholder or certificateholder, as well as a person designated by the policyholder or certificateholder, notice of lapse or termination of the policy or certificate for nonpayment of premium at least 30 days prior to the effective date of such lapse or termination. They also specify that notice of lapse or termination may be mailed by one of several means and that carriers must retain evidence of mailing the required notices. These proof-of-mailing provisions will assist with determining whether a notice of lapse or termination was properly sent.

The Order required that on or before March 31, 2014, any person requesting a hearing on the amendments to 14 VAC 5-200-65 shall have filed such 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 14 VAC 5-200-65 on or before March 31, 2014. Eleven residents of the Commonwealth of Virginia, as well as AARP Virginia, the Alzheimer's Association, the American Council of Life Insurers, and the Virginia Poverty Law Center filed timely comments with the Clerk. The Bureau provided a response to these comments, which it filed with the Clerk on May 12, 2014 ("Response").

As a result of these comments received, the Bureau recommended in its Response that the proposed amendments to 14 VAC 5-200-65 be further revised as follows: amend 14 VAC 5-200-65 A 3 b and 14 VAC 5-200-65 A 3 c to provide for proof of mailing to specifically identified recipients obtained from the commercial delivery service or United States Postal Service, respectively. This amendment will assist in determining whether a notice of lapse or termination was properly sent to specified recipients.

The Bureau recommends that 14 VAC 5-200-65 be adopted as revised.

NOW THE COMMISSION, having considered this matter, the filed comments, the Bureau's response to the comments, and the Bureau's recommendation to amend and revise 14 VAC 5-200-65, is of the opinion that 14 VAC 5-200-65 should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The amendments and revisions to the Rules Governing Long-Term Care Insurance at Chapter 200 of Title 14 of the Virginia Administrative Code, specifically set forth at 14 VAC 5-200-65, *Unintentional lapse*, which Rules are attached hereto and made a part hereof, are hereby ADOPTED to be 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 to Althelia P. Battle, 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 revised 14 VAC 5-200-65 to all companies licensed by the Commission to write long-term care insurance in the Commonwealth of Virginia, as well as all interested persons.

(3) The Commission's Division of Information Resources shall cause a copy of this Order, together with the adopted, amended and revised 14 VAC 5-200-65, 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 14 VAC 5-200-65, on the Commission's website: <http://www.sec.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 "Rules Governing Long-Term Care Insurance" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2014-00025
MARCH 13, 2014**

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

v.
UNITRIN AUTO AND HOME INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Unitrin Auto and Home 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 information required by the statute in 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 October 23, 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-2014-00027
MARCH 7, 2014**

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

v.
ACE AMERICAN INSURANCE COMPANY
and
ACE FIRE UNDERWRITERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that ACE American Insurance Company and ACE Fire Underwriters 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 §§ 38.2-317 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 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 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), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated January 8, 2014, and confirmed that restitution was made to 60 consumers in the amount of One Thousand Three Hundred Ninety-five Dollars (\$1,395).

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-2014-00028
FEBRUARY 28, 2014**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Electric 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 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 waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated August 16, 2013, and confirmed that restitution was made to 40 consumers in the amount of Three Thousand Two Hundred Fifty-seven Dollars and Seventy-three Cents (\$3,257.73).

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-2014-00030
APRIL 28, 2014**

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

v.
STEVEN EDWARD MEDLEY, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Steven Edward Medley, 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 § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information on 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 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 March 25, 2014, 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 untrue information on 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-2014-00031
MARCH 25, 2014**

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

v.
ALFA VISION INSURANCE CORPORATION
and
ALFA SPECIALTY INSURANCE CORPORATION,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Alfa Vision Insurance Corporation and Alfa Specialty Insurance Corporation (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 A and 38.2-305 B of the Code of Virginia ("Code") by failing to provide the information required by the statute; § 38.2-310 of the Code for failing to state all fees in the policies; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; § 38.2-511 of the Code by failing to maintain complete complaint registers; §§ 38.2-604 A, 38.2-604 B, 38.2-604 C, 38.2-604.1 A, 38.2-610 A, 38.2-1905 A, 38.2-2202 B, and 38.2-2234 A of the Code by failing to provide the required notices to insureds; § 38.2-1833 of the Code by failing to appoint agents within 30 days of the application; § 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 Defendants; § 38.2-2204 of the Code by failing to provide coverage to the named insured and any other person using or responsible for the use of the motor vehicle;

§§ 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; §§ 38.2-2214 and 38.2-2220 of the Code by failing to use forms in the precise language filed and approved by the Bureau; § 38.2-2234 B of the Code by failing to use credit information obtained to rate policies; and § 38.2-510 A (3) 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 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 Forty-two Thousand Five Hundred Dollars (\$42,500), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letters to the Bureau dated November 1, 2013, and January 31, 2014, and confirmed that restitution was made to 70 consumers in the amount of Ten Thousand Two Hundred Seventy-six Dollars and Sixty-four cents (\$10,276.64).

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-2014-00032
APRIL 9, 2014**

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

v.

VICTORIA FIRE & CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Victoria Fire & Casualty 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 and 38.2-305 B of the Code of Virginia ("Code") by failing to provide the information required by the statute in insurance policies; § 38.2-310 B of the Code by failing to state all fees in the policies; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; § 38.2-511 of the Code by failing to maintain a complete complaint register; §§ 38.2-604 A 1, 38.2-604 B, 38.2-604 C, 38.2-610 A, 38.2-1905 A, 38.2-2210 A, 38.2-2230 and 38.2-2234 A of the Code by failing to provide required notices to insureds; § 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; §§ 38.2-2234 B and 38.2-2234 E of the Code by failing to use credit information obtained to rate policies; §§ 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; §§ 38.2-2214 and 38.2-2220 of the Code by failing to use forms in the precise language approved by the Commission; and §§ 38.2-510 A (1) and 38.2-510 A (10) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, 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 Seventy-two Thousand Four Hundred Dollars (\$72,400), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated September 26, 2013, and December 6, 2013, and e-mails of December 13, 2013, and January 13, 2014, and confirmed that restitution was made to 50 consumers in the amount of Eight Thousand Five Hundred Eighty Dollars and Fifty-three Cents (\$8,580.53).

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-2014-00033
FEBRUARY 28, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMES FRANKLIN LLOYD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Franklin Lloyd ("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 (9) of the Code of Virginia ("Code") by having been convicted of a felony.

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 February 3, 2014, 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 (9) of the Code by having been convicted of a felony.

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 five (5) 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-2014-00034
MARCH 11, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SEAN A. GREEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sean A. Green ("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 incomplete or untrue information on his license application.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 January 23, 2014, 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 incomplete or untrue information on his license application.

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-2014-00038
APRIL 8, 2014**

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

v.
CALIFORNIA CASUALTY INDEMNITY EXCHANGE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that California Casualty Indemnity Exchange ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 of the Code of Virginia ("Code") by failing to provide the information required by the statute in 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 October 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-2014-00039
APRIL 8, 2014**

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

v.
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Bankers Insurance Company of Florida ("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 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 February 28, 2014.

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-2014-00040
APRIL 8, 2014**

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

v.
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Bankers Insurance Company of Florida ("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 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 February 28, 2014.

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-2014-00042
MAY 8, 2014**

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

v.

KATHRYN MACEY SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kathryn Macey 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 § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information on 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 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 her right to a hearing before the Commission in this matter by certified letters dated January 16, 2014, and March 11, 2014, 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 § 38.2-1831 (1) of the Code by providing untrue information on her 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-2014-00043
APRIL 9, 2014**

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

v.

GREAT AMERICAN INSURANCE COMPANY,
GREAT AMERICAN ASSURANCE COMPANY,
GREAT AMERICAN INSURANCE COMPANY OF NEW YORK,
and
GREAT AMERICAN ALLIANCE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Great American Insurance Company, Great American Assurance Company, Great American Insurance Company of New York, and Great American Alliance 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 of the Code of Virginia ("Code") by failing to provide information required by the statute in insurance policies.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code 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 One Thousand Dollars (\$1,000) per company, for an amount totaling Four Thousand Dollars (\$4,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 10, 2014.

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-2014-00044
AUGUST 6, 2014**

PETITION OF
CHASE CARMEN HUNTER

For declaratory judgment

FINAL ORDER

On March 13, 2014, Chase Carmen Hunter ("Petitioner") filed a Petition for Declaratory Judgment ("Petition") with the State Corporation Commission ("Commission") in which she named the Commissioner of Insurance, Jacqueline Cunningham ("Commissioner") of the Bureau of Insurance ("Bureau") as the Respondent. The Petition asserted that the Commissioner is "using and has allowed the using of her authority against [the Petitioner], who holds a Virginia insurance agent license . . . for reasons that are not within the scope of her authority" as provided by the Virginia Constitution, Title 38.2 of the Code of Virginia ("Code") and Title 14 of the Virginia Administrative Code.¹ The Petition further asserted that the Commission "has jurisdiction to grant this petition under Section 5 VAC 5-20-100 (C) and 14 VAC 5, and Virginia Code § 8.01-184, as amended."²

The Petition asserts that an employee of the Bureau "has used and is using the authority of his position at the Bureau of Insurance to falsely accuse [the Petitioner] of violating Virginia laws" and "to threaten to terminate [the Petitioner's] License for such non-existent violations."³ The Petition further asserts that the Bureau employee has used and is using his position to "coerce and manipulate [the Petitioner], to deny [the Petitioner] liberty, and to deny [the Petitioner] peaceful pursuit of her vocation and happiness to satisfy a personal agenda which is not supported by the [Commissioner's] authority" under law.⁴ Among other things, the Petition asserts that the Petitioner received communications from the Bureau employee in 2012 and 2013 requesting to speak or meet with her.⁵ When the Petitioner did not respond, the Petition asserts that the Bureau employee sent her a letter on January 14, 2014, stating "that [the Petitioner] violated Virginia Code [§] 38.2-1809, as amended" and that the Bureau would revoke her license if she did not contact the Bureau employee within ten days.⁶

The Petition requested that the Commission take jurisdiction of the case and enter a declaratory judgment that: (i) the Petitioner has not violated § 38.2-1809 of the Code; (ii) the Bureau has no jurisdiction to pursue the Petitioner personally or to pursue her "agency records" unless or until such time as the Bureau advises the Petitioner specifically of any jurisdictional grounds for such pursuit, and that any request for "agency records" must be specific and finite; (iii) the Petitioner has a constitutional right to equal treatment and equal protection of the law, such that the Bureau's actions directed to the Petitioner must match those actions consistently seen in Commission cases described in the Petition; and (iv) the Petitioner has a fundamental human right and constitutional right to know if a complaint that falls within the Commissioner's jurisdiction has been filed against the Petitioner, including the nature of the

¹ Petition at ¶ 3.

² *Id.* at ¶ 4.

³ *Id.* at 3.

⁴ *Id.*

⁵ *Id.* at ¶¶ 7-10.

⁶ *Id.* at ¶ 11.

complaint, the name of the complainant, and the specific allegations.⁷ The Petition further requests that the Commission award the Petitioner reasonable attorney's fees and costs, including all appellate fees and costs incurred, as well as award the Petitioner such further relief to which she may be entitled.⁸

On April 8, 2014, the Commission issued a Remand Order ("Remand Order") in which it directed that this case be remanded to the Bureau for review of informal complaints under Rule 5 VAC 5-20-70 of the Commission's Rules of Practice and Procedure.⁹ The Commission advised that "[i]f the matter is not resolved by the informal complaint process, a formal proceeding may be appropriate."¹⁰

Following entry of the Remand Order, the Petitioner made several filings with the Commission. On April 17, 2014, the Petitioner filed a Verified Motion for Rehearing and Motion for Rehearing *En Banc* ("Rehearing Motion"). The Rehearing Motion contended that: (i) the Remand Order is factually incorrect and mischaracterizes the issues; (ii) the Remand Order denies the Petitioner her requested relief; and (iii) Rule 5 VAC 5-20-70 does not apply to the Petition.¹¹ The Rehearing Motion requested that the Commission reverse its Remand Order, take jurisdiction of this case, grant the Petition, enter default judgment, and grant the relief requested in the Petition.¹²

On April 17, 2014, the Petitioner also filed a Motion to Reveal the Names of All People Who Participated in the Decision Shown in the Remand Order ("Names Motion"). The Names Motion stated that "there is no name of the hearing officer shown on the [Remand Order]" and requested the name of the hearing officer assigned to this matter as well as the names of all people who participated in the Remand Order.¹³

On April 18, 2014, the Petitioner filed a Verified Motion that the Petitioner Receive a Final Appealable Order Signed by the Hearing Officer for the Purposes of Appeal ("Appealable Order Motion").¹⁴ The Appealable Order Motion noted that the Remand Order "states that the matter is 'continued generally.'"¹⁵ The Appealable Order Motion argued that "by including 'continued generally' in the Remand Order, the unknown hearing officer(s) have violated the Petitioner's Due Process rights and human rights by denying her a final appealable order."¹⁶ The Appealable Order Motion requested "a final appealable order signed and dated by the hearing officer for the purposes of appeal."¹⁷

On April 30, 2014, the Bureau filed a Motion to Reinstate Petition ("Reinstate Motion"). The Bureau alleged that it had been unsuccessful in its attempts to contact the Petitioner to address this matter through the informal complaint process required by the Remand Order.¹⁸ The Bureau requested that the Commission reinstate the Petition.¹⁹ On April 30, 2014, the Commission entered an Order directing the Petitioner to file a response to the Reinstate Motion within 14 days.

The Petitioner did not file a direct response to the Reinstate Motion. On May 5, 2014, however, the Petitioner filed a Verified Motion for Judgment on the Pleadings and Verified Motion for Judgment by Default ("Default Motion"). The Default Motion stated that the Reinstate Motion "contains many false statements of fact and false conclusions."²⁰ The Default Motion further asserted that the Commissioner is in default and, as a result, has admitted all the facts and allegations of the Petition.²¹ The Default Motion thus argued that the Petitioner is entitled to default judgment as a matter of law.²² The Default Motion asked the Commission to take jurisdiction of this case and grant the Petition as well as the relief requested in the Petition.²³

⁷ *Id.* at ¶ 42.

⁸ *Id.*

⁹ 5 VAC 5-20-10 *et seq.*

¹⁰ Remand Order at 3.

¹¹ Rehearing Motion at ¶¶ 4-6.

¹² *Id.* at ¶ 24.

¹³ Names Motion at ¶¶ 1-2.

¹⁴ On April 18, 2014, the Petitioner also filed the following notices with the Commission: (i) Notice of Appeal from the Remand Order with the Supreme Court of Virginia; and (ii) Notice of Impending Lawsuit Against Scott White and William Stanton in Their Official and Individual Capacities under U.S. Code Section 1983. Messrs. White and Stanton are two of the staff counsel representing the Bureau in this matter.

¹⁵ Appealable Order Motion at ¶ 1.

¹⁶ *Id.* at ¶ 5.

¹⁷ *Id.* at ¶ 7.

¹⁸ Reinstate Motion at 2.

¹⁹ *Id.* at 3.

²⁰ Default Motion at ¶ 2.

²¹ *Id.* at ¶ 3.

²² *Id.* at ¶ 4.

²³ *Id.* at ¶ 14.

On May 6, 2014, the Petitioner filed a Verified Motion for Sanctions ("Sanctions Motion"). The Sanctions Motion maintained that the Bureau's Reinstatement Motion was the Commissioner's first appearance in this matter and that the Reinstatement Motion "contains many false statements and false conclusions."²⁴ The Sanctions Motion asserted that the Commissioner "through her counsel, has knowingly made false statements to this tribunal as described herein and sanctions are appropriate."²⁵ Specifically, the Sanctions Motion requested that the Commission: (i) grant the Sanctions Motion, strike the Reinstatement Motion and sanction the Commissioner and the counsel of record \$100 each "for wasting [the] Petitioner's time by requiring her to file a response to the frivolous, false and fraudulent" Reinstatement Motion; (ii) award the Petitioner reasonable attorney's fees and costs, including all appellate fees and costs incurred; and (iii) "award [the Petitioner] such further relief to which she may be entitled."²⁶

On May 6, 2014, the Petitioner also filed a Second Verified Motion for Rehearing and Verified Motion for Rehearing *En Banc* ("Second Rehearing Motion"). The Second Rehearing Motion noted that the Petitioner's Rehearing Motion has been pending "for more than a fortnight," but the Commission responded on the same day to the Bureau's Reinstatement Motion.²⁷ The Second Rehearing Motion asserted that the Commission's failure to respond to the Petitioner's Rehearing Motion was a "willful refusal to perform ministerial duties which violates the Petitioner's Due Process rights and human rights and constitutes a fraud upon the tribunal."²⁸ The Second Rehearing Motion stated that the Petitioner filed this motion "to give the unknown, secret hearing officer who is drafting documents on behalf of the [Commission] in this matter a second opportunity to remedy the errors forthwith."²⁹ The Second Rehearing Motion requested that the Commission grant the Second Rehearing Motion, reverse its Remand Order, take jurisdiction of this case, and "that upon reviewing this matter" grant the Petition, enter default judgment, and grant the relief requested in the Petition.³⁰

On May 13, 2014, the Bureau filed its response to the Petitioner's Default Motion ("Default Motion Response"). The Bureau maintained that the Default Motion should be treated as a response to the Bureau's Reinstatement Motion.³¹ The Bureau pointed out that the Petitioner "appears to agree that formal proceedings are appropriate."³² The Bureau disagreed that it is in default and that the Petitioner is entitled to default judgment as a matter of law.³³ The Bureau maintained that it is not in default because the Remand Order directed an informal review process during which the Bureau was not required to respond to the Petition.³⁴ In addition, the Bureau contended that default judgment is discretionary and inappropriate in this case: (i) due to the Bureau's belief that a response was not required until ordered by the Commission; (ii) because denial of a default judgment would not prejudice the Petitioner; and (iii) "in light of the serious, but incorrect assertions [the Petitioner] continues to make against the Bureau, "the Commission should decide the Petition on the merits."³⁵

In its Default Motion Response, the Bureau attached a letter dated May 7, 2014, to the Petitioner from the Bureau ("May 7th Letter"), in which the Bureau requested information in connection with its investigation of the Petitioner's alleged sale of certain renters' insurance policies to at least 16 Virginia customers.³⁶ The Bureau maintained that the May 7th Letter includes the information sought by the Petitioner in her request for declaratory judgment, making the Petition moot.³⁷ In the alternative, the Bureau asked that the Commission allow the Bureau the opportunity to file a response to the Petition.³⁸

On June 3, 2014, the Commission entered an Order ("June 3rd Order") that, among other things, assigned this matter to a Hearing Examiner to conduct all further proceedings, address pending motions, and file a final report.

On June 19, 2014, the Senior Hearing Examiner entered a Ruling that allowed the Petitioner and the Bureau to file by July 11, 2014, the following: (i) any additional argument, information, or support to be considered in deciding this matter; and (ii) a request for a public evidentiary hearing, if desired.³⁹

²⁴ Sanctions Motion at ¶¶ 2-3.

²⁵ *Id.* at ¶ 5.

²⁶ *Id.* at ¶ 8.

²⁷ Second Rehearing Motion at ¶¶ 2-4.

²⁸ *Id.* at ¶ 4.

²⁹ *Id.* at ¶ 5.

³⁰ *Id.* at ¶ 6.

³¹ Default Motion Response at 2-3.

³² *Id.* at 3.

³³ *Id.* at 3-6.

³⁴ *Id.* at 4-5.

³⁵ *Id.* at 5-6.

³⁶ *Id.* at 6, Attachment 1.

³⁷ *Id.* at 6-7.

³⁸ *Id.* at 7.

³⁹ Ruling at 2.

On July 7, 2014, the Petitioner filed a Notice of Other Litigation Against Mark C. Christie, James C. Dimitri and Judith Williams Jagdmann, Commissioners; and Against Alexander F. Skirpan, Hearing Examiner, and Service of Process of the Petition that is the Subject of this Other Litigation ("Notice of Other Litigation").⁴⁰

On July 11, 2014, the Bureau filed a Memorandum In Support of Denial of the Petitioner's Pending Motions and for Dismissal of the Petition ("Memorandum"). The Bureau argued that all of the Petitioner's pending motions should be denied.⁴¹ The Bureau maintained that four of the six motions (*i.e.*, Rehearing Motion, Names Motion, Appealable Order Motion, and Second Rehearing Motion) pertain to the Remand Order and are moot, based on the Commission's June 3rd Order.⁴² The Bureau asserted that the Sanctions Motion should be denied as unsupported and inappropriate.⁴³ Finally, the Bureau reiterated its position that the Default Motion should be denied because the Commission did not require a response to the Petition and because a default judgment is inappropriate in this case.⁴⁴

The Memorandum further argued that the Commission should dismiss the Petition. The Bureau stated that there is no actual controversy to review because the Bureau has taken no action against the Petitioner concerning any violation of § 38.2-1809 of the Code.⁴⁵ The Bureau also contended that the Petition was moot because its May 7th Letter provided the Petitioner with the relief requested in her Petition.⁴⁶

In addition, the Bureau alleged that the Petitioner has failed to provide access to the records requested in the May 7th Letter.⁴⁷ The Bureau maintained that the Petitioner's "failure to respond to the [May 7th Letter] has yielded a new violation of § 38.2-1809 of the Code for which the Bureau will request penalties, including the revocation of Hunter's insurance license."⁴⁸ The Bureau then offered the following procedural options:

- (i) Allow the Bureau to submit a counterpleading for joint resolution here;
- (ii) Dismiss the Petition, after which the Bureau may file a Rule to Show Cause or take other appropriate steps regarding the Petitioner's violations of § 38.2-1809 of the Code; or
- (iii) Proceed forward on the Petitioner's claims while allowing the Bureau an opportunity to conduct discovery and properly defend against her assertions.⁴⁹

In response to the Hearing Examiner's Ruling entered on June 19, 2014, the Petitioner did not submit to the Commission either any additional arguments regarding her Petition or pending motions, or request an evidentiary hearing.⁵⁰

On July 18, 2014, the Senior Hearing Examiner issued his Report, which thoroughly summarized the issues raised in the Petition, the motions and responses filed by the parties in this matter, as well as the procedural history of this case. In his Report, the Senior Hearing Examiner found as a preliminary matter that the Bureau's allegations concerning events occurring subsequent to the filing of the Petition should not be considered as part of this proceeding. He recommended that the Commission rule on the issues raised in the Petition and permit the Bureau to raise any issues, outside of the ones addressed in the Petition, in a future, separate proceeding, if necessary.⁵¹

⁴⁰ The Notice of Other Litigation provided for the acceptance of the service of process for a Petition for Writ of Prohibition and Writ of Mandamus filed by the Petitioner in the Supreme Court of Virginia on July 3, 2014. The attached writ asked the Supreme Court of Virginia to prohibit the Commission from certain actions and requested, among other things, that the Commission case be closed.

⁴¹ Memorandum at 1, 7-10.

⁴² *Id.* at 7-8.

⁴³ *Id.* at 8-9.

⁴⁴ *Id.* at 9-10.

⁴⁵ *Id.* at 2, 10-12.

⁴⁶ *Id.* at 2, 12-14.

⁴⁷ *Id.* at 2, 14.

⁴⁸ *Id.* at 14-15.

⁴⁹ *Id.* at 15.

⁵⁰ On July 17, 2014, the Petitioner filed an Emergency Motion to Stay All Proceedings in this matter with the Supreme Court of Virginia, which was denied on July 24, 2014.

⁵¹ Report at 6.

The Senior Hearing Examiner also found that:

(i) As of the date of the Petition (*i.e.*, March 13, 2014), the Petitioner has not violated § 38.2-1809 of the Code based on the Petitioner's apparent confusion as to the nature of the Bureau's requests, the Petitioner's pledge of future compliance with the Bureau's requests, and the facts as otherwise presented by the Petitioner and the Bureau. He clarified that this finding applies only to the events covered by the Petition and does not extend to events subsequent to the filing of the Petition.⁵²

(ii) The Bureau's May 7th letter: (a) advised the Petitioner of the jurisdictional grounds for requesting specific and finite agency records; (b) provided the Petitioner with more information and specificity than the Bureau provided to any of the defendants in the nine cases cited in the Petition; and (c) provided the Petitioner with sufficient information regarding the complaint for which the Bureau is conducting its investigation. The Senior Hearing Examiner found that the Bureau thus has addressed those portions of the Petition, rendering a declaratory judgment by the Commission on the requests moot and unnecessary.⁵³

(iii) Based upon the record, each of the following pending motions made by the Petitioner are moot and should be denied: (a) Rehearing Motion (which argued that the Remand Order denied the Petitioner's requested relief); (b) Names Motion (which sought the names of the hearing officer and all other people that participated in the Remand Order); (c) Appealable Order Motion (which asserted that failing to provide "a final appealable order signed and dated by the hearing officer . . ." was a violation of the Petitioner's due process and human rights); and (d) Second Rehearing Motion (which requested the Commission to retake jurisdiction of the case and rule on the Petition).⁵⁴

(iv) Based upon the record, the Petitioner's Default Motion should be denied.⁵⁵

(v) Based upon the record, the Petitioner's Sanctions Motion should be denied.⁵⁶

(vi) The Petitioner should not be awarded reasonable attorney's fees and costs and is not entitled to any further relief.⁵⁷

The Senior Hearing Examiner recommended that the Commission adopt the findings and recommendations in the Report and dismiss this case from the Commission's docket of active cases. The Report allowed the parties ten (10) business days from the date of the Report to file comments. No comments were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Senior Hearing Examiner's findings and recommendations as detailed in his Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the July 18, 2014 Report are hereby ADOPTED.

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

⁵² *Id.* at 10.

⁵³ *Id.* at 12-13.

⁵⁴ *Id.* at 14-17.

⁵⁵ *Id.* at 15-16.

⁵⁶ *Id.* at 16.

⁵⁷ *Id.* at 13.

**CASE NO. INS-2014-00046
APRIL 29, 2014**

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

v.
CHARLES A. CRESS,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Charles A. Cress ("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 of the Code of Virginia ("Code") by making false statements on a document relating to the business of insurance to obtain a benefit and by violating other insurance laws.

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 tendered to the Commonwealth the sum of Five Thousand Dollars (\$5,000), waived his right to a hearing, and agreed to the suspension of his license for a period of 180 days from the date of entry of this Settlement Order ("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 Defendant's license is hereby suspended for a period of 180 days from the date of entry of this Order.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00048
MARCH 25, 2014**

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

v.
KARL CANAII,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Karl Canaii ("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 Michigan.

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 February 25, 2014, 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 Michigan.

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-2014-00049
MARCH 31, 2014**

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

v.

TEACHERS PROTECTIVE MUTUAL LIFE INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

Teachers Protective Mutual Life Insurance Company, a Pennsylvania 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 Annual Statement of the Defendant, dated December 31, 2013, and filed with the Commission's Bureau of Insurance, indicates surplus of \$3,443,574, an impairment of surplus of \$556,426.

Accordingly, IT IS ORDERED THAT:

(1) Within ninety (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-2014-00049
JULY 2, 2014**

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

v.

TEACHERS PROTECTIVE MUTUAL LIFE 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.

Teachers Protective Mutual Life Insurance Company ("Defendant"), a foreign corporation domiciled in the state of Pennsylvania, is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order ("Impairment") entered herein March 31, 2014,¹ the Defendant was ordered to eliminate the impairment in its surplus and 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.

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 July 14, 2014, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 14, 2014, 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. 140330006.

CASE NO. INS-2014-00049
JULY 25, 2014

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

v.

TEACHERS PROTECTIVE MUTUAL LIFE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein on July 2, 2014,¹ Teachers Protective Mutual Life Insurance Company, a Pennsylvania 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 July 14, 2014, suspending the license of the Defendant unless on or before July 14, 2014, 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 and 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 June 30, 2014.²

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 Doc. Con. Cen. No. 140710069.

² The Commission entered an Impairment Order against the Defendant on March 31, 2014 (Doc. Con. Cen. No. 140330006).

CASE NO. INS-2014-00056
JUNE 27, 2014

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

v.

DANA GUINN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Dana Guinn ("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 of the Code of Virginia ("Code") by making false representations on a 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.

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 notified of her right to a hearing before the Commission in this matter by certified letter dated April 23, 2014, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner 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 of the Code by making false representations on a 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.

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-2014-00059
APRIL 14, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTOPHER KOPATZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher Kopatz ("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 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 March 11, 2014, 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 California.

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-2014-00060
APRIL 14, 2014**

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

v.

LAWRENCE T. KING,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lawrence T. King ("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 Wisconsin and 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated March 11, 2014, 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 administrative actions that were taken against him by the State of Wisconsin and the State of North Dakota.

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-2014-00060
MAY 1, 2014**

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

v.
LAWRENCE T. KING,
Defendant

ORDER GRANTING RECONSIDERATION

On April 14, 2014, the State Corporation Commission ("Commission") issued an Order Revoking License in this docket.¹ On April 30, 2014, Lawrence T. King 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 his 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. 140420061.

**CASE NO. INS-2014-00061
APRIL 14, 2014**

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

v.
RICHARD OLEN DICKERSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Olen Dickerson ("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 West Virginia and the State of Texas.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated March 11, 2014, 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 administrative actions that were taken against him by the State of West Virginia and the State of Texas.

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-2014-00062
MAY 9, 2014**

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

v.

BENJAMIN VICTOR FISTEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Benjamin Victor Fistel ("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 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 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 letters dated March 11, 2014, and April, 9, 2014, 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 Colorado.

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-2014-00063
APRIL 14, 2014**

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

v.

DARYL CRAIG OSTRANDER, SR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daryl Craig Ostrander, Sr. ("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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 March 11, 2014, 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 Wisconsin.

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-2014-00064
APRIL 15, 2014**

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

v.
HEATHER L. BISSONETTE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Heather L. Bissonette ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1809 and 38.2-1826 C of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the Commonwealth of Pennsylvania.

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 notified of her right to a hearing before the Commission in this matter by certified letter dated March 17, 2014, 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 Virginia 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 C of the Code by failing to make records available promptly upon request for examination, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the Commonwealth of Pennsylvania.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia 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 Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00065
MAY 29, 2014**

PETITION OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
and
HEALTHKEEPERS, INC.,

For modification of the Final Order to permit an Anthem affiliate to provide certain medical management services from locations outside Virginia

FINAL ORDER

On April 8, 2014, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-100 B 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 the Commonwealth of Virginia ("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: 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 to offices located outside of Virginia, it should seek permission from the Commission by filing a petition "... setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

In this Petition, Petitioners are requesting that the 2007 Final Order be modified to allow American Imaging Management, Inc., an Anthem affiliate, to provide certain medical management services for radiology, sleep programs and oncology from offices outside of Virginia but within the United States.³ Petitioners represent that providing the services described in the Petition will not diminish the quality of existing medical management services provided to customers in Virginia.⁴

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"), to the Medical Society of Virginia ("MSV"), and to the Commission's Bureau of Insurance ("Bureau") and that MSV has authorized the Petitioners to represent that it does not object to the Petition.⁵

On April 16, 2014, the Commission entered a Scheduling Order in which it provided a deadline of May 2, 2014, for interested persons to comment or to file a notice of participation as a respondent in this matter and provided a deadline of May 9, 2014, for the Bureau to file a response to the Petition.

On May 2, 2014, Consumer Counsel filed comments. Consumer Counsel stated that based on the specific situation described in the Petition as well as Anthem's assertions that service levels will not be degraded and that the affiliate will have no member contact, it does not object to the Petition.⁶ On May 5, 2014, the Bureau filed its response to the Petition. The Bureau stated that it does not oppose the relief requested by Anthem.⁷

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").

² *Id.* at 116, para. 4.

³ Petition at 1, 4 and 7.

⁴ *Id.* at 3.

⁵ *Id.* at 8.

⁶ Consumer Counsel Comments at 2.

⁷ Bureau Comments at 1.

NOW THE COMMISSION, upon consideration of this matter, finds that the Petition should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's Petition is GRANTED.
- (2) Anthem is, with respect to medical management services that involve the application of Anthem's medical guidelines to preauthorization and specific claim coverage requests for radiology, sleep programs, and oncology, permitted to use its affiliate American Imaging Management, Inc., to provide such services from locations outside of Virginia but within the United States.
- (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.

**CASE NO. INS-2014-00066
APRIL 29, 2014**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Everest National 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, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated March 14, 2014, and confirmed that restitution was made to four consumers in the amount of Two Hundred Fifty-three Dollars and Thirty-four Cents (\$253.34).

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-2014-00068
MAY 22, 2014**

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

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Great American 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 of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements are 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 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 March 28, 2014.

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-2014-00070
APRIL 29, 2014**

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

v.

RYAN BRALEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ryan Braley ("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 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 March 26, 2014, 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 California.

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-2014-00071
APRIL 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DANIEL PATRICK COBB,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel Patrick Cobb ("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 Georgia, South Dakota, New York, and Delaware.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated March 20, 2014, 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 administrative actions that were taken against him by the States of Georgia, South Dakota, New York, and Delaware.

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-2014-00073
APRIL 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TIFFANY MICHELLE GILLESPIE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tiffany Michelle Gillespie ("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 Wisconsin and the State of 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated March 20, 2014, 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 administrative actions that were taken against her by the State of Wisconsin and the State of New York.

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-2014-00074
APRIL 29, 2014**

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

v.

MIKE LEE GONZALES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mike Lee Gonzales ("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 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 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 March 20, 2014, 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 New York.

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-2014-00076
MAY 8, 2014**

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

v.
FARA D. MORROW,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Fara D. Morrow ("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 38.2-1826 A of the Code of Virginia ("Code") by making false statements on or relative to an application for insurance in order to obtain a fee or commission, and by failing to report within 30 calendar days to the Commission 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated March 10, 2014, 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 and 38.2-1826 A of the Code by making false statements on or relative to an application for insurance in order to obtain a fee or commission, and by failing to report within 30 calendar days to the Commission a change in her residence address.

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-2014-00077
MAY 5, 2014**

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

v.
LAWRENCE MICHAEL BLUSEWICZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lawrence Michael Blusewicz ("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 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 April 3, 2014, 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-2014-00078
MAY 13, 2014**

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

v.
TWIN CITY FIRE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Twin City Fire 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 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 waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated April 22, 2014, and confirmed that restitution was made to 1,007 consumers in the amount of Three Thousand One Hundred Ninety-four Dollars and Ninety-two Cents (\$3,194.92).

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-2014-00079
MAY 8, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DIAMOND STATE LIABILITY COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Diamond State Liability 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 issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least 30 days prior to their effective date, 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 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 February 21, 2014, and confirmed that restitution was made to seven consumers in the amount of Two Hundred Six Dollars and Three Cents (\$206.03).

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-2014-00080
MAY 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EXECUTIVE RISK INDEMNITY, INC.
and
FEDERAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Executive Risk Indemnity, Inc. and Federal 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 § 38.2-1906 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 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 One Thousand

Dollars (\$1,000) per company for an amount totaling Two Thousand Dollars (\$2,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated April 25, 2014, and confirmed that restitution was made to 33 consumers in the amount of Thirty Five Thousand Two Hundred Ninety-one Dollars (\$35,291).

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-2014-00081
MAY 19, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

ASSURANCEAMERICA INSURANCE COMPANY,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that AssuranceAmerica 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 its insurance policies; violated § 38.2-1833 of the Code by failing to properly appoint agents and agencies; violated §§ 38.2-1905 A, 38.2-2202 A, 38.2-2202 B, 38.2-2206 A, 38.2-2230, and 38.2-2234 A of the Code by failing to provide the required notices to insureds; 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, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; violated §§ 38.2-2234 B and 38.2-2234 E of the Code by failing to properly use credit information obtained when rating the policy; 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-eight Thousand Seven Hundred Ten Dollars (\$28,710), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated January 20, 2014, and confirmed that restitution was made to 115 consumers in the amount of Twenty Thousand Four Hundred Thirty-nine Dollars and Seventy-four Cents (\$20,439.74).

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-2014-00082
JULY 30, 2014**

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

v.
JUSTICE TITLE & ESCROW, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Justice Title & Escrow, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 55-525.24 A of the Code of Virginia ("Code") by failing to handle funds deposited with it in connection with escrow, settlement, or closing in a fiduciary capacity, and failing to segregate funds for each depository by escrow, settlement, or closing; violated § 38.2-4614 A 1 of the Code by paying for business referrals pursuant to an agreement; and violated § 38.2-1812 F of the Code by sharing insurance commissions with unlicensed persons.

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 Seven Thousand Five Hundred Dollars (\$7,500); agreed to cease and desist from (i) violating § 38.2-4614 A 1 of the Code; (ii) violating § 38.2-1812 F of the Code; and (iii) knowingly or willfully violating § 55-525.24 A of the Code; waived its right to a hearing; and agreed to comply with Titles 38.2 and 55 of the Code.

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 shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Defendant shall cease and desist from violating §§ 38.2-4614 A 1, 38.2-1812 F, and 55-525.24 A 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-2014-00083
MAY 29, 2014**

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

v.
PRIDE SETTLEMENT AND ESCROW, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Pride Settlement and Escrow, LLC ("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 §§ 55-525.24, 38.2-4614 A (1), and 38.2-1812 F of the Code of Virginia ("Code") by failing to adhere to written instructions, by disbursing funds to entities not listed on the HUD-1 settlement statement, and by collecting and retaining a recording fee that had already been incorporated in the payoff amount; by paying for the referral of business; and by sharing commissions with unlicensed entities.

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 Five Thousand Dollars (\$5,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

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 shall cease and desist from any conduct that constitutes a violation of §§ 55-525.24, 38.2-4614 A (1) or 38.2-1812 F of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00085
MAY 8, 2014**

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

v.
NICHOLAS WHITNER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nicholas Whitner ("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 California, and by providing 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 10, 2014, 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 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 California, and by providing 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-2014-00086
MAY 8, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JUSTIN KYLE TRIPP,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Justin Kyle Tripp ("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 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 10, 2014, 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 administrative actions that were taken against him by the State of California 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-2014-00086
MAY 27, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JUSTIN KYLE TRIPP,
Defendant

ORDER GRANTING RECONSIDERATION

On May 8, 2014, the State Corporation Commission ("Commission") issued an Order Revoking License in this docket.¹ On May 23, 2014, Justin Kyle Tripp 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 his 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.

¹ Doc. Con. Cen. No. 140520044.

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) The Commission's May 8, 2014 Order Revoking License hereby is suspended pending further order of the Commission.
- (3) This matter is continued pending further order of the Commission.

**CASE NO. INS-2014-00087
MAY 29, 2014**

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

v.

ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY,
AMCO INSURANCE COMPANY,
and
DEPOSITORS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allied Property and Casualty Insurance Company, AMCO Insurance Company, and Depositors 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 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 they 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 Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 5, 2014, and confirmed that restitution was made to 36 consumers in the amount of Five Thousand Five Hundred Thirty Dollars and Seventy-two Cents (\$5,530.72).

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-2014-00088
MAY 29, 2014**

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

v.

ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY,
AMCO INSURANCE COMPANY,
DEPOSITORS INSURANCE COMPANY,
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY,
NATIONWIDE MUTUAL INSURANCE COMPANY,
NATIONWIDE PROPERTY & CASUALTY INSURANCE COMPANY,
and
NATIONWIDE AGRIBUSINESS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allied Property and Casualty Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company,

Nationwide Property & Casualty Insurance Company, and Nationwide Agribusiness 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 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 waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 5, 2014, and confirmed that restitution was made to 41 consumers in the amount of Sixteen Thousand Two Hundred One Dollars and Sixty-four Cents (\$16,201.64).

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-2014-00089
MAY 9, 2014**

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

v.
FREESTONE 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 another state.

Freestone Insurance Company, a foreign corporation domiciled in the State of Delaware ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on August 24, 2009.

On April 28, 2014, the Chancery Court of the State of Delaware ("Court") entered a Rehabilitation and Injunction Order ("Order") against the Defendant.¹ The Court found that the Defendant is "impaired, in unsound condition, and in such condition as to render its further transaction of insurance presently and prospectively hazardous to its policyholders."²

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 suspended.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 19, 2014, suspending the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before May 19, 2014, 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 *State of Delaware ex rel. Stewart v. Freestone Insurance Company*, Case No. 9574-VCL.

² Order at 1 and 2.

**CASE NO. INS-2014-00089
MAY 29, 2014**

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

v.

FREESTONE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice entered May 9, 2014 ("May 9 Order"), Freestone Insurance 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 May 19, 2014, suspending the license of the Defendant unless on or before May 19, 2014, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

The May 9 Order was entered due to the entry of a Rehabilitation and Injunction Order against the Defendant by the Chancery Court of the State of Delaware ("Court") on April 28, 2014.¹ The Court found that the Defendant is "impaired, in unsound condition, and in such condition as to render its further transaction of insurance presently and prospectively hazardous to its policyholders."²

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 *State of Delaware ex rel. Stewart v. Freestone Insurance Company*, Case No. 9574-VCL.

² Order at 1 and 2.

**CASE NO. INS-2014-00089
NOVEMBER 17, 2014**

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

v.

FREESTONE 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 ("Virginia") whenever the Commission finds that the licensee has been found insolvent by a court of any other state.

Freestone Insurance Company, a foreign corporation domiciled in the state of Delaware ("Defendant"), is licensed by the Commission to transact the business of insurance in Virginia. However, the Commission entered an Order Suspending License ("Order")¹ against the Defendant on May 29, 2014. The Order was entered due to the entry of a Rehabilitation and Injunction Order against the Defendant by the Court of Chancery of the State of Delaware

¹ Doc. Con. Cen. No. 140530228.

("Court") on April 28, 2014.² The Court found that the Defendant was "impaired, in unsound condition, and in such condition as to render its further transaction of insurance presently and prospectively hazardous to its policyholders."³

Subsequently, on July 22, 2014, the Court of Chancery of the State of Delaware entered a Liquidation and Injunction Order with Bar Date, effective August 15, 2014, finding that the Defendant "is insolvent, that further efforts to rehabilitate [the Defendant] would be useless, and that an order of liquidation is appropriate."⁴

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 December 3, 2014, revoking the license of the Defendant to transact the business of insurance in Virginia unless on or before December 3, 2014, 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.

² *State of Delaware ex rel. Stewart v. Freestone Insurance Company*, Case No. 9574-VCL, Rehabilitation and Injunction Order (Apr. 28, 2014).

³ Rehabilitation and Injunction Order at 1 and 2.

⁴ *In re Rehabilitation of Freestone Insurance Company*, Case No. 9574-VCL, Liquidation and Injunction Order with Bar Date (July 22, 2014), at 2. Both the Rehabilitation and Injunction Order and the Liquidation and Injunction Order with Bar Date are available at: http://www.delawareinsurance.gov/departments/berg/rehab_bureau_freestone.shtml.

**CASE NO. INS-2014-00089
DECEMBER 18, 2014**

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

ORDER REVOKING LICENSE

In an Order to Take Notice ("Order")¹ entered November 17, 2014, Freestone Insurance 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 December 3, 2014, revoking the license of the Defendant unless on or before December 3, 2014, 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 against the Defendant on May 29, 2014 ("May 29 Order").² The May 29 Order was entered due to the entry of a Rehabilitation and Injunction Order against the Defendant by the Court of Chancery of the State of Delaware ("Court") on April 28, 2014.³ The Court found that the Defendant was "impaired, in unsound condition, and in such condition as to render its further transaction of insurance presently or prospectively hazardous to its policyholders."⁴

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau of Insurance ("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 Doc. Con. Cen. No. 141110294.

² Doc. Con. Cen. No. 140530228.

³ *State ex rel. Stewart v. Freestone Ins. Co.*, Case No. 9574-VCL, Rehabilitation and Injunction Order (Del. Ch. Apr. 28, 2014).

⁴ Rehabilitation and Injunction Order at 1 and 2.

(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-2014-00091
JULY 10, 2014**

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

v.

SANDRA DIESEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sandra Diesel ("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 a change in her residence address, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her 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 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 notified of her right to a hearing before the Commission in this matter by certified letters dated April 10, 2014, and June 24, 2014, 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.

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 a change in her residence address, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of California.

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-2014-00092
MAY 29, 2014**

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

v.

MARK HERMOSILLO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mark Hermosillo ("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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Commission a change in his residence address, and 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 10, 2014, 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 A and 38.2-1826 C of the Code by failing to report within 30 calendar days to the Commission a change in his residence address, and 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 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-2014-00094
MAY 29, 2014**

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

v.
JOSH JACKSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Josh Jackson ("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 Kentucky, Minnesota, West Virginia and Kansas.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 21, 2014, 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 administrative actions that were taken against him by the States of Kentucky, Minnesota, West Virginia and Kansas.

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-2014-00095
MAY 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARCO ANTONIO TUFINO-MARTINEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marco Antonio Tufino-Martinez ("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 B, 38.2-1826 A, and 38.2-1831 (12) of the Code of Virginia ("Code") by affixing the signature of any other person to a document pertaining to the business of insurance without the written authorization of the person whose signature appears on such document; by failing to report within 30 calendar days to the Commission a change in his residence address; and by forging another's name to an application for insurance.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 3, 2014, 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 §§ 38.2-512 B, 38.2-1826 A, and 38.2-1831 (12) of the Code by affixing the signature of any other person to a document pertaining to the business of insurance without the written authorization of the person whose signature appears on such document; by failing to report within 30 calendar days to the Commission a change in his residence address; and by forging another's name to an application for insurance.

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-2014-00097
JUNE 3, 2014**

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

v.
CRISTINA MARIE ALLEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cristina Marie Allen ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from her business in this Commonwealth during the preceding year ending December 31.

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 her right to a hearing before the Commission in this matter by certified letter dated April 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from her business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00099
JUNE 3, 2014**

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

v.
DERRICK PATRICK O'NEILL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Derrick Patrick O'Neill ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00100
JUNE 3, 2014**

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

v.
JARED GUMARO MARTINEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jared Gumaro Martinez ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00101
JUNE 3, 2014**

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

v.
BRUNSWICK INSURANCE AGENCY, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brunswick Insurance Agency, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00102
JUNE 3, 2014**

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

v.
KEVIN A. LAY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kevin A. Lay ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00104
MAY 29, 2014**

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

v.

BRADLEY JOSEPH PLUMMER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Bradley Joseph Plummer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00105
MAY 29, 2014**

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

v.

TIMOTHY K. BONNELL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Timothy K. Bonnell ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00105
JUNE 18, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TIMOTHY K. BONNELL,
Defendant

VACATING ORDER

On May 29, 2014, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case, revoking the license issued to Timothy K. Bonnell ("Defendant") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia") for failing to report to the Commission the direct gross premium income derived from his business in Virginia for calendar year 2013.

As of the date of this Vacating Order, the Defendant has reported to the Commission the direct gross premium income derived from his business in Virginia for calendar year 2013. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's license be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order in this case is hereby VACATED;
- (2) The Defendant's license is hereby REINSTATED;
- (3) The papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00106
MAY 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MANRY-RAWLS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Manry-Rawls, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00107
MAY 29, 2014**

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

v.

NICOLE L. BROWN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nicole L. Brown ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from her business in this Commonwealth during the preceding year ending December 31.

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 her right to a hearing before the Commission in this matter by certified letter dated April 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from her business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00108
MAY 29, 2014**

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

v.

JOHN THOMAS FOREMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Thomas Foreman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00109
MAY 29, 2014**

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

v.
HUB INTERNATIONAL MIDWEST LIMITED,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that HUB International Midwest Limited ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00110
MAY 29, 2014**

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

v.

GREAT POINT INSURANCE SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Great Point Insurance Services, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00111
MAY 29, 2014**

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

v.

PALADIN INSURANCE SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Paladin Insurance Services, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00112
MAY 29, 2014**

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

v.
PROFESSIONAL RISK MANAGEMENT SERVICES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Professional Risk Management Services, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from its business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00113
MAY 29, 2014**

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

v.
JEFFREY EARL FREEMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeffrey Earl Freeman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00114
MAY 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STEWART E. TETREALT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Stewart E. Tetreault ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00115
MAY 29, 2014**

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

v.
ROBERT A. FORTI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robert A. Forti ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-406 of the Code of Virginia ("Code") by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

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 14, 2014, 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 a surplus lines broker.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-406 of the Code by failing to report to the Commission the direct gross premium income derived from his business in this Commonwealth during the preceding year ending December 31.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00116
MAY 29, 2014**

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

v.
ALLSTATE INSURANCE COMPANY,
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY,
and
ALLSTATE INDEMNITY COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allstate Insurance Company, Allstate Property and Casualty Insurance Company, and Allstate Indemnity Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-305 A 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 Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 14, 2014.

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-2014-00117
JUNE 4, 2014**

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

Ex Parte: In the matter of Repealing the Rules Governing Essential and Standard Health Benefit Plan Contracts

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/case/boi/laws.aspx>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to repeal the rules set forth in Chapter 234 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Essential and Standard Health Benefit Plan Contracts, 14 VAC 5-234-10 *et seq.* ("Rules").

In 1992, the Essential Health Services Panel established a requirement to offer all small employers essential and standard health benefit plans that covered various minimum health benefits. Chapter 234 was promulgated as a result of this requirement. The repeal of Chapter 234 is necessary because the plan requirements for essential and standard health benefit plan contracts have been preempted by the provisions of the Affordable Care Act (P.L. 111-148, as amended), which require health plans offered in the individual and small group markets to provide a comprehensive set of benefits referred to as "essential health benefits." These essential health benefits are codified at § 38.2-3451 of the Code. In addition, the 2013 General Assembly deleted references to the requirement for essential and standard health benefit plans contained in § 38.2-3431 of the Code.

NOW THE COMMISSION is of the opinion that Chapter 234 of Title 14 of the Virginia Administrative Code should be considered for repeal.

Accordingly, IT IS ORDERED THAT:

- (1) The proposal that Chapter 234 of Title 14 of the Virginia Administrative Code be repealed is 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 repealing Chapter 234 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before August 1, 2014, 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/case>. All comments shall refer to Case No. INS-2014-00117.
- (3) If no written request for a hearing on the proposal to repeal Chapter 234 of Title 14 of the Virginia Administrative Code is received on or before August 1, 2014, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may repeal the Rules.
- (4) AN ATTESTED COPY hereof, together with a copy of the proposal to repeal the Rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the proposal to repeal the Rules by mailing a copy of this Order, together with the proposal, to all insurers, health services plans, fraternal benefit societies, and health maintenance organizations licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in this Commonwealth; and every multiple employer welfare arrangement operating in this Commonwealth and subject to the jurisdiction of the Commission, as well as to all interested persons.
- (5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to repeal the 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 proposal to repeal 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.

NOTE: A copy of the Attachment entitled "Rules Governing Essential and Standard Health Benefit Plan Contracts" 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-2014-00117
AUGUST 25, 2014**

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

Ex Parte: In the matter of Repealing the Rules Governing Essential and Standard Health Benefit Plan Contracts

ORDER REPEALING RULES

By Order to Take Notice ("Order") entered June 4, 2014, all interested persons were ordered to take notice that subsequent to August 1, 2014, the State Corporation Commission ("Commission") would consider the entry of an order repealing the rules entitled Rules Governing Essential and Standard Health Benefit Plan Contracts, 14 VAC 5-234-10 *et seq.* ("Rules"), as proposed by the Bureau of Insurance ("Bureau"), which repeal the Rules at 14 VAC 5-234-10 through 14 VAC 5-234-100.

The Order required that on or before August 1, 2014, any person objecting to the repeal of the Rules file a request for a 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 repeal of the Rules on or before August 1, 2014. No comments on the proposed repeal of the Rules were filed with the Clerk.

The repeal of Chapter 234 is necessary because the plan requirements for essential and standard health benefit plan contracts have been preempted by the provisions of the Affordable Care Act (P.L. 111-148, as amended), which require health plans offered in the individual and small group markets to provide a comprehensive set of benefits referred to as "essential health benefits." These essential health benefits are codified at § 38.2-3451 of the Code of Virginia ("Code"). In addition, the 2013 General Assembly deleted references to the requirement for essential and standard health benefit plans contained in § 38.2-3431 of the Code.

NOW THE COMMISSION, having considered the recommendation of the Bureau to repeal Chapter 234 of Title 14 of the Virginia Administrative Code, is of the opinion that the Rules should be repealed.

Accordingly, IT IS ORDERED THAT:

- (1) The Rules Governing Essential and Standard Health Benefit Plan Contracts at 14 VAC 5-234-10 through 14 VAC 5-234-100, which are attached hereto and made a part hereof should be, and are hereby, REPEALED to be effective September 1, 2014.
- (2) AN ATTESTED COPY hereof, together with a copy of the repealed Rules, shall be sent by the Clerk to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the repeal of the Rules by mailing a copy of this Order, together with a notice of the repealed rules, to all insurers, health services plans, fraternal benefit societies, and health maintenance organizations licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in the Commonwealth of Virginia ("Commonwealth"); and every multiple employer welfare arrangement operating in this Commonwealth and subject to the jurisdiction of the Commission, as well as to all interested persons.
- (3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the attached repealed Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (4) The Commission's Division of Information Resources shall make available this Order and the repealed 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 "Rules Governing Essential and Standard Health Benefit Plan Contracts" 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-2014-00118
JUNE 4, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Health Maintenance Organizations

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 211 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Health Maintenance Organizations, 14 VAC 5-211-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-211-20, 14 VAC 5-211-70 through 14 VAC 5-211-90, 14 VAC 5-211-130, 14 VAC 5-211-160 through 14 VAC 5-211-190, 14 VAC 5-211-210 through 14 VAC 5-211-240; add new Rules at 14 VAC 5-211-165; and repeal the Rules at 14 VAC 5-211-60, 14 VAC 5-211-100 through 14 VAC 5-211-120, 14 VAC 5-211-200, and 14 VAC 5-211-260.

The amendments to Chapter 211 are necessary to conform the Rules to new provisions of the Code passed by the 2014 General Assembly that remove conversion of coverage requirements, modify point-of-service benefits, and establish "reasonable assurance" criteria. In addition, the amendments to the Rules incorporate various new state statutory requirements, including those that appear in §§ 38.2-3444, 38.2-3451, and 38.2-3452 of the Code and safeguard against potential conflicts between the Rules and the provisions of the Affordable Care Act.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-211-20, 14 VAC 5-211-70 through 14 VAC 5-211-90, 14 VAC 5-211-130, 14 VAC 5-211-160 through 14 VAC 5-211-190, 14 VAC 5-211-210 through 14 VAC 5-211-240; add new Rules at 14 VAC 5-211-165; and repeal the Rules at 14 VAC 5-211-60, 14 VAC 5-211-100 through 14 VAC 5-211-120, 14 VAC 5-211-200, and 14 VAC 5-211-260, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to amend the Rules at 14 VAC 5-211-20, 14 VAC 5-211-70 through 14 VAC 5-211-90, 14 VAC 5-211-130, 14 VAC 5-211-160 through 14 VAC 5-211-190, 14 VAC 5-211-210 through 14 VAC 5-211-240; add new Rules at 14 VAC 5-211-165; and repeal the Rules at 14 VAC 5-211-60, 14 VAC 5-211-100 through 14 VAC 5-211-120, 14 VAC 5-211-200, and 14 VAC 5-211-260, is 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 consider the amendments to Chapter 211 of Title 14, shall file such comments or hearing request on or before August 1, 2014, 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/case>. All comments shall refer to Case No. INS-2014-00118.

(3) If no written request for a hearing on the proposal to amend Chapter 211 of Title 14 is received on or before August 1, 2014, 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 the Rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the proposal to amend the Rules by mailing a copy of this Order, together with the proposal, to all health maintenance organizations licensed by the Commission, and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the 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 amendment 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 "Rules Governing Health Maintenance Organizations" 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-2014-00118
SEPTEMBER 9, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Health Maintenance Organizations

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered June 4, 2014, all interested persons were ordered to take notice that subsequent to August 1, 2014, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the Rules Governing Health Maintenance Organizations at Chapter 211 of Title 14 of the Virginia Administrative Code ("Rules"), which amend the Rules at 14 VAC 5-211-20, 14 VAC 5-211-70 through 14 VAC 5-211-90, 14 VAC 5-211-130, 14 VAC 5-211-160 through 14 VAC 5-211-190, 14 VAC 5-211-210 through 14 VAC 5-211-240; add new

Rules at 14 VAC 5-211-165; and repeal the Rules at 14 VAC 5-211-60, 14 VAC 5-211-100 through 14 VAC 5-211-120, 14 VAC 5-211-200, and 14 VAC 5-211-260. These amendments were proposed by the Bureau of Insurance ("Bureau").

The amendments to the Rules were proposed to conform the Rules to new provisions of the Code of Virginia ("Code") passed by the 2014 General Assembly that remove conversion requirements, modify point-of-service benefits, and establish "reasonable assurance" criteria. In addition, the amendments to the Rules incorporate various new state statutory requirements, including those that appear in §§ 38.2-3444, 38.2-3451, and 38.2-3452 of the Code, and safeguard against potential conflicts between the Rules and the provisions of the federal Affordable Care Act (P.L. 111-148, as amended).

The Order required that on or before August 1, 2014, any person requesting a hearing on the amendments to the Rules shall have filed such 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 1, 2014. The Bureau received one comment, which was timely filed with the Clerk, from Kaiser Foundation Health Plan of Mid-Atlantic States, Inc. The Bureau provided a response to these comments, which it filed with the Clerk on August 18, 2014 ("Response").

As a result of the comments received, the Bureau recommended in its Response that the Rules be further revised to include: (i) the addition of a reference to the definition of "excepted benefits" that appears in § 38.2-3431 of the Code into the definition of "individual health insurance coverage" in 14 VAC 5-211-20; (ii) the revision of the definition of "out-of-pocket maximum" in 14 VAC 5-211-20; (iii) the revision of subdivisions A 1, 2, and 3 and subsection C of 14 VAC 5-211-70 to clarify the continuation of coverage provisions; (iv) the addition of subsection C to 14 VAC 5-211-90 to clarify that a grandfathered plan that excludes a deductible from the out-of-pocket maximum may continue to do so as long as the plan remains grandfathered; (v) the revision of subdivision B 14 of 14 VAC 5-211-210 to add in the words "enrollment and" prior to "eligibility requirements"; and (vi) additional minor wording revisions for clarification in several other sections.

The Bureau has submitted the Rules, as amended, to the Commission, and the Bureau recommends that the Rules be adopted as revised.

NOW THE COMMISSION, having considered this matter, the filed comments, the Bureau's Response to the comments, and the Bureau's recommendation to further 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 the Rules Governing Health Maintenance Organizations at Chapter 211 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-211-20, 14 VAC 5-211-70 through 14 VAC 5-211-90, 14 VAC 5-211-130, 14 VAC 5-211-160 through 14 VAC 5-211-190, 14 VAC 5-211-210 through 14 VAC 5-211-240; add new Rules at 14 VAC 5-211-165; and repeal the Rules at 14 VAC 5-211-60, 14 VAC 5-211-100 through 14 VAC 5-211-120, 14 VAC 5-211-200, and 14 VAC 5-211-260, and are attached hereto and made a part hereof, are hereby ADOPTED to be effective January 1, 2015.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted Rules, shall be sent by the Clerk to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the adopted Rules by mailing a copy of this Order, together with a clean copy of the adopted Rules, to all health maintenance organizations licensed by the Commission, and to all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached adopted 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 "Rules Governing Health Maintenance Organizations" 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-2014-00121
DECEMBER 16, 2014**

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

v.
KURT A. JONES
and
SUDDEN BAIL BONDS, LLC,
Defendants

FINAL ORDER

On June 11, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") based on an investigation by the Commission's Bureau of Insurance ("Bureau") against Kurt A. Jones ("Jones") and Sudden Bail Bonds, LLC ("SB Bonds") (collectively, "Defendants"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). The Rule alleged that the Defendants failed to hold premiums in a fiduciary capacity when they wrongfully converted at least \$970 of premiums in violation of § 38.2-1813 of the Code.

The Rule, among other things, set a hearing date of September 10, 2014, appointed a Hearing Examiner to conduct all further proceedings and to file a final report, and ordered the Defendants to file a responsive pleading on or before July 30, 2014.

On July 30, 2014, the Defendants filed a Response to Rule to Show Cause ("Response") denying that they had wrongfully converted \$970 of premiums in violation of § 38.2-1813 of the Code. Jones signed the Response.¹ Attached to the Response was the copy of a cashier's check dated April 24, 2014, made out to Aaron Duncan ("Duncan") and Chances Bail Bonds in the amount of \$970.

On September 10, 2014, the hearing was convened as scheduled. Jones appeared without an attorney and requested a continuance. William Stanton, Esquire, appeared as counsel for the Bureau. The request for a continuance was denied because it was not properly or timely filed and good cause was not shown.² Also, Mr. Stanton argued that SB Bonds did not file a responsive pleading or make an appearance in this case. The Hearing Examiner found that SB Bonds is in default.³

The Bureau called as witnesses Duncan, a bail bondsman and owner of Chances Bail Bonds, and Linwood Bennett, senior investigator with the Bureau. Jones testified on his own behalf.

On October 28, 2014, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner stated that the facts and circumstances in the case were not in dispute. The Hearing Examiner noted that Jones had a few disagreements with Duncan's testimony but that the discrepancies were not material to a finding pursuant to § 38.2-1813 A of the Code. According to the Hearing Examiner, the facts in the case appeared to show a personal loan between Duncan and Jones. The two were friends, and Jones signed a promissory note and eventually paid Duncan the withheld funds in full. The Hearing Examiner stated that after Jones attempted to make a partial payment, which Duncan refused, Jones did not pay the full amount to Duncan within the time stipulated in the promissory note. Before payment was made in full, Duncan filed a complaint with the Bureau alleging that Jones had withheld premiums, and the Bureau initiated its investigation.⁴

The Hearing Examiner explained that the language of § 38.2-1813 A of the Code is broad in stating that all premiums or other funds received in any manner by an agent must be held in a fiduciary capacity. He found that the Defendants violated § 38.2-1813 A of the Code when Jones personally and as agent for SB Bonds withheld premiums that should have been held in a fiduciary capacity. However, the Hearing Examiner found that because the Defendants had no prior history of violations with the Bureau and Jones had been forthright and accepting of responsibility in the matter, there should be no penalties, suspensions, or revocation of licenses in this matter.⁵

The Hearing Examiner recommended that the Commission enter an Order adopting the findings of his Report and dismissing the case.⁶

The parties were given 21 days from the date of the Hearing Examiner's Report to file comments. The parties did not file comments.

NOW THE COMMISSION, upon consideration of this matter, 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 Hearing Examiner's Report filed on October 28, 2014, are hereby ADOPTED.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Rule 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules"), states "[e]xcept 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."

² Tr. at 4-9; Rule 5 VAC 5-20-230.

³ Tr. at 9.

⁴ Report at 3.

⁵ *Id.*

⁶ *Id.* at 3-4.

**CASE NO. INS-2014-00123
MAY 29, 2014**

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

v.
ROBYN SOUTHERS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robyn Southers ("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 her by the State of Colorado, and by providing misleading and incomplete 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated April 21, 2014, 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 (1) 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, and by providing misleading and incomplete information in her 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-2014-00124
MAY 29, 2014**

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

v.
KEISHA DENISE HOLLEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Keisha Denise Holley ("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 South 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 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 her right to a hearing before the Commission in this matter by certified letter dated April 29, 2014, 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 South Carolina.

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-2014-00127
JUNE 13, 2014**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that GEICO Casualty Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1905 C of the Code of Virginia ("Code") by assigning points under a safe-driver insurance plan to a vehicle other than the vehicle customarily driven by the operator incurring the points.

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 waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated May 20, 2014, and confirmed that restitution was made to 9,475 consumers in the amount of \$724,319.86.

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-2014-00129
JUNE 20, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MITSUI SUMITOMO INSURANCE COMPANY OF AMERICA
and
MITSUI SUMITOMO INSURANCE USA INC.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mitsui Sumitomo Insurance Company of America and Mitsui Sumitomo Insurance USA Inc. (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, 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 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 amounts, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing; complied with the corrective action plans set forth in their letters to the Bureau dated September 30, 2013, and October 1, 2013; paid refunds as indicated in the Companies' correspondence dated September 30, 2013, March 28, 2014, and April 30, 2014; and tendered to the Commonwealth of Virginia the sum of \$4000.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted to 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-2014-00131
JUNE 26, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REGENT 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 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 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 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 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 One Thousand Dollars (\$1,000) each for an amount totaling Two Thousand Dollars (\$2,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 23, 2014.

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-2014-00138
JULY 14, 2014**

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

v.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that The Prudential Insurance Company of America ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in a certain instance violated 14 VAC 5-400-60 of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly investigate a claim prior to acceptance or denial.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia ("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) 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-2014-00140
JUNE 20, 2014**

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

v.

JAMES B. JOHNSTON, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James B. Johnston, 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 § 38.2-4809.1 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 2013.

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 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 notified of its right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, and mailed to the Defendant's address shown in the records of the Bureau.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 the Defendant's license to transact the business of insurance in the Commonwealth as 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00142
JUNE 20, 2014**

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

v.

JACQUELINE MARIE PALUMBO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jacqueline Marie Palumbo ("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 2013.

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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00143
JUNE 19, 2014**

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

v.

DEBORAH NICCOLE PALMER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Deborah Niccole Palmer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00144
JUNE 19, 2014**

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

v.

JOHN H. WEIGLE, JR.

and

THE WEIGLE INSURANCE GROUP,
Defendants

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John H. Weigle, Jr. and The Weigle Insurance Group (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as surplus lines brokers 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 2013.

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 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 notified of their right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, and mailed to the Defendants' address shown in the records of the Bureau.

The Defendants, having been advised in the above manner of their right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact the business of insurance in the Commonwealth as surplus lines brokers.

NOW THE COMMISSION is of the opinion and finds that the Defendants have 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The licenses of the Defendants to transact the business of insurance as surplus lines brokers in the Commonwealth are hereby REVOKED.
- (2) The Defendants shall transact no further business in the Commonwealth as surplus lines brokers.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00146
JUNE 19, 2014**

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

v.
BRUCE KENNETH HOWSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Bruce Kenneth Howson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00147
JUNE 18, 2014**

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

v.
FIRST CHOICE INSURANCE INTERMEDIARIES, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that First Choice Insurance Intermediaries, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of its right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 the Defendant's license to transact the business of insurance in the Commonwealth as 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00149
JUNE 18, 2014**

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

v.

MICHAEL G. ANDERSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael G. Anderson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00150
JUNE 18, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT H. KELLER
and
SPECIALTY RISK SOLUTIONS, LLC,
Defendants

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Scott H. Keller and Specialty Risk Solutions, LLC (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as surplus lines brokers 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 2013.

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 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 notified of their right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, and mailed to the Defendants' address shown in the records of the Bureau.

The Defendants, having been advised in the above manner of their right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact the business of insurance in the Commonwealth as surplus lines brokers.

NOW THE COMMISSION is of the opinion and finds that the Defendants have 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The licenses of the Defendants to transact the business of insurance as surplus lines brokers in the Commonwealth are hereby REVOKED.
- (2) The Defendants shall transact no further business in the Commonwealth as surplus lines brokers.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00151
JUNE 18, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL JOSEPH EICHHORN
and
INTERNATIONAL PLACEMENT SERVICES, LC,
Defendants

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Joseph Eichhorn and International Placement Services, LC (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as surplus lines brokers 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 2013.

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 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 notified of their right to a hearing before the Commission in this matter by certified letter dated May 21, 2014, and mailed to the Defendants' address shown in the records of the Bureau.

The Defendants, having been advised in the above manner of their right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact the business of insurance in the Commonwealth as surplus lines brokers.

NOW THE COMMISSION is of the opinion and finds that the Defendants have 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The licenses of the Defendants to transact the business of insurance as surplus lines brokers in the Commonwealth are hereby REVOKED.
- (2) The Defendants shall transact no further business in the Commonwealth as surplus lines brokers.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00152
JUNE 18, 2014**

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

v.

GEORGE MICHAEL GAVARIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that George Michael Gavaris ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00154
JUNE 18, 2014**

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

v.

ANDREA KEEL FITTERLING,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Andrea Keel Fitterling ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as 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 2013.

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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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 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 2013.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00159
JULY 15, 2014**

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

v.
MYSTY LEIGH NELSON
A/K/A MYSTY LEIGH REYNA,
Defendant

CONSENT ORDER

By Order Revoking License¹ entered on May 30, 2012, in Case No. INS-2012-00059, the State Corporation Commission ("Commission") ordered, among other things, the revocation of the license of Mysty Leigh Nelson a/k/a Mysty Leigh Reyna ("Defendant") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") for violating §§ 38.2-512, 38.2-1809, 38.2-1812, 38.2-1812.2, 38.2-1813, and 38.2-1822 of the Code of Virginia ("Code").

On June 4, 2012, the Defendant filed a petition for reconsideration² in which she requested that her license be reinstated and that she be given the opportunity to settle the matter. On June 18, 2012, the Defendant tendered to Virginia the sum of Five Thousand Dollars (\$5,000), waived her right to a hearing, and agreed to be placed on probation for a period of three years.

By Order On Reconsideration³ entered by the Commission on June 19, 2012, the Commission accepted the offer of settlement of the Defendant and reinstated her license to transact the business of insurance in Virginia, and placed the Defendant on probation for a period of three years.

After the June 19, 2012 Order was entered, the Defendant notified the Bureau that she was no longer a resident of Virginia and therefore was no longer eligible to hold a Virginia producer license. As a result, the Defendant's Virginia license was administratively terminated and she was unable to complete her agreed upon probation.

On June 4, 2014, the Defendant filed an application to be licensed as an insurance agent in Virginia. After a review of the application and related documents, the Bureau informed the Defendant that her license would be granted if she agreed to be placed on probation for a period of three years from the date of licensure. In addition, during the probationary period, the Defendant would have to agree to the Bureau performing periodic audits of her activities related to the business of insurance to ensure compliance with the insurance laws of Virginia.

¹ *Commonwealth of Virginia ex rel. State Corporation Commission v. Mysty Leigh Reyna*, Case No. INS-2012-00059, 2012 S.C.C. Ann. Rept. 84, Order Revoking License (May 30, 2012).

² Doc. Cont. Cen. No. 120610046.

³ *Commonwealth of Virginia ex rel. State Corporation Commission v. Mysty Leigh Reyna*, Case No. INS-2012-00059, 2012 S.C.C. Ann. Rept. 85, Order on Reconsideration (June 19, 2012) (hereafter, "June 19, 2012 Order").

By letter dated June 6, 2014, and attached herein, the Defendant consented to three years of probation from the date of licensure, as well as periodic audits by the Bureau.

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:

- (1) The Defendant's license to transact the business of insurance as an insurance agent in Virginia is hereby GRANTED.
- (2) The Defendant will be placed on probation for a period of three (3) years from the date of licensure.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00160
SEPTEMBER 18, 2014**

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

v.
IVY JOE BOSTICK, SR.,
Defendant

FINAL ORDER

On July 1, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule")¹ against Ivy Joe Bostick, Sr. ("Defendant"), based on allegations made by the Commission's Bureau of Insurance ("Bureau") that the Defendant had violated §§ 38.2-512 (A), 38.2-502 (1), 38.2-1831 (7), and 38.2-1831 (10) of the Code of Virginia. The Rule, among other things, assigned the case to a Hearing Examiner and scheduled an evidentiary hearing for September 23, 2014. The Rule also ordered the Defendant to file a responsive pleading with the Clerk of the Commission on or before July 23, 2014.

On July 23, 2014, the Defendant filed his Answer to the Rule. Among other things, he denied that he committed the violations described in the Rule and indicated that he intended to appear at the hearing.

On August 7, 2014, the Bureau filed a Motion to Dismiss wherein the Bureau represented that, subsequent to filing his Answer, the Defendant initiated settlement negotiations with the Bureau. According to the Bureau, the Defendant had voluntarily surrendered his insurance license, and the Bureau no longer believed it necessary to pursue further action against the Defendant.

On August 11, 2014, the Hearing Examiner issued her Report ("Report"). In her Report, she cancelled the September 23, 2014 hearing and recommended that the Commission dismiss the Rule against the Defendant.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Hearing Examiner's recommendation as detailed in her Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The recommendation in the Report hereby is adopted.
- (2) The Rule hereby is dismissed.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Doc. Con. Cen. No. 140710009.

**CASE NO. INS-2014-00161
OCTOBER 8, 2014**

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

v.
ROBERT G. DRAPER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robert G. Draper ("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 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 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 September 15, 2014, 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 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-2014-00162
NOVEMBER 7, 2014**

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

v.
ROYALL BRAXTON FERGUSON, III,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Royall Braxton Ferguson, 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 A, 38.2-1822 A, and 38.2-1831 (14) of the Code of Virginia ("Code") by paying commissions to an unlicensed individual, by permitting a person to act in this Commonwealth as an agent of an insurer licensed to transact the business of insurance in this Commonwealth without first obtaining a license in a manner and in a form prescribed by the Commission, and by knowingly accepting insurance business from an individual who is not licensed.

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 tendered to the Commonwealth the sum of Seven Thousand Five Hundred Dollars (\$7,500), waived his right to a hearing, agreed to the suspension of his insurance agent licenses for a period of 90 days from the date of entry of this Settlement Order ("Order"), and agreed to be placed on probation for a period of 3 years from the date of entry of this Order. If, during the period of probation, the Bureau has good cause to believe that the Defendant has violated the terms and conditions of the probation, the Bureau will initiate formal administrative action to revoke the Defendant's insurance agent licenses.

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's insurance agent licenses are suspended for a period of ninety (90) days from the date of entry of this Order.
- (3) The Defendant is placed on probation for a period of three (3) years from the date of entry of this Order.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00163
JULY 10, 2014**

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

v.

RODOLFO JIMENEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rodolfo Jimenez ("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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated May 20, 2014, 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-2014-00164
JULY 10, 2014**

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

v.
KENNETH L. VENABLE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kenneth L. Venable ("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 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 April 24, 2014, 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-2014-00165
JULY 10, 2014**

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

v.
BERNARD L. FIELDS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Bernard L. Fields ("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 Oklahoma.

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 June 5, 2014, 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 Oklahoma.

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-2014-00166
JULY 10, 2014**

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

v.
RODNEY RAPHEAL WILSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rodney Rapheal Wilson ("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 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 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 letters dated April 21, 2014, and June 4, 2014, 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 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 New York.

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-2014-00167
JULY 10, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HAROLD EDWARD HARDING III,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Harold Edward Harding 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 § 38.2-1826 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 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 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 May 6, 2014, 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 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-2014-00168
JULY 10, 2014**

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

v.

MICHAEL SCALES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Scales ("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 38.2-1826 A of the Code of Virginia ("Code") by making false statements on any document relating to the business of insurance for the purpose of obtaining a commission from any insurer and by failing to report within 30 calendar days to the Commission 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 notified of his right to a hearing before the Commission in this matter by certified letter dated April 29, 2014, 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 §§ 38.2-512 A and 38.2-1826 A of the Code by making false statements on any document relating to the business of insurance for the purpose of obtaining a commission from any insurer, and by failing to report within 30 calendar days to the Commission a change in his residence address.

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-2014-00172
DECEMBER 8, 2014**

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 18, 2014, the National Council on Compensation Insurance, Inc. ("NCCI"),¹ 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, 2015 ("Application"). The Application consists of two separate filings: a voluntary market loss cost filing and an assigned risk market rate filing. The voluntary 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 rate filing addresses the same two categories.

¹ Doc. Con. Cen. No. 140720255.

With respect to voluntary loss costs, NCCI proposed an overall increase of 0.9% for industrial classifications; a decrease of 9.3% for F classifications; an increase of 15% for the surface coal mine classification; and an increase of 10.1% for the underground coal mine classification.

With respect to the assigned risk rates, NCCI proposed an overall decrease of 2.9% for industrial classifications; a decrease of 14.7% for F classifications; an increase of 6.9% for the surface coal mine classification; and an increase of 1.7% 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 the Application generally uses the methodologies upon which the loss costs, rates and rating values were calculated as approved by the Commission in 2013, but noted changes in a few assumptions.² Dr. Shuford's testimony concerned financial aspects of the Application, such as cost of equity capital.³

On July 28, 2014, the Commission entered an Order Scheduling Hearing⁴ 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 on the Application.

On August 11, 2014, the Iron Workers Employers Association and the Washington Construction Employers Associations (collectively, "Respondents") filed their Notice of Participation.⁵ On August 19, 2014, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation.⁶

On September 19, 2014, 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"). Parcell reviewed Dr. Shuford's testimony and provided recommendations on certain financial aspects of the Application.⁷ Watkins' testimony, in part, addressed the assigned risk profit and contingency ("P&C") factor for industrial classes as well as for the coal mine occupational disease ("O.D.") class. Watkins recommended an industrial P&C factor of negative 0.62% as proposed by NCCI and a coal mine O.D. P&C factor of negative 2.09% rather than the negative 2.99% proposed by NCCI.⁸

In her testimony, Pistole, in part, addressed revisions to assumptions in methodology proposed by the NCCI in its Application including a change in the average age and lag time for miners and their widows in calculating the coal mine O.D. severity component, the removal of the wage trend adjustment in the losses used to derive industry group differentials, and the shift in assignment of part-of-body code 66 from not-likely-to-develop to likely-to-develop.⁹ Pistole also discussed NCCI Item Filing R-1408, which introduced a change in the methodology used to calculate excess loss factors, which are used in class ratemaking.¹⁰ Pistole also testified as to the Bureau's proposed changes to the assigned risk rates caused by Watkins' recommended P&C factors.¹¹ Based upon the testimony, the Bureau supported NCCI's proposed voluntary loss costs.¹² With respect to the assigned risk rates the Bureau proposed a rate increase of 6.4% for class code 1005 and a rate increase of 1.0% for class code 1016.¹³

On September 26, 2014, Rosen filed his rebuttal testimony. In his rebuttal testimony Rosen agreed with the changes to the coal mine assigned risk rates proposed by the Bureau. In addition, Rosen provided more information about Item Filing R-1408.¹⁴

On October 6, 2014, the Bureau and NCCI filed a Joint Pre-Trial Motion for Approval of Stipulation to Admit Testimony ("Joint Pre-Trial Motion")¹⁵ 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.¹⁶

² Ex. 3 (Rosen direct) at 4, 14.

³ Ex. 2 (Shuford direct).

⁴ Doc. Con. Cen. No. 140730168.

⁵ Doc. Con. Cen. No. 140820018.

⁶ Doc. Con. Cen. No. 140820118.

⁷ Ex. 7 (Parcell direct).

⁸ Ex. 8 (Watkins direct) at 10-11, 13-14.

⁹ Ex. 9 (Pistole direct) at 8-9.

¹⁰ Ex. 9 (Pistole direct) at 8, 10.

¹¹ Ex. 9 (Pistole direct) at 16-17.

¹² Ex. 9 (Pistole direct) at 11, 18-19.

¹³ Ex. 9 (Pistole direct) at 16-17, 19.

¹⁴ Ex. 4 (Rosen rebuttal) at 1-5.

¹⁵ Doc. Con. Cen. No. 141020027.

¹⁶ At the hearing on October 21, 2014, the Commission granted the Joint Pre-Trial Motion. Tr. at 6.

On October 21, 2014, the 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. Coddling, 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 revisions to the assumptions.¹⁷ Rosen also testified as to Item Filing R-1408.¹⁸ In addition, Rosen stated that he revised his recommended changes for the assigned risk rates for the coal mine classifications such that his recommendations were in agreement with those supported by the Bureau and appearing in Pistole's testimony.¹⁹

Pistole testified on behalf of the Bureau. She discussed NCCI's proposed changes to the methodology. 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 revisions to the assumptions.²⁰ Pistole stated that the Item Filing R-1408 was reasonable.²¹ Pistole agreed with Rosen's revised recommended changes for the assigned risk rates for the coal mine classifications.²²

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 rates, should be approved. We note that, in the future, embedded changes to NCCI's methodology or data sources should be discussed in the question-and-answer portion of the direct testimony filed with the Application.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to the voluntary market advisory loss costs and assigned risk 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, 2015: (i) an overall increase of 0.9% to the voluntary loss costs for industrial classifications; (ii) a decrease in the voluntary loss costs of 9.3% for F classifications; (iii) an increase in the voluntary loss costs of 15% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 10.1% for the underground coal mine classification; (v) an overall decrease of 2.9% to the assigned risk rates for industrial classifications; (vi) a decrease to the assigned risk rates of 14.7% for F classifications; (vii) an increase to the assigned risk rates of 6.4% for the surface coal mine classification; and (viii) an increase to the assigned risk rate of 1.0% for the underground mine classification.

(2) 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, 2015.

(3) On or before June 1, 2015, 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 2015 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.

(4) 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, in the question-and-answer portion of the direct testimony filed with such application, 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. This includes any Item Filings that impact voluntary loss costs and/or assigned risk rates.

¹⁷ Tr. at 9-10.

¹⁸ Tr. at 11-12.

¹⁹ Tr. at 10-11.

²⁰ Tr. at 30-31, 33-34.

²¹ Tr. at 26-27, 31-33.

²² Tr. at 29-30.

**CASE NO. INS-2014-00173
SEPTEMBER 12, 2014**

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

SETTLEMENT ORDER

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that UnitedHealthcare 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: § 38.2-305 B of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policies; §§ 38.2-316 A, 38.2-316 B and 38.2-316 C (1) of the Code by failing to comply with policy and form filing requirements; §§ 38.2-3405 A and 38.2-3405 B of the Code by allowing provisions for subrogation of any person's right to recovery for personal injuries from a third person in contracts for insurance; and § 38.2-3529 B (3) of the Code by failing to comply with policy contract provisions.

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 Hundred Thirty Thousand Dollars (\$130,000), 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 set forth in the Bureau's letter dated July 21, 2014.

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 shall cease and desist from future violations of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C (1), 38.2-3405 A, or 38.2-3405 B of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00174
JULY 31, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Fidelity Life Association, A Legal Reserve 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 § 38.2-3115 B of the Code of Virginia ("Code") by failing to properly pay interest on life insurance proceeds.

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 Three Thousand Five Hundred Dollars (\$3,500), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated June 26, 2014.

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-2014-00175
JULY 23, 2014**

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

v.

SHAWN CHAMIZO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shawn Chamizo ("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 Kentucky.

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 June 19, 2014, 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 Kentucky.

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-2014-00176
JULY 23, 2014**

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

v.
UMESH DUSTIN SINGH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Umesh Dustin Singh ("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 Indiana.

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 June 19, 2014, 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 Indiana.

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-2014-00177
JULY 23, 2014**

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

v.
TAVONNAH AKIA WILLIAMS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tavonnah Akia Williams ("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 her by the State of Washington, and by providing materially incorrect and 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated June 19, 2014, 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 (1) 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 Washington, and by providing materially incorrect and untrue information in her 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-2014-00179
JULY 23, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JASMINE CHASTANG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jasmine Chastang ("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 Iowa and the State of Kansas.

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 notified of her right to a hearing before the Commission in this matter by certified letter dated June 24, 2014, 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 administrative actions that were taken against her by the State of Iowa and the State of Kansas.

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-2014-00187
AUGUST 21, 2014**

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

v.
BLUE RIDGE MUTUAL ASSOCIATION, INC.,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Blue Ridge Mutual Association, Inc. ("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 §§ 38.2-510 A (6) and 38.2-3115 B of the Code of Virginia ("Code"), as well as 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, and by failing to pay interest on life insurance proceeds.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code 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 Four Thousand Dollars (\$4,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in the Bureau's letter dated July 29, 2014.

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-2014-00197
SEPTEMBER 26, 2014**

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

v.
CMFG LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that CMFG 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 §§ 38.2-502 (1) and 38.2-503 of the Code of Virginia ("Code"), as well as 14 VAC 5-90-50 A and 14 VAC 5-90-50 B 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; violated §§ 38.2-316 B and 38.2-316 C (1) of the Code by failing to comply with policy and form filing requirements; violated § 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 § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits practices; violated § 38.2-3729 H (1) of the Code by failing to comply with the laws regarding appropriate refund of credit accident and sickness insurance premiums; violated §§ 38.2-3732 (1) and 38.2-3732 (2) of the Code by failing to comply with the laws regarding delegation of duties; violated § 38.2-3735 C (2) of the Code by failing to comply with the laws regarding disclosure and readability; and violated 14 VAC 5-400-50 A and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claims Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to acknowledge pertinent communications, and by failing to properly investigate a claim prior to acceptance or denial.

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-one Thousand Dollars (\$21,000), 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 June 30, 2012.

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-2014-00200
SEPTEMBER 11, 2014**

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

v.

CARRIE ANN MARIE SNYDER-ANDERSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Carrie Ann Marie Snyder-Anderson ("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 subsections A and C of § 38.2-1826 of the Code of Virginia ("Code") 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, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the Commonwealth of Kentucky and the States of Kansas, California, Washington, and 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated July 9, 2014, and mailed to the Defendant's address.

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 subsections A and C of § 38.2-1826 of the Code 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, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the Commonwealth of Kentucky and the States of Kansas, California, Washington, and North Dakota.

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-2014-00201
SEPTEMBER 5, 2014**

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

v.
GIOVANNI R. JEAN-BAPTISTE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Giovanni R. Jean-Baptiste ("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 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 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 June 30, 2014, 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 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-2014-00202
SEPTEMBER 16, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Accelerated Benefits Provisions; the Rules Governing Long-Term Care Insurance; the Rules Governing Actuarial Opinions and Memoranda; Life Insurance Reserves; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities; and Proneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values

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 70, 200, 310, 319, 321, 322, and 323 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Accelerated Benefits Provisions, 14 VAC 5-70-10 *et seq.*; Rules Governing Long-Term Care Insurance, 14 VAC 5-200-10 *et seq.*; Rules Governing Actuarial Opinions and Memoranda, 14 VAC 5-310-10 *et seq.*; Life Insurance Reserves, 14 VAC 5-319-10 *et seq.*; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits, 14 VAC 5-321-10 *et seq.*; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities, 14 VAC 5-322-10 *et seq.*; and Proneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values, 14 VAC 5-323-10 *et seq.* (collectively, "Rules"), respectively, which amend the Rules at 14 VAC 5-70-130; 14 VAC 5-200-140; 14 VAC 5-200-153; 14 VAC 5-310-10 through 14 VAC 5-310-50; 14 VAC 5-310-90; 14 VAC 5-319-10; 14 VAC 5-321-10; 14 VAC 5-321-30; 14 VAC 5-321-40; 14 VAC 5-322-10; 14 VAC 5-323-10; 14 VAC 5-323-40; and 14 VAC 5-323-50.

The proposed amendments to the Rules are necessary to implement the provisions of House Bill 631 passed by the 2014 General Assembly, which amends the Code by adding in Chapter 13 of Title 38.2 an Article numbered 10, consisting of sections numbered 38.2-1365 through 38.2-1385. The revised rules replace the current citations to Title 38.2 of the Code with citations that will be effective on January 1, 2015.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-70-130; 14 VAC 5-200-140; 14 VAC 5-200-153; 14 VAC 5-310-10 through 14 VAC 5-310-50; 14 VAC 5-310-90; 14 VAC 5-319-10; 14 VAC 5-321-10; 14 VAC 5-321-30; 14 VAC 5-321-40; 14 VAC 5-322-10; 14 VAC 5-323-10; 14 VAC 5-323-40; and 14 VAC 5-323-50 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Accelerated Benefits Provisions, Rules Governing Long-Term Care Insurance, Rules Governing Actuarial Opinions and Memoranda, Life Insurance Reserves, Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits, Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities, and Proneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values, which amend the Rules at 14 VAC 5-70-130; 14 VAC 5-200-140; 14 VAC 5-200-153; 14 VAC 5-310-10 through 14 VAC 5-310-50; 14 VAC 5-310-90; 14 VAC 5-319-10; 14 VAC 5-321-10; 14 VAC 5-321-30; 14 VAC 5-321-40; 14 VAC 5-322-10; 14 VAC 5-323-10; 14 VAC 5-323-40; and 14 VAC 5-323-50 are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support or in opposition to, or request a hearing to oppose amending Chapters 70, 200, 310, 319, 321, 322, and 323 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before October 31, 2014, 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/case>. All comments shall refer to Case No. INS-2014-00202.

(3) If no written request for a hearing on the proposal to amend Chapters 70, 200, 310, 319, 321, 322, and 323 of Title 14 of the Virginia Administrative Code is received on or before October 31, 2014, the Commission, upon consideration of any comments submitted in support 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 "Standard Valuation/Principle-Based Reserve" 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-2014-00202
DECEMBER 3, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Accelerated Benefits Provisions; the Rules Governing Long-Term Care Insurance; the Rules Governing Actuarial Opinions and Memoranda; Life Insurance Reserves; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities; and Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered September 16, 2014¹, all interested parties were ordered to take notice that subsequent to October 31, 2014, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the rules set forth in Chapters 70, 200, 310, 319, 321, 322, and 323 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Accelerated Benefits Provisions, 14 VAC 5-70-10 *et seq.*; Rules Governing Long-Term Care Insurance, 14 VAC 5-200-10 *et seq.*; Rules Governing Actuarial Opinions and Memoranda, 14 VAC 5-310-10 *et seq.*; Life Insurance Reserves, 14 VAC 5-319-10 *et seq.*; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits, 14 VAC 5-321-10 *et seq.*; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities, 14 VAC 5-322-10 *et seq.*; and Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values, 14 VAC 5-323-10 *et seq.* (collectively, "Rules"), respectively, which amend the Rules at 14 VAC 5-70-130; 14 VAC 5-200-140; 14 VAC 5-200-153; 14 VAC 5-310-10 through 14 VAC 5-310-50; 14 VAC 5-310-90; 14 VAC 5-319-10; 14 VAC 5-321-10; 14 VAC 5-321-30; 14 VAC 5-321-40; 14 VAC 5-322-10; 14 VAC 5-323-10; 14 VAC 5-323-40; and 14 VAC 5-323-50.

These amendments were proposed by the Bureau of Insurance ("Bureau") to implement the provisions of House Bill 631 passed by the 2014 General Assembly, which amends the Code of Virginia ("Code") by adding in Chapter 13 of Title 38.2 of the Code an Article numbered 10, consisting of sections numbered 38.2-1365 through 38.2-1385 of the Code. The new sections of the Code authorize a principle-based reserve ("PBR") basis for life, annuity, and accident and health contracts, and require the use of a Valuation Manual that contains both PBR and non-PBR requirements, as well as actuarial opinion and corporate governance requirements. The amendments to the Rules replace the current citations to Title 38.2 of the Code with citations that will be effective on January 1, 2015.

The Order required that on or before October 31, 2014, any person requesting a hearing on the amendments to the Rules shall have filed such request for a 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 with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before October 31, 2014. No comments were filed with the Clerk.

The Bureau recommends that the amendments to the Rules be adopted as proposed.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Rules should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Accelerated Benefits Provisions; Rules Governing Long-Term Care Insurance; Rules Governing Actuarial Opinions and Memoranda; Life Insurance Reserves; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities; and Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values, which amend the Rules at 14 VAC 5-70-130; 14 VAC 5-200-140; 14 VAC 5-200-153; 14 VAC 5-310-10 through 14 VAC 5-310-50; 14 VAC 5-310-90; 14 VAC 5-319-10; 14 VAC 5-321-10; 14 VAC 5-321-30; 14 VAC 5-321-40; 14 VAC 5-322-10; 14 VAC 5-323-10; 14 VAC 5-323-40; and 14 VAC 5-323-50, which are attached hereto and made a part hereof, are hereby ADOPTED to be effective January 1, 2015.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted Rules, shall be sent by the Clerk to the Bureau in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the adopted Rules by mailing a copy of this Order, together with the adopted 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.

¹ Doc. Con. Cen. No. 140920130.

- (3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (4) This Order and the attached adopted Rules shall be posted 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.
- (6) This case is dismissed, and the papers filed herein shall be placed in the file for ended causes.

NOTE: A copy of the attachment entitled "Standard Valuation/Principle-Based Reserve" 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-2014-00203
SEPTEMBER 29, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Insurance Holding Companies

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 260 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Insurance Holding Companies, 14 VAC 5-260-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-260-40, 14 VAC 5-260-50, 14 VAC 5-260-60, 14 VAC 5-260-80, 14 VAC 5-260-90, and 14 VAC 5-260-110; adds new Rules at 14 VAC 5-260-55 and 14 VAC 5-260-85; revises current Forms A through F as proposed Forms A through E and G; and adds new Form F.

The proposed amendments to Chapter 260 are necessary due to the passage of House Bill 109 during the 2014 General Assembly Session. The proposed amendments address, among other things, the Commission's authority to: 1) require the ultimate controlling person of an insurer to submit a confidential enterprise risk report; 2) require a parent company seeking to divest its interest in a domestic insurance company to provide notice to the Commission prior to the divestiture; 3) require an insurer's board of directors to make statements regarding corporate governance and internal control responsibilities within the annual holding company registration statement; 4) subject cost-sharing services and management agreements among affiliated entities to minimum reporting requirements; and 5) participate in supervisory colleges.

The proposed effective date of the amendments to the Rules is January 1, 2015.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-260-40, 14 VAC 5-260-50, 14 VAC 5-260-60, 14 VAC 5-260-80, 14 VAC 5-260-90, and 14 VAC 5-260-110; add new Rules at 14 VAC 5-260-55 and 14 VAC 5-260-85; revises current Forms A through F as proposed Forms A through E and G; and adds new Form F, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Insurance Holding Companies, which amend the Rules at 14 VAC 5-260-40, 14 VAC 5-260-50, 14 VAC 5-260-60, 14 VAC 5-260-80, 14 VAC 5-260-90, and 14 VAC 5-260-110; add new Rules at 14 VAC 5-260-55 and 14 VAC 5-260-85; revises current Forms A through F as proposed Forms A through E and G; and adds new Form F, 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 260 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before November 20, 2014, 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/case>. All comments shall refer to Case No. INS-2014-00203.

(3) If no written request for a hearing on the proposal to amend Chapter 260 of Title 14 of the Virginia Administrative Code is received on or before November 20, 2014, 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 "Insurance Holding Companies" 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-2014-00203
DECEMBER 3, 2014**

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

Ex Parte: In the matter of Amending the Rules Governing Insurance Holding Companies

ORDER ADOPTING RULES

By Order to Take Notice entered September 29, 2014,¹ ("Order") all interested parties were ordered to take notice that subsequent to November 20, 2014, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the rules set forth in Chapter 260 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Insurance Holding Companies, 14 VAC 5-260-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-260-40; 14 VAC 5-260-50; 14 VAC 5-260-60; 14 VAC 5-260-80; 14 VAC 5-260-90; and 14 VAC 5-260-110; adds new Rules at 14 VAC 5-260-55 and 14 VAC 5-260-85; revises current Forms A through F as proposed Forms A through E and G; and adds new Form F.

These amendments were proposed by the Bureau of Insurance ("Bureau") to implement the provisions of House Bill 109 passed by the 2014 General Assembly.² The proposed amendments address, among other things, the Commission's authority to: 1) require the ultimate controlling person of an insurer to submit a confidential enterprise risk report; 2) require a parent company seeking to divest its interest in a domestic insurance company to provide notice to the Commission prior to the divestiture; 3) require an insurer's board of directors to make statements regarding corporate governance and internal control responsibilities within the annual holding company registration statement; 4) subject cost-sharing services and management agreements among affiliated entities to minimum reporting requirements; and 5) participate in supervisory colleges.

The Order required that on or before November 20, 2014, any person requesting a hearing on the amendments to the Rules shall have filed such request for a 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 with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before November 20, 2014. No comments were filed with the Clerk.

The Bureau recommends that the amendments to the Rules be adopted as proposed.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Rules should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Insurance Holding Companies, which amend the Rules at 14 VAC 5-260-40; 14 VAC 5-260-50; 14 VAC 5-260-60; 14 VAC 5-260-80; 14 VAC 5-260-90; and 14 VAC 5-260-110; adds new Rules at 14 VAC 5-260-55 and 14 VAC 5-260-85; revises current Forms A through F as proposed Forms A through E and G; and adds new Form F, which are attached hereto and made a part hereof, are hereby ADOPTED to be effective January 1, 2015.

(2) AN ATTESTED COPY hereof, together with the attached adopted 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 rules by mailing a copy of this Order 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 forthwith shall cause a copy of this Order, together with the attached adopted Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) This Order and the attached adopted Rules shall be posted on the Commission's website: <http://www.scc.virginia.gov/case>.

¹ Doc. Con. Cen. No. 140950032.

² 2014 Va. Acts Ch. 309.

- (5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.
- (6) This case is dismissed, and the papers filed herein shall be sent to the file for ended causes.

NOTE: A copy of the attachment entitled "Insurance Holding Companies" 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-2014-00206
SEPTEMBER 25, 2014**

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

v.
NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY
and
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Nationwide Property and Casualty Insurance Company and Nationwide Mutual Fire 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 A and 38.2-305 B of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policies; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated § 38.2-511 of the Code by failing to have complete complaint registers; violated §§ 38.2-517 A, 38.2-604 A, 38.2-604 B, 38.2-604 C, 38.2-604.1, 38.2-610 A, 38.2-2126 A, 38.2-2210 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1318 of the Code by failing to provide convenient access to the files, documents, and records relating to the examinations; 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 Defendants; violated § 38.2-2103 of the Code by failing to indicate in the policies if the Defendants are a stock, mutual or reciprocal company; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2114 B, 38.2-2114 C, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; violated §§ 38.2-317 A and 38.2-2119 B of the Code by failing to file forms with the Bureau prior to use; violated § 38.2-2220 of the Code by failing to use the standard auto forms in the precise language filed and adopted by the Bureau; violated § 38.2-2234 B of the Code by failing to rate policies with proper credit information; violated § 38.2-2234 E of the Code by failing to obtain updated credit information; and violated §§ 38.2-510 A (1) and 38.2-510 A (3) 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, 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 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 \$225,800, waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letters to the Bureau dated June 11, 2014, and August 6, 2014, and confirmed that restitution was made to 62 consumers in the amount of \$12,547.81.

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-2014-00208
OCTOBER 3, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FARM FAMILY CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Farm Family 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 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, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated August 21, 2014, and confirmed that restitution was made to 25 consumers in the amount of Six Thousand Sixty Dollars and Thirty-five Cents (\$6,060.35).

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-2014-00209
NOVEMBER 7, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICHARD CHRISTOPHER FERRELL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Christopher Ferrell ("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 Oklahoma.

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 September 18, 2014, 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 Oklahoma.

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-2014-00212
OCTOBER 7, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NYATEN GAYE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nyaten Gaye ("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, 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; by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of Iowa, Georgia, North Dakota, and Washington; and by providing 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 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 notified of his right to a hearing before the Commission in this matter by certified letters dated June 19, 2014, and August 21, 2014, 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, 38.2-1826 C, 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; by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of Iowa, Georgia, North Dakota, and Washington; and by providing 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-2014-00213
OCTOBER 3, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTOPHER JONES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher 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 §§ 38.2-1809 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 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated December 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 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-2014-00214
OCTOBER 3, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ZACH S. JEPPELSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Zach S. Jepperson ("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 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 August 15, 2014, 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 California.

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-2014-00215
OCTOBER 14, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JERALD JACKSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jerald Jackson ("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, 38.2-1826 A, 38.2-1831 (1), and 38.2-1831 (9) of the Code of Virginia ("Code") by misrepresenting information on life insurance applications; by failing to report within 30 calendar days to the Commission a change in his residence address; by providing incomplete information on his license application filed with the Commission; and by having been convicted of a felony.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated July 16, 2014, 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 §§ 38.2-512 A, 38.2-1826 A, 38.2-1831 (1), and 38.2-1831 (9) of the Code by misrepresenting information on life insurance applications; by failing to report within 30 calendar days to the Commission a change in his residence address; by providing incomplete information on his license application filed with the Commission; and by having been convicted of a felony.

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (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-2014-00219
OCTOBER 10, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALPS PROPERTY & CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau") it is alleged that ALPS Property & Casualty Insurance Company ("ALPS" or "Defendant"), a Risk Retention Group chartered in Montana and authorized to do business in the Commonwealth of Virginia ("Virginia") pursuant to § 38.2-5103 of the Code of Virginia ("Code"), violated §§ 38.2-1024 B 4, 38.2-1300 and 38.2-1314 of the Code.

The State Corporation Commission ("Commission") is authorized by §§ 38.2-218, 38.2-219 and 38.2-220 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 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 tendered to Virginia the sum of \$150,000, waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order. ALPS also has agreed to abide by the terms of a compliance plan ("Compliance Plan").

The Bureau has recommended that the Commission accept the offer of settlement pursuant to the authority granted to the Commission in § 12.1-15 of the Code. The Compliance Plan shall be given confidential treatment pursuant to § 38.2-1320.5 of the Code, and the Bureau has filed the Compliance Plan UNDER SEAL as allowed by Rule 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

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 shall cease and desist from any conduct that constitutes a violation of §§ 38.2-1300 or 38.2-1314 of the Code.

THE COMMISSION FURTHER ORDERS that the Compliance Plan be confidential and withheld from public disclosure.

**CASE NO. INS-2014-00221
DECEMBER 8, 2014**

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

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Financial American 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 §§ 38.2-502 (1) and 38.2-503 of the Code of Virginia ("Code"), as well as 14 VAC 5-41-150 C of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10 *et seq.*, and 14 VAC 5-90-55 A and 14 VAC 5-90-170 A 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; violated § 38.2-610 A (1) of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; violated § 38.2-1715 B of the Code by failing to properly notify policy owners; violated § 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 §§ 38.2-3729 G (2) and 38.2-3729 H (1) of the Code by failing to comply with the laws regarding appropriate refund of credit accident and sickness insurance premiums;

violated § 38.2-3735 C (2) of the Code by failing to comply with the laws regarding disclosure and readability; and violated 14 VAC 5-400-50 A 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 Fourteen Thousand Dollars (\$14,000), 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 December 31, 2012.

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-2014-00222
DECEMBER 8, 2014**

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

v.

TIME INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Time 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 §§ 38.2-502 (1) and 38.2-503 of the Code of Virginia ("Code"), as well as 14 VAC 5-90-40, 14 VAC 5-90-50 B and 14 VAC 5-90-60 B (6) 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; violated §§ 38.2-510 A (5) and 38.2-510 A (15) of the Code, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 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; violated § 38.2-514 B of the Code by failing to make proper disclosures; 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 §§ 38.2-3407.4 A and 38.2-3407.4 B of the Code by failing to comply with explanation of benefits practices; violated §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (5), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (9), 38.2-3407.15 B (10), and 38.2-3407.15 B (11) of the Code by failing to comply with ethics and fairness requirements for business practices; and violated § 38.2-5804 A of the Code by failing to comply with procedures to establish and maintain a complaint system for each of its Managed Care Health Insurance Plans (MCHIPS).

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 Nineteen Thousand Dollars (\$19,000), 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 June 30, 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-2014-00223
OCTOBER 27, 2014**

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

v.
SKYLER MUSSER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Skyler Musser ("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 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 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 August 20, 2014, 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 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-2014-00224
OCTOBER 29, 2014**

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

v.
LUTHER H. MINOR, JR.
and
LUKE MINOR INSURANCE AGENCY, LLC,
Defendants

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Luther H. Minor, Jr. and Luke Minor Insurance Agency, LLC (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as insurance agents in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-613.2, 38.2-1809, and 38.2-1813 of the Code of Virginia ("Code") by failing to implement a comprehensive written information security program; by failing to retain all records relative to insurance transactions for the three previous calendar years or by failing to make records available promptly upon request for examination by the Commission or its employees; and by commingling business or personal funds with funds required to be maintained in a separate fiduciary account.

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 Defendants have been notified of their right to a hearing before the Commission in this matter by certified letter dated September 23, 2014, and mailed to the Defendants' address shown in the records of the Bureau.

The Defendants, having been advised in the above manner of their right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact the business of insurance in the Commonwealth as insurance agents.

NOW THE COMMISSION is of the opinion and finds that the Defendants have violated §§ 38.2-613.2, 38.2-1809, and 38.2-1813 of the Code by failing to implement a comprehensive written information security program; by failing to retain all records relative to insurance transactions for the three previous calendar years or by failing to make records available promptly upon request for examination by the Commission or its employees; and by commingling business or personal funds with funds required to be maintained in a separate fiduciary account.

Accordingly, IT IS ORDERED THAT:

- (1) The licenses of the Defendants to transact the business of insurance as insurance agents in the Commonwealth are hereby REVOKED.
- (2) All appointments issued under said licenses are hereby VOID.
- (3) The Defendants shall transact no further business in the Commonwealth as insurance agents.
- (4) The Defendants shall not apply to the Commission to be licensed as insurance agents 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 Defendants hold appointments to act as insurance agents in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00224
DECEMBER 17, 2014**

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

v.

LUTHER H. MINOR, JR.

and

LUKE MINOR INSURANCE AGENCY, LLC,
Defendants

ORDER DENYING PETITION FOR RECONSIDERATION

On October 29, 2014, the State Corporation Commission ("Commission") issued an Order Revoking License ("Order") against Luke H. Minor, Jr. ("Minor") and Luke Minor Insurance Agency, LLC (collectively, "Defendants"), based on their failure to respond, despite having received proper notice, to allegations by the Bureau of Insurance ("Bureau") that the Defendants had violated §§ 38.2-613.2, 38.2-1809, and 38.2-1813 of the Code of Virginia ("Code").¹ The Order allowed the Defendants to reapply for their insurance agent licenses 60 days after the date of the Order.

On November 21, 2014, the Defendants filed a response requesting that the Commission reconsider the revocation of their Virginia insurance agent licenses.² The Defendants admitted to failing to respond to the Bureau in a timely manner. However, they requested that the Commission allow them to maintain their licenses based on corrective actions they had taken to address the Bureau's concerns. Minor also noted that he had recently moved to Kentucky and was no longer selling insurance.

Pursuant to Rule 5 VAC 5-20-220, any petition for rehearing or reconsideration must be filed no later than 20 days after the date of entry of the judgment, order, or decree, except for good cause shown. Here, the Petition was filed 23 days after the entry of the Order, and the Defendants have not shown good cause why it was filed untimely. Consequently, the Commission is of the opinion that the Petition should be denied.

¹ Doc. Con. Cen. No. 141050157.

² Doc. Con. Cen. No. 141120111. In light of the relief requested, the Commission will consider the Defendants' response to be a Petition for Reconsideration ("Petition") authorized by 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules").

Accordingly, IT IS ORDERED THAT:

- (1) The Petition filed by the Defendants is hereby DENIED.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00225
OCTOBER 27, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EMMA MARGARET MOREAU,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Emma Margaret Moreau ("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 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 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 her right to a hearing before the Commission in this matter by certified letter dated September 18, 2014, 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 California.

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-2014-00226
NOVEMBER 3, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EDWARD ALAN ABEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Edward Alan Abel ("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 subsections (1), (3), and (9) of § 38.2-1831 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 Missouri and the State of Colorado; by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission; by obtaining a license through misrepresentation; and by having been convicted of a felony.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated September 30, 2014, 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 and subsections (1), (3), and (9) of § 38.2-1831 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 Missouri and the State of Colorado; by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission; by obtaining a license through misrepresentation; and by having been convicted of a felony.

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-2014-00227
OCTOBER 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GERMONE GADSDEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Germone Gadsden ("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 Vermont and the State of Delaware.

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 notified of his right to a hearing before the Commission in this matter by certified letter dated September 30, 2014, 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 administrative actions that were taken against him by the State of Vermont and the State of Delaware.

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-2014-00229
OCTOBER 31, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SECHANGE HEALTH 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 another state.

SeeChange Health Insurance Company, a foreign corporation domiciled in the State of California ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth on March 8, 1995.

On August 21, 2014, the Insurance Commissioner of the State of California ("California Commissioner") entered a Stipulated Order to Cease and Desist against the Defendant.¹ The California Commissioner determined that the Defendant "is in a hazardous financial condition" and "is threatened with insolvency unless the [California] Commissioner acts immediately."²

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 suspended.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to November 10, 2014, suspending the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before November 10, 2014, 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 the Matter of the License and Licensing Rights of: SeeChange Health Insurance Company*, File No. EWT-2013-00003, stipulated order to Cease and Desist pursuant to California Insurance Code Sections 1065.1 and 1065.2 (Aug. 22, 2014).

² *Id.* at 2.

**CASE NO. INS-2014-00229
NOVEMBER 13, 2014**

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

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein October 31, 2014¹, SeeChange Health Insurance Company, a California corporation ("Defendant") licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the State

¹ Doc. Con. Cen. No. 141060015.

Corporation Commission ("Commission") would enter an order subsequent to November 10, 2014, suspending the license of the Defendant unless on or before November 10, 2014, 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 a Stipulated Order to Cease and Desist entered against the Defendant by the Insurance Commissioner of the State of California ("California Commissioner").² The California Commissioner determined that the Defendant "is in a hazardous financial condition" and "is threatened with insolvency unless the [California] Commissioner acts immediately."³

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.

² *In the Matter of the License and Licensing Rights of: SeeChange Health Insurance Company*, File No. EWT-2013-00003, stipulated order to Cease and Desist pursuant to California Insurance Code Sections 1065.1 and 1065.2 (Aug. 22, 2014).

³ *Id.* at 2.

**CASE NO. INS-2014-00230
NOVEMBER 7, 2014**

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

v.

DE BORAH DUNBAR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that De Borah Dunbar ("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 she is appointed a change in her residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of New York and the State of Maine.

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 notified of her right to a hearing before the Commission in this matter by certified letter dated October 7, 2014, 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 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 she is appointed a change in her residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of New York and the State of Maine.

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-2014-00231
NOVEMBER 7, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JEANNETTE LOUISE MIX,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeannette Louise Mix ("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 administrative actions that were taken against her by the State of Washington, and by providing materially incorrect 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 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 notified of her right to a hearing before the Commission in this matter by certified letter dated October 7, 2014, 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 (1) 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 Washington, and by providing materially incorrect or untrue information in her 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-2014-00234
DECEMBER 15, 2014**

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

v.

MELISSA ROMERO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Melissa Romero ("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 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 her right to a hearing before the Commission in this matter by certified letters dated October 8, 2014, and October 30, 2014, 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 Colorado.

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-2014-00235
DECEMBER 15, 2014**

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

v.

OMNI INDEMNITY COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Omni Indemnity 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 in the statute; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; § 38.2-1822 of the Code by permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 of the Code by failing to appoint agents within 30 days of the application; §§ 38.2-305 B, 38.2-1905 A, and 38.2-2202 B of the Code by failing to provide the required notices to insureds; § 38.2-1905 C of the Code by failing to properly assign points under a safe driver insurance plan; § 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; §§ 38.2-2208 A, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; §§ 38.2-510 A 1, 38.2-510 A 3, 38.2-510 A 6, 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 Seventy-nine Thousand Nine Hundred Dollars (\$79,900), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated September 5, 2014, and confirmed that restitution was made to 39 consumers in the amount of Fourteen Thousand Two Hundred Eighty-six Dollars and Forty Cents (\$14,286.40).

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-2014-00239
NOVEMBER 13, 2014**

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

v.
KYLE WROBEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kyle Wrobel ("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 Ohio, and by providing 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 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 notified of his right to a hearing before the Commission in this matter by certified letter dated October 15, 2014, 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 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 Ohio, and by providing 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-2014-00240
NOVEMBER 24, 2014**

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

v.

CENTRAL ACCEPTANCE COMPANY, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Central Acceptance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-4707 of the Code of Virginia ("Code") by using forms without first filing such forms with the Commission and obtaining approval prior to using them.

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, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 31, 2014, and confirmed that restitution was made to 168 consumers in the amount of One Thousand Three Hundred Forty Dollars and Seventy-six Cents (\$1,340.76).

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-2014-00241
DECEMBER 8, 2014**

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

v.

MUTUALAIDEXCHANGE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that MutualAidExchange ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("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 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 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 27, 2014.

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-2014-00245
DECEMBER 1, 2014**

IN THE MATTER OF
SUN LIFE INSURANCE COMPANY OF CANADA,
DELAWARE LIFE INSURANCE COMPANY,
INDEPENDENCE LIFE AND ANNUITY COMPANY,
PROFESSIONAL INSURANCE COMPANY,
and
SUN LIFE AND HEALTH INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Sun Life Insurance Company of Canada, Delaware Life Insurance Company, Independence Life and Annuity Company, Professional Insurance Company, and Sun Life and Health Insurance Company and the Florida Office of Insurance Regulation, the California Department of Insurance, the Connecticut Department of Insurance, the Illinois Department of Insurance, the Michigan Department of Insurance and Financial Services, the North Dakota Insurance Department, and the Pennsylvania 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, Connecticut, Illinois, Michigan, New Hampshire, North Dakota, and Pennsylvania, and Sun Life Insurance Company of Canada, a Canadian company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); Delaware Life Insurance Company, domiciled in Delaware and licensed to transact the business of insurance in the Commonwealth; Independence Life and Annuity Company, domiciled in Delaware and licensed to transact the business of insurance in the Commonwealth; Professional Insurance Company, domiciled in Delaware and licensed to transact the business of insurance in the Commonwealth; and Sun Life and Health Insurance Company, domiciled in Connecticut 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 Delaware Life Insurance Company of New York. Delaware Life Insurance Company of New York is not licensed to transact the business of insurance in the Commonwealth; therefore, this Order does not include this company.

**CASE NO. INS-2014-00246
DECEMBER 8, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
YVETTE MARIE ZUNIGA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Yvette Marie Zuniga ("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.

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 her right to a hearing before the Commission in this matter by certified letter dated November 3, 2014, 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.

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-2014-00248
DECEMBER 18, 2014**

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

v.

INTEGON CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Integon 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 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 tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated November 10, 2014, and confirmed that restitution was made to 1,573 consumers in the amount of Ten Thousand Seven Hundred Forty-two Dollars and Sixty-four Cents (\$10,742.64).

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-2014-00249
DECEMBER 22, 2014**

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 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 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 December 1, 2014.

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-2014-00251
DECEMBER 18, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that National Union Fire Insurance Company of Pittsburgh, Pa. ("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 of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least 30 days prior to their effective date.

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 Eight Thousand Dollars (\$8,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated June 23, 2014.

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-2014-00252
DECEMBER 15, 2014**

IN THE MATTER OF
SYMETRA NATIONAL LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Symetra National Life Insurance Company and the Florida Office of Insurance Regulation, the California Department of Insurance, the Illinois Department of Insurance, the New Hampshire Insurance Department, the North Dakota Insurance Department, the Pennsylvania Insurance Department, and the Washington Office of the Insurance Commissioner, 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, Illinois, New Hampshire, North Dakota, Pennsylvania, and Washington, and Symetra National Life Insurance Company, an Iowa company 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-2014-00263
DECEMBER 22, 2014**

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

v.

JEREMY PAUL AUGUSTA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeremy Paul Augusta ("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 Arkansas.

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, 2014, 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 Arkansas.

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-2014-00264
DECEMBER 22, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTINA MARIE JARAMILLO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christina Marie Jaramillo ("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 Kentucky.

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 her right to a hearing before the Commission in this matter by certified letters dated October 20, 2014, and November 19, 2014, 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 Kentucky.

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-1996-00059
MAY 14, 2014**

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

Ex Parte: In the matter of investigating and adopting procedural rules for implementing the Telecommunications Act of 1996

FINAL ORDER

On July 31, 1996, the State Corporation Commission ("Commission") entered an Order Adopting Rules, which provided the initial Commission rules addressing the filing of interconnection agreements and the procedure through which the Commission would carry out its obligations arising out of §§ 251 and 252 of the Telecommunications Act of 1996.¹ The Order Adopting Rules provided that this docket would remain open in order to facilitate amendments to the procedural rules and to allow for additional interested parties to be added to the list of recipients of proposed interconnection agreements. The Staff of the Commission ("Staff") has filed a memorandum documenting that these initial rules adopted in 1996 have been rewritten and replaced by rules adopted in Case No. PUC-2003-00171.²

NOW THE COMMISSION, being informed by the Staff, is of the opinion and finds that there is nothing further to be done in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED THAT this matter shall be and hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ 1996 S.C.C. Ann. Rept. 213.

² *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the rules governing the filing of interconnection agreements*, Case No. PUC-2003-00171, 2004 S.C.C. Ann. Rept. 210, Final Order (July 15, 2004).

**CASE NO. PUC-1996-00161
APRIL 15, 2014**

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

Ex Parte: In re: Investigation of area code relief for the 703 code of Northern Virginia

FINAL ORDER

On November 23, 1998, the State Corporation Commission ("Commission") entered an Order on Area Code Relief,¹ which ordered that an area code overlay be implemented for the 703 area in the Commonwealth of Virginia. The Staff of the Commission has filed a memorandum documenting that the area code overlay has been implemented.

NOW THE COMMISSION is of the opinion and finds that there is nothing further to be done in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED THAT this matter is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ 1998 S.C.C. Ann. Rept. 212.

**CASE NO. PUC-1997-00160
OCTOBER 23, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
NEXTEL COMMUNICATIONS OF THE MID-ATLANTIC, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered January 6, 1998, the State Corporation Commission ("Commission") approved an interconnection agreement¹ between Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") and Nextel Communications of the Mid-Atlantic, Inc. ("Nextel").²

On April 2, 2014, Verizon advised the Commission of the termination of the interconnection agreement between Verizon and Nextel.

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-1997-00160 is hereby closed.

¹ *Application of Bell Atlantic-Virginia, Inc. and Nextel Communications of the Mid-Atlantic, Inc., For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996*, Case No. PUC-1997-00160, 1998 S.C.C. Ann. Rept. 228, Order Approving Agreement (Jan. 6, 1998). Bell Atlantic-Virginia, Inc., became Verizon Virginia Inc. on August 1, 2000.

² The Commission did not issue any certificates of public convenience and necessity to Nextel.

**CASE NO. PUC-1998-00186
OCTOBER 23, 2014**

APPLICATION OF
VERIZON SOUTH INC.
F/K/A GTE SOUTH INCORPORATED
and
NEXTEL COMMUNICATIONS OF THE MID-ATLANTIC, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered March 2, 1999, the State Corporation Commission ("Commission") approved an interconnection agreement¹ between Verizon South Inc. f/k/a GTE South Incorporated ("Verizon") and Nextel Communications of the Mid-Atlantic, Inc. ("Nextel").²

On April 2, 2014, Verizon advised the Commission of the termination of the interconnection agreement between Verizon and Nextel.

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-1997-00186 is hereby closed.

¹ *Application of GTE South Incorporated and Nextel Communications of the Mid-Atlantic, Inc., For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996*, Case No. PUC-1998-00186, 1999 S.C.C. Ann. Rept. 267, Order Approving Agreement (Mar. 2, 1999).

² The Commission did not issue any certificates of public convenience and necessity to Nextel.

**CASE NO. PUC-1999-00047
APRIL 8, 2014**

APPLICATION OF
dPi TELECONNECT, L.L.C.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CLOSING CASE

On August 3, 1999, the State Corporation Commission ("Commission") entered a Final Order ("August 3 Order") granting dPi Teleconnect, L.L.C. ("dPi" or "Company"), a certificate of public convenience and necessity to provide local exchange telecommunications services, Certificate No. T-454.¹ The August 3 Order provided in part that this case would remain open to allow for evaluation of the Company's prepaid month-by-month local exchange service.²

The Staff of the Commission ("Staff") has informed the Commission that in the 14 years since dPi's certification was granted, no adverse effects on the local exchange market or customers due to the prepaid month-by-month nature of dPi's service have been observed.

NOW THE COMMISSION, being sufficiently advised by the Staff, is of the opinion and finds that there is nothing further to come before the Commission in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED that this case hereby is removed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ *Application of dPi Teleconnect, L.L.C., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-1999-00047, 1999 S.C.C. Ann. Rept. 297, Final Order (Aug. 3, 1999).

² *Id.* at 298.

**CASE NO. PUC-2000-00258
OCTOBER 23, 2014**

APPLICATION OF
VERIZON SOUTH INC.
f/k/a GTE SOUTH INCORPORATED
and
NPCR, INC. D/B/A NEXTEL PARTNERS

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered December 8, 2000, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon South Inc. f/k/a GTE South Incorporated ("Verizon") and NPCR, Inc. d/b/a Nextel Partners ("NPCR").¹

On April 2, 2014, Verizon advised the Commission of the termination of the interconnection agreement between Verizon and NPCR.

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-2000-00258 is hereby closed.

¹ The Commission did not issue any certificates of public convenience and necessity to NPCR.

**CASE NO. PUC-2002-00076
OCTOBER 24, 2014**

APPLICATION OF
VERIZON SOUTH INC.
and
SBC TELECOM, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered May 20, 2005, in Case No. PUC-2005-00016, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to SBC Telecom, Inc. ("SBC" or "Company"), granting the Company's request for cancellation of its certificate.¹

On April 2, 2014, Verizon South Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and SBC.²

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-2002-00076 is hereby closed.

¹ *Joint Petition of SBC Telecom, Inc., and SBC Long Distance, LLC (f/n/a SBC Long Distance, Inc.), For Revision and Cancellation of Certain Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia and Grant of Authority to Discontinue Providing Certain Telecommunications Services*, Case No. PUC-2005-00016, 2005 S.C.C. Ann. Rept. 243, Final Order (May 20, 2005).

² The Commission approved the original interconnection agreement on April 26, 2002. Subsequent amendments to the interconnection agreement were filed in the name of SBC Long Distance, Inc.

**CASE NO. PUC-2002-00098
OCTOBER 23, 2014**

APPLICATION OF
VERIZON VIRGINIA INC.
and
SBC TELECOM, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered May 20, 2005, in Case No. PUC-2005-00016, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to SBC Telecom, Inc. ("SBC" or "Company"), granting the Company's request for cancellation of its certificate.¹

On April 2, 2014, Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and SBC.²

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-2002-00098 is hereby closed.

¹ *Joint Petition of SBC Telecom, Inc., and SBC Long Distance, LLC (f/n/a SBC Long Distance, Inc.), For Revision and Cancellation of Certain Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia and Grant of Authority to Discontinue Providing Certain Telecommunications Services*, Case No. PUC-2005-00016, 2005 S.C.C. Ann. Rept. 243, Final Order (May 20, 2005).

² The Commission approved the original interconnection agreement on July 11, 2002. Subsequent amendments to the interconnection agreement were filed in the name of SBC Long Distance, Inc.

**CASE NO. PUC-2004-00156
OCTOBER 24, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
NATIONSLINE VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered February 16, 2012, in Case No. PUC-2012-00003, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to NationsLine Virginia, Inc. ("NationsLine" or "Company"), granting the Company's request for cancellation of its certificate.¹

On July 5, 2012, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and NationsLine.

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-2004-00156 is hereby closed.

¹ *Application of NationsLine Virginia, Inc., For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2012-00003, 2012 S.C.C. Ann. Rept. 170, Order Cancelling Certificate and Eligible Telecommunications Carrier Designation (Feb. 16, 2012).

**CASE NO. PUC-2004-00157
OCTOBER 24, 2014**

APPLICATION OF
VERIZON SOUTH INC.
and
NATIONSLINE VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered February 16, 2012, in Case No. PUC-2012-00003, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to NationsLine Virginia, Inc. ("NationsLine" or "Company"), granting the Company's request for cancellation of its certificate.¹

On July 5, 2012, Verizon South Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and NationsLine.

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-2004-00157 is hereby closed.

¹ *Application of NationsLine Virginia, Inc., For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2012-00003, 2012 S.C.C. Ann. Rept. 170, Order Cancelling Certificate and Eligible Telecommunications Carrier Designation (Feb. 16, 2012).

**CASE NO. PUC-2005-00046
OCTOBER 28, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
NPCR, INC. D/B/A NEXTEL PARTNERS

Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

On June 3, 2005, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") and NPCR, Inc. d/b/a Nextel Partners ("NPCR").¹

On April 2, 2014, Verizon advised the Commission of the termination of the interconnection agreement between Verizon and NPCR.

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-2005-00046 is hereby closed.

¹ The Commission did not issue any certificates of public convenience and necessity to NPCR.

**CASE NO. PUC-2005-00054
MAY 14, 2014**

PETITIONS OF
UNITED TELEPHONE – SOUTHEAST, INC.
BLAND EXCHANGE CUSTOMERS
AND
VERIZON SOUTH INC.
ROCKY GAP EXCHANGE CUSTOMERS

For Extended Local Service between United Telephone's Bland Exchange and Verizon South's Rocky Gap Exchange

ORDER CLOSING CASE

On April 21, 2005, the Bland County Economic Development Authority filed with the State Corporation Commission ("Commission") valid petitions from telephone customers in the Bland exchange ("Bland") of United Telephone - Southeast, Inc. ("United"), and the Rocky Gap exchange ("Rocky Gap") of Verizon South Inc. ("Verizon South"), requesting extended local service ("ELS") between the two exchanges, pursuant to the provisions of § 56-484.2 of the Code of Virginia.

On June 23, 2005, the Commission issued an Order directing United and Verizon South to prepare cost studies and to poll, if necessary, the customers of the Bland and Rocky Gap exchanges to determine whether a majority of those customers would be willing to pay an increase in rates for local calling to the additional exchange. The Order further directed United and Verizon South to file the results of its polls with the Commission no later than January 13, 2006.

On February 13, 2006, the Commission issued a Final Order finding that because a majority of the customers responding voted for ELS between the Bland and Rocky Gap exchanges, the petition should be approved. The Commission also found that as Verizon South was required to obtain a waiver from the Federal Communications Commission ("FCC") before it could implement the requested ELS, Verizon South should be directed to obtain such waiver. The Final Order also provided that upon receipt of waiver from the FCC, Verizon South and United were to implement local service between the Rocky Gap and Bland exchanges. The case was continued pending further order of the Commission.

On April 9, 2014, the Staff of the Commission ("Staff") filed a memorandum documenting that the FCC had approved the boundary modification needed to implement ELS between the Bland and Rocky Gap exchanges and that the appropriate revised tariffs providing for the ELS arrangement between the two exchanges had been filed with the Commission's Division of Communications.

NOW THE COMMISSION, being sufficiently advised by the Staff, is of the opinion and finds that there is nothing further to come before the Commission in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED that this case shall be and hereby is removed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2005-00094
JUNE 24, 2014**

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

v.

COLIN B. STEGALL, INDIVIDUALLY, AND T/A
QUALITY COMMUNICATION SPECIALIST,
Defendant

FINAL ORDER

On December 12, 2005, the State Corporation Commission ("Commission") issued an Order of Settlement accepting the terms and conditions agreed to by the Defendant, Colin B. Stegall, Individually, and t/a Quality Communication Specialist, and the Staff of the Commission ("Staff"), as a resolution of the Rule to Show Cause brought against the Defendant for alleged violations of the Pay Telephone Registration Act, § 56-508.15 *et seq.*, and the Commission's Rules for Payphone Service and Instruments, 20 VAC 5-407-10 *et seq.*

The December 12, 2005 Order of Settlement continued the Commission's jurisdiction over this matter pending the Defendant's compliance with the terms of the Order of Settlement. A second Rule to Show Cause was brought against the Defendant in a case docketed as Case No. PUC-2006-00049, wherein the Defendant's payphone service provider registration certificate was revoked.¹

The Staff has filed a memorandum documenting that there is nothing further to be done in this proceeding.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be done in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED THAT this matter is dismissed from the Commission's active docket, and the papers filed herein be placed in the file for ended causes.

¹ See *Commonwealth of Virginia, ex rel. State Corporation Commission v. Colin B. Stegall t/a Quality Communication Specialist*, Case No. PUC-2006-00049, 2007 S.C.C. Ann. Rept. 205, Order Closing Case (June 11, 2007).

**CASE NO. PUC-2005-00160
OCTOBER 24, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
f/k/a VERIZON VIRGINIA INC.
and
NAVIGATOR TELECOMMUNICATIONS, LLC

Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

ORDER CLOSING CASE

By Order entered June 15, 2012, in Case No. PUC-2012-00035, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to Navigator Telecommunications, LLC ("Navigator" or "Company"), granting the Company's request for cancellation of its certificates.¹

On November 14, 2012, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and Navigator.

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-2005-00160 is hereby closed.

¹ *Petition of Navigator Telecommunications, LLC, For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2012-00035, 2012 S.C.C. Ann. Rept. 197, Order Cancelling Certificates (June 15, 2012).

**CASE NO. PUC-2006-00069
OCTOBER 7, 2014**

APPLICATION OF
VERIZON SOUTH INC.
and
BAY TELCOM, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered December 7, 2012, in Case No. PUC-2012-00076, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Bay Telcom, Inc. ("Bay Telcom" or "Company"), granting the Company's request for cancellation of its certificate.¹

On September 29, 2014, Verizon South Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and Bay Telcom.

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-2006-00069 is hereby closed.

¹ *Application of Bay Telcom, Inc., For cancellation of a certificate of public convenience and necessity for the provision of local exchange and interexchange telecommunications services*, Case No. PUC-2012-00076, Doc. Con. Cen. No. 121210144, Order Cancelling Certificate (Dec. 7, 2012).

**CASE NO. PUC-2006-00071
OCTOBER 7, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
BAY TELCOM, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered December 7, 2012, in Case No. PUC-2012-00076, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Bay Telcom, Inc. ("Bay Telcom" or "Company"), granting the Company's request for cancellation of its certificate.¹

On September 29, 2014, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and Bay Telcom.

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-2006-00071 is hereby closed.

¹ *Application of Bay Telcom, Inc., For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services*, Case No. PUC-2012-00076, Doc. Con. Cen. No. 121210144, Order Cancelling Certificate (Dec. 7, 2012).

**CASE NO. PUC-2006-00116
MARCH 31, 2014**

APPLICATION OF
LTS OF ROCKY MOUNT, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On January 16, 2007, the State Corporation Commission ("Commission") entered an Order granting to LTS of Rocky Mount, LLC ("LTS of Rocky Mount" or "Company"), a certificate of public convenience and necessity to provide local exchange telecommunications services ("Certificate No. T-662"). A condition of the granting of Certificate No. T-662 was that this case would remain open to allow for evaluation of the Company's prepaid month-by-month local exchange telecommunications service offering.

On March 1, 2012, LTS of Rocky Mount filed a request to be allowed to discontinue providing service in Virginia and to have Certificate No. T-662 cancelled. The Commission docketed the Company's filing as Case No. PUC-2012-00014 and entered an Order Cancelling Certificate on March 23, 2012.¹

NOW THE COMMISSION, being sufficiently advised by the Staff of the Commission, is of the opinion and finds that there is nothing further to come before the Commission in this proceeding and that the case should be closed.

Accordingly, IT IS ORDERED that this case shall be and hereby is removed from the Commission's active docket and the papers filed herein placed in the file for ended causes.

¹ *Petition of LTS of Rocky Mount, LLC, For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2012-00014, 2012 S.C.C. Ann. Rept. 188, Order Cancelling Certificate (Mar. 23, 2012).

**CASE NO. PUC-2007-00079
OCTOBER 24, 2014**

APPLICATION OF
VERIZON SOUTH INC.
and
CLOSECALL AMERICA, INC. OF VIRGINIA

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered June 27, 2011, in Case No. PUC-2011-00045, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to CloseCall America, Inc. of Virginia ("CloseCall" or "Company"), granting the Company's request for cancellation of its certificates.¹

On November 15, 2012, Verizon South Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and CloseCall.

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-2007-00079 is hereby closed.

¹ *Application of CloseCall America, Inc. of Virginia, For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2011-00045, 2011 S.C.C. Ann. Rept. 266, Order Cancelling Certificates (June 27, 2011).

**CASE NO. PUC-2007-00080
OCTOBER 23, 2014**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
CLOSECALL AMERICA, INC. OF VIRGINIA

For approval of an interconnection agreement

ORDER CLOSING CASE

By Order entered June 27, 2011, in Case No. PUC-2011-00045, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity previously issued to CloseCall America, Inc. of Virginia ("CloseCall" or "Company"), granting the Company's request for cancellation of its certificates.¹

On November 15, 2012, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("Verizon") advised the Commission of the termination of the interconnection agreement between Verizon and CloseCall.

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-2007-00080 is hereby closed.

¹ *Application of CloseCall America, Inc. of Virginia, For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2011-00045, 2011 S.C.C. Ann. Rept. 266, Order Cancelling Certificates (June 27, 2011).

**CASE NO. PUC-2012-00009
FEBRUARY 6, 2014**

ALTERNATIVE DISPUTE RESOLUTION
PETITION OF:
CENTRAL TELEPHONE COMPANY OF VIRGINIA D/B/A CENTURYLINK
and
UNITED TELEPHONE SOUTHEAST LLC D/B/A CENTURYLINK

For alternative dispute resolution of interconnection agreements with NTELOS Network Inc. and NA Communications Inc.

FINAL ORDER

On February 17, 2012, Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink (collectively, "CenturyLink") filed an Alternative Dispute Resolution Petition ("Petition") with the State Corporation Commission ("Commission") to invoke the Commission's Alternative Dispute Resolution Process¹ to enforce an interconnection agreement between CenturyLink and Lumos Networks, Inc. f/k/a NTELOS Network Inc. and NA Communications Inc. (collectively, "Lumos"). On February 27, 2012, Lumos filed a Motion to Dismiss and Answer to CenturyLink's Petition.

During a prehearing conference on February 29, 2012, CenturyLink and Lumos requested that the Hearing Examiner allow additional time to negotiate their dispute with the mediation assistance of the Commission's Division of Communications. By Hearing Examiner Ruling of March 1, 2012, the request was granted, and the matter was held in abeyance.

On December 26, 2013, counsel for CenturyLink filed a Motion to Dismiss, indicating that the parties had reached and consummated an agreement, and requesting that the case be dismissed. The Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner, was issued on December 30, 2013, recommending that the Motion to Dismiss of CenturyLink be granted and that the case be dismissed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted; that CenturyLink's Motion to Dismiss should be granted; and that the case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's Report, and the finding and recommendation contained therein, is adopted.
- (2) CenturyLink's Motion to Dismiss is granted.
- (3) The case is dismissed from the active docket of the Commission, and the papers filed herein shall be placed in the file for ended causes.

¹ 20 VAC 5-405-10 *et seq.*

**CASE NO. PUC-2012-00038
OCTOBER 7, 2014**

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

v.
JEFFREY W. SMITH D/B/A S.T.S.,
Defendant

DISMISSAL ORDER

On July 6, 2012, the State Corporation Commission ("Commission") issued a Rule to Show Cause against Jeffrey W. Smith d/b/a S.T.S. ("Defendant") based on allegations by the Commission's Division of Communications that the Defendant failed to renew his registration as a payphone service provider in accordance with the Commission's Rules for Payphone Service and Instruments, 20 VAC 5-407-10 *et seq.* Among other things, the Rule to Show Cause established a procedural schedule and assigned the case to a Hearing Examiner to conduct all further proceedings.

On September 17, 2014, the Staff of the Commission ("Staff"), by counsel, filed a Motion to Dismiss ("Motion") requesting that the Rule to Show Cause be dismissed without prejudice from the Commission's docket of active proceedings. In support of its Motion, the Staff stated in part that the Defendant has ceased acting as a payphone service provider in the Commonwealth of Virginia and that further action by the Commission is no longer required.

On September 23, 2014, Hearing Examiner Howard P. Anderson, Jr., issued a report finding that good cause having been shown, the Motion should be granted and that this matter should be dismissed without prejudice. He recommended that the Commission enter an order dismissing the Rule to Show Cause and passing the papers to the file for ended causes.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations should be adopted and that this Rule to Show Cause should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's findings and recommendations hereby are adopted.
- (2) The Staff's Motion is granted.
- (3) This Rule to Show Cause is dismissed without prejudice.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2013-00042
JULY 15, 2014**

APPLICATION OF
ACCESS ONE OF VIRGINIA, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On April 8, 2013, Access One of Virginia, Inc. ("Access One"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services in and around the towns of Ashburn and Vienna, Virginia ("Application").¹

By Order for Notice and Comment dated April 29, 2014 ("Scheduling Order"), the Commission, among other things, directed Access One 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"). Access One filed the required proof of service and proof of notice on May 28, 2014, and June 3, 2014, respectively.

¹ Specifically, Access One seeks authority to serve the exchanges of Fairfax/Vienna, Leesburg, Arcola, Dulles, and Herndon in northern Virginia. This includes the Dulles Metro calling area.

On July 1, 2014, the Staff filed its Staff Report finding that Access One's Application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* Based upon its review of Access One's Application, the Staff determined it would be appropriate to grant Access One a Certificate to provide local exchange telecommunications services subject to the following conditions:

(1) Access One 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;² and

(2) the Certificate should be limited to the provision of local exchange telecommunications services in the exchanges of Fairfax/Vienna, Leesburg, Arcola, Dulles, and Herndon in northern Virginia.

The Scheduling Order provided Access One an opportunity to file a response to the Staff Report on or before July 8, 2014. Access One did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Access One a Certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) Access One hereby is granted a Certificate, No. T-734, to provide local exchange telecommunications services in the exchanges of Fairfax/Vienna, Leesburg, Arcola, Dulles, and Herndon in northern Virginia subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Prior to providing telecommunications services pursuant to the Certificate granted by this Order, Access One shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Access One elects to provide retail services on a non-tariffed basis, Access One shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(3) Access One 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.

(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.

² This requirement should be maintained until such time as the Commission determines it is no longer necessary.

**CASE NO. PUC-2013-00045
MARCH 13, 2014**

JOINT PETITION OF
CENTURYLINK, INC.,
QWEST COMMUNICATIONS COMPANY, LLC
D/B/A CENTURYLINK QCC,
and
QWEST COMMUNICATIONS CORPORATION OF VIRGINIA
D/B/A CENTURYLINK

For approval of an internal corporate restructuring pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On December 20, 2013, CenturyLink, Inc. ("CenturyLink"), Qwest Communications Company, LLC d/b/a CenturyLink QCC ("QCC"), and Qwest Communications Corporation of Virginia d/b/a CenturyLink ("QCC-VA") (collectively, "Petitioners"), filed a joint petition ("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 restructuring whereby QCC-VA will merge with and into QCC, and QCC, as the surviving entity, will move from being an indirect subsidiary of CenturyLink to a direct subsidiary of CenturyLink ("Proposed Transaction").²

QCC currently has an application pending with the Commission for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services in Virginia in Case No. PUC-2013-00046.³ Upon completion of the Proposed Transaction and the issuance of the requested Certificates in the pending application, QCC will begin providing telecommunications services to the current customers of

¹ Va. Code § 56-88 *et seq.*

² On February 6, 2014, the Petitioners filed a letter with the Commission clarifying that "Qwest Communications Corporation of Virginia" is the correct legal name for the current certificated entity in Virginia, and stating that all references to this entity in the Petition should be to "Qwest Communications Corporation of Virginia d/b/a CenturyLink."

³ See *Application of Qwest Communications Company, LLC d/b/a CenturyLink QCC, For certificates of public convenience and necessity to provide facilities-based local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00046.

QCC-VA and QCC-VA will cease to exist. CenturyLink's ultimate ownership and control of QCC will remain unchanged as a result of the Proposed Transaction.

The Petitioners represent that the Proposed Transaction is part of a larger internal corporate restructuring whereby CenturyLink will consolidate certain regulated competitive local exchange carrier entities and intrastate interexchange carrier entities nationwide into a single company, QCC.⁴ As a result, the Petitioners represent that QCC will be able to increase efficiencies, reduce administrative burdens associated with the current organizational structure and operations, and compete more effectively. The Petitioners also represent that the Proposed Transaction will be transparent to Virginia customers and will not cause a change in the rates, terms, and conditions of service as currently provided by QCC-VA.

NOW THE COMMISSION, upon consideration of this matter and 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 as described herein, subject to QCC receiving the Certificates requested in Case No. PUC-2013-00046.

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, subject to QCC receiving the Certificates requested in Case No. PUC-2013-00046.

(2) The Petitioners 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) Upon completion of the Proposed Transaction and the issuance of the requested Certificates in Case No. PUC-2013-00046, the Petitioners shall file an application with the Commission requesting that the Commission cancel the current Certificates issued to QCC-VA, Certificate Nos. T-476 and TT-80A.

(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.

⁴ In Virginia, QCC and QCC-VA are affiliated with two incumbent local exchange carriers that also are indirect subsidiaries of CenturyLink: United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink. The Petitioners state that neither of these entities will be affected by the Proposed Transaction. In addition, the Petitioners state that the Proposed Transaction involves another CenturyLink subsidiary, Embarq Communications of Virginia, Inc. d/b/a CenturyLink ("ECI"), a switchless reseller of long distance services in Virginia, which also will merge with and into QCC. However, Commission approval to merge ECI with QCC is unnecessary because ECI does not hold a Certificate and, therefore, is not subject to the Utility Transfers Act.

**CASE NO. PUC-2013-00046
MARCH 21, 2014**

APPLICATION OF
QWEST COMMUNICATIONS COMPANY, LLC
D/B/A CENTURYLINK QCC

For certificates of public convenience and necessity to provide facilities-based local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On January 23, 2014, Qwest Communications Company, LLC d/b/a CenturyLink QCC ("QCC" or "Company") completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide facilities-based local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). QCC 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, QCC 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 January 28, 2014 ("Scheduling Order"), the Commission, among other things, directed QCC to provide notice to the public of its Application, directed QCC to serve notice of the Application upon local exchange telephone carriers and interexchange carriers certificated in Virginia, and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report").

On February 12, 2014, QCC filed the required proof of service. On February 25, 2014, the Company filed the required proof of publication.

On March 11, 2014, the Staff filed its Staff Report finding that QCC'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 QCC's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: QCC 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 March 14, 2014, QCC filed a letter with the Clerk of the Commission indicating that it had no comments on the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant QCC Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that QCC 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) QCC hereby is granted a Certificate, No. T-733, 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) QCC hereby is granted a Certificate, No. TT-281A, 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, QCC may price its interexchange telecommunications services competitively.
- (4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, QCC 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 of such election to the Commission's Division of Communications pursuant to Rule 20 VAC 5-417-50 A 2.
- (5) QCC 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 shall be placed in the file for ended causes.

¹ The Commission has received no request for leave 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-2014-00001
FEBRUARY 19, 2014**

APPLICATION OF
iNETWORKS GROUP VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated bond and tariffs

SUSPENSION ORDER

On January 13, 2014, iNetworks Group Virginia, Inc. ("iNetworks" or "Company"), filed a letter application with the State Corporation Commission ("Commission") which, among other things, requested that the Commission cancel the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia ("Certificate No. T-686") issued to iNetworks in Case No. PUC-2008-00107.¹ At that time, iNetworks stated that it had no customers in Virginia.

On January 29, 2014, an Order Cancelling Certificate and Associated Bond and Tariffs ("January 29 Order") was entered by the Commission granting the request; cancelling Certificate No. T-686 and the tariffs associated therewith; and releasing the bond that iNetworks had on file in accordance with the Commission's Final Order in Case No. PUC-2008-00107 and the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*

It has come to the attention of the Commission that iNetworks has informed the Staff of the Commission ("Staff") that the Company, upon learning of a new opportunity to provide local exchange telecommunications services in Virginia, would like to have the January 29 Order vacated and would like to withdraw its request to have Certificate No. T-686 cancelled. Furthermore, Staff was notified by the bond issuer on January 21, 2014, that the aforementioned bond previously submitted by iNetworks was being cancelled effective February 15, 2014.

NOW THE COMMISSION, upon being informed by the Staff, is of the opinion and finds that, pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the January 29 Order should be suspended; the Commission's jurisdiction over this case should be continued; and iNetworks should be directed to provide a replacement bond to the Commission's Division of Communications.

Accordingly, IT IS ORDERED THAT:

- (1) The January 29 Order shall be and hereby is suspended.

¹ *Application of iNetworks Group Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2008-00107, 2009 S.C.C. Ann. Rept. 229, Final Order (Aug. 3, 2009).

(2) The Commission's jurisdiction over this case shall be and hereby is continued to consider iNetworks' request.

(3) iNetworks shall provide forthwith a replacement performance or surety bond in the amount of \$50,000 to the Commission's Division of Communications in the form prescribed by the Staff.

(4) This case is continued pending further order of the Commission.

**CASE NO. PUC-2014-00001
JANUARY 29, 2014**

APPLICATION OF
iNETWORKS GROUP VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated bond and tariffs

**ORDER CANCELLING CERTIFICATE
AND ASSOCIATED BOND AND TARIFFS**

On January 13, 2014, iNetworks Group Virginia, Inc. ("iNetworks" or "Company"), filed a letter application with the Commission requesting cancellation of its certificate of public convenience and necessity No. T-686 permitting the provision of local exchange telecommunications services previously issued and the associated bond and tariffs, pursuant to the Commission's Final Order in Case No. PUC-2008-00107.¹ iNetworks noted that it had no customers in Virginia.

NOW UPON CONSIDERATION of the matter, the Commission finds that Certificate No. T-686 issued to iNetworks should be cancelled, as well as the associated bond and tariffs.

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUC-2014-00001.

(2) Certificate of public convenience and necessity, No. T-686, issued to iNetworks Group Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(3) Any tariffs on file associated with certificate No. T-686 are hereby cancelled.

(4) The performance bond associated with the foregoing certificate is hereby released in full.

(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.

¹ *Application of iNetworks Group Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2008-00207, Final Order (August 3, 2009).

**CASE NO. PUC-2014-00001
APRIL 16, 2014**

APPLICATION OF
iNETWORKS GROUP VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated bond and tariffs

ORDER LIFTING SUSPENSION

On January 13, 2014, iNetworks Group Virginia, Inc. ("iNetworks" or "Company"), filed a letter application with the State Corporation Commission ("Commission") which, among other things, requested that the Commission cancel the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia ("Certificate No. T-686") issued to iNetworks in Case No. PUC-2008-00107.¹ At that time, iNetworks stated that it had no customers in Virginia.

On January 29, 2014, an Order Cancelling Certificate and Associated Bond and Tariffs ("January 29 Order") was entered by the Commission granting the request. The January 29 Order cancelled Certificate No. T-686 and released the bond that iNetworks had on file in accordance with the Commission's Final Order in Case No. PUC-2008-00107.

¹ *Application of iNetworks Group Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2008-00107, 2009 S.C.C. Ann. Rept. 229, Final Order (Aug. 3, 2009).

On February 19, 2014, at the request of iNetworks, the Commission issued a Suspension Order that: i) suspended the January 29 Order; ii) preserved the Commission's jurisdiction over the proceeding; and iii) directed iNetworks to submit a replacement performance or surety bond in order to maintain Certificate No. T-686.

It has come to the attention of the Commission that iNetworks has informed the Staff of the Commission ("Staff") that iNetworks, upon further review, has decided that the Company no longer will be pursuing an opportunity to provide telecommunications services in Virginia. Accordingly, iNetworks requests that the Suspension Order be released and that the Commission continue with the cancellation of Certificate No. T-686.

NOW THE COMMISSION, upon being informed by the Staff, is of the opinion and finds that the suspension of the January 29 Order should be lifted and that the cancellation of Certificate No. T-686, as set out in the January 29 Order, should be in full force and effect upon entry of this Order.

Accordingly, IT IS ORDERED THAT:

- (1) The Suspension Order entered on February 19, 2014, hereby is rescinded and the suspension of the Commission's January 29 Order is lifted.
- (2) The Commission's January 29 Order shall be in full force and effect upon entry of this Order.
- (3) As set out in the January 29 Order, Certificate No. T-686 and all associated tariffs on file with the Commission are cancelled.
- (4) 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 file for ended causes.

**CASE NO. PUC-2014-00004
MAY 9, 2014**

APPLICATION OF
UNITED TELEPHONE SOUTHEAST LLC
D/B/A CENTURYLINK
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA D/B/A CENTURYLINK

For elimination of conditions

FINAL ORDER

On February 6, 2014, United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink (collectively, the "Virginia Certificated Companies") filed an application with the State Corporation Commission ("Commission") pursuant to 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, 5 VAC-5-20-10 *et seq.*, requesting the elimination of conditions imposed as part of the Commission's approval of the transfer of control of the Virginia Certificated Companies from Sprint Nextel Corporation ("Sprint") to LTD Holding Company ("LTD") in Case No. PUC-2005-00118¹ ("Application"). When the Virginia Certificated Companies² separated from Sprint on May 17, 2006, LTD changed its name to Embarq Corporation.³ In a subsequent merger transaction approved by the Commission in Case No. PUC-2008-00104,⁴ Embarq Corporation merged with CenturyTel, Inc., creating a new corporation named CenturyLink, Inc., as the parent of the Virginia Certificated Companies.

In Case No. PUC-2005-00118, the Commission imposed the following conditions on LTD and the Virginia Certificated Companies:

- (a) LTD shall not permit the Virginia Certificated Companies to assume responsibility for the liabilities of LTD directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD without prior Commission approval;
- (b) LTD shall not permit the Virginia Certificated Companies to effect a transfer of any assets or group of assets valued at more than \$500,000 to LTD or to any affiliate without prior Commission approval;

¹ *Petition of Sprint Nextel Corporation and LTD Holding Company, For approval of the transfer of control of Central Telephone Company of Virginia, United Telephone-Southeast, Inc., and Sprint Payphone Services of Virginia, Inc., from Sprint Nextel Corporation to LTD Holding Company*, Case No. PUC-2005-00118, 2006 S.C.C. Ann. Rept. 209, Final Order (Feb. 17, 2006) (hereinafter "2006 Final Order"). Sprint and LTD included Sprint Payphone Services, Inc., as a petitioner in Case No. PUC-2005-00118; however, this entity did not hold a certificate of public convenience and necessity and therefore was not subject to § 56-88 *et seq.* of the Code of Virginia.

² *See Application of United Telephone-Southeast, Inc, For cancellation of and reissuance of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect the company name change to United Telephone Southeast, LLC*, Case No. PUC-2007-00120, 2008 S.C.C. Ann. Rept. 271, Order Reissuing Certificates (Mar. 3, 2008).

³ In its application in Case No. PUC-2005-00118, LTD notified the Commission that it would be changing its name. *See Application* at 2 n.1. After the consummation of the approved transaction, Embarq Corporation filed the required notification with the Commission that it had separated from Sprint. *See letter* filed in Case No. PUC-2005-00118 on September 1, 2006.

⁴ *Joint Petition of Embarq Corporation, Central Telephone Company of Virginia, United Telephone Southeast LLC, and CenturyTel, Inc., For Approval of the Indirect Transfer of Control of Central Telephone Company of Virginia and United Telephone Southeast LLC from Embarq Corporation to CenturyTel, Inc.*, Case No. PUC-2008-00104, 2009 S.C.C. Ann. Rept. 226, Order Granting Approval (May 19, 2009).

- (c) LTD shall cause the Virginia Certificated Companies to notify the Staff of the Commission ("Staff") of any dividend payment from the Virginia Certificated Companies to LTD or its successor within two business days from when the dividend is declared;
- (d) LTD shall cause the Virginia Certificated Companies to provide the Staff with a copy of the executed initial management services agreement between LTD Management Company and the Virginia Certificated Companies within 90 days of completion of the separation transaction, an explanation of the material changes, if any, between the current (pre-separation) cash management process and the initial case management process established upon separation, and with a copy of any material changes to the management services agreement within 30 days of such changes;
- (e) LTD shall cause the Virginia Certificated Companies to provide the Staff with a copy of the initial Transition Service Agreements between Sprint and LTD within 90 days following completion of the separation transaction in Case No. PUC-2005-00118;
- (f) Sprint or its successor and its subsidiaries shall extend any Transition Service Agreements with the Virginia Certificated Companies or LTD (on behalf of the Virginia Certificated Companies) with a term of 18 months or less, for a period of up to an additional 180 days at the current contract costs (to equal at a maximum, a two-year period). Extensions shall be at the option of LTD or the Virginia Certificated Companies;
- (g) LTD shall cause the Virginia Certificated Companies to submit on a confidential basis to the Commission's Division of Communications an annual report that includes: (i) budgeted capital expenditures and maintenance expenses for the current and succeeding year; (ii) actual capital expenditures and maintenance expenses for the preceding year; and (iii) identification and description of proposed capital investment projects exceeding \$100,000 for the current year;
- (h) LTD shall ensure the following: long distance customers of Sprint Communications Company L.P., who are transferred to LTD Long Distance as a result of this separation (other than those obtaining long distance service through bundled offerings in conjunction with the Virginia Certificated Companies) will not be charged a Primary Interexchange Carrier charge by choosing another carrier within 90 days of the initial transfer if they are not satisfied with the service provided by LTD Long Distance;
- (i) LTD shall cause the Virginia Certificated Companies to maintain information necessary to account for payments to LTD or other affiliate for services obtained therefrom and to provide such information to the Staff for review upon request; and
- (j) LTD shall cause the Virginia Certificated Companies to submit to the Staff annually financial statements that include balance sheet, income statement, cash flow statement, rate of return statement, and capital structure ("2006 Conditions").⁵

In this Application, the Virginia Certificated Companies requested that the Commission eliminate the 2006 Conditions that were still applicable. Pursuant to the Procedural Order issued in this case on February 28, 2014, the Staff filed its response on April 29, 2014 ("Response"). In its Response, the Staff concluded that it has no objections to the elimination of the remaining 2006 Conditions.⁶ However, the Staff recommended that the Commission make clear to the Virginia Certificated Companies that information pertaining to capital expenditures, maintenance, and capital investment projects may still be relevant and should be made available to the Commission or Staff upon request.⁷ On May 5, 2014, the Virginia Certificated Companies filed a letter with the Commission indicating they had no comments on the Staff's Response.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant the request of the Virginia Certificated Companies for elimination of the 2006 Conditions with the understanding that the Virginia Certificated Companies will be expected to comply with future requests of the Commission and the Staff, including requests for information pertaining to capital expenditures, maintenance, and capital investment projects on an *ad hoc* basis consistent with the statutory mandates of §§ 56-479, 56-483, and 56-36 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) The request of the Virginia Certificated Companies for elimination of the 2006 Conditions hereby is granted as set forth herein.
- (2) This matter is closed, and the papers herein shall be placed in the Commission's file for ended causes.

⁵ 2006 Final Order at 209-210.

⁶ Response at 10.

⁷ *Id.* at 8-9.

**CASE NO. PUC-2014-00006
MARCH 21, 2014**

APPLICATION OF
SIG ACQUISITION COMPANY, LLC

For cancellation and reissuance of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On February 11, 2014, SIG Acquisition Company, LLC ("SIG"), filed an application with the State Corporation Commission ("Commission") requesting that its certificates of public convenience and necessity to provide local exchange (Certificate No. T-732) and interexchange (Certificate No. TT-279A) telecommunications services in the Commonwealth of Virginia be amended to reflect a corporate name change ("Application"). SIG submitted with its Application proof of the corporate name change to SummitIG, LLC, as of February 5, 2014.¹

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of SIG Acquisition Company, LLC, should be cancelled and reissued in the name of SummitIG, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) The case is docketed and assigned Case No. PUC-2014-00006.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-732, heretofore issued to SIG Acquisition Company, LLC, is hereby cancelled and shall be reissued as Certificate No. T-732a in the name of SummitIG, LLC.
- (3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-279A, heretofore issued to SIG Acquisition Company, LLC, is hereby cancelled and shall be reissued as Certificate No. TT-279B in the name of SummitIG, LLC.
- (4) Any tariffs on file with the Commission's Division of Communications in the name of SIG shall be replaced reflecting the name change within forty-five (45) 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.

¹ The bond on file for SIG has been updated to reflect the new corporate name.

**CASE NO. PUC-2014-00007
FEBRUARY 28, 2014**

APPLICATION OF
RNK VA, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELING CERTIFICATES

By Order dated August 21, 2007, in Case No. PUC-2007-00038, the State Corporation Commission ("Commission") issued to RNK VA, LLC ("RNK VA"), certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia ("Commonwealth").¹ RNK VA was issued Certificate No. T-671 to provide local exchange telecommunications services and Certificate No. TT-236A to provide interexchange telecommunications services.

By communication to the Commission's Division of Communications, RNK VA advised that it wished to surrender the certificates granted in Case No. PUC-2007-00038. RNK VA and its parent company, RNK, Inc., filed for bankruptcy protection in 2012. RNK VA stated that it was no longer serving customers in the Commonwealth and no longer plans to offer services in the Commonwealth in the future.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Certificate No. T-671 and Certificate No. TT-236A, previously issued to RNK VA, should be canceled.

¹ *Application of RNK VA, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2007-00038, 2007 S.C.C. Ann. Rept. 262, Final Order (Aug. 21, 2007).

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed as Case No. PUC-2014-00007.
- (2) Certificate No. T-671, authorizing RNK VA to provide local exchange telecommunications services throughout the Commonwealth shall be and hereby is canceled.
- (3) Certificate No. TT-236A, authorizing RNK VA to provide interexchange telecommunications services throughout the Commonwealth shall be and hereby is canceled.
- (4) Any tariffs on file associated with these certificates are cancelled.
- (5) There being nothing further to come before the Commission, this case hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2014-00008
JUNE 12, 2014**

JOINT APPLICATION OF
CONTERRA ULTRA BROADBAND, LLC,
CONTERRA ULTRA BROADBAND HOLDINGS, INC.
and
CUB PARENT, INC.

For approval of a transfer of control pursuant to Va. Code § 56-88.1 *et seq.*

ORDER GRANTING APPROVAL

On April 16, 2014, Conterra Ultra Broadband, LLC ("Conterra"), Conterra Ultra Broadband Holdings, Inc. ("Conterra Holdings"), and CUB Parent, Inc. ("CUB Parent") (collectively, "Applicants"),¹ completed 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"),² for approval of the indirect transfer of control of Conterra by way of a merger between Conterra's direct parent and a wholly owned subsidiary of CUB Parent ("Proposed Transaction").

Conterra is authorized to provide local exchange telecommunications services in Virginia pursuant to a certificate of public convenience and necessity issued by the Commission. Conterra is a wholly owned subsidiary of Conterra Holdings. Pursuant to an Agreement and Plan of Merger dated March 17, 2014, Conterra's direct parent, Conterra Holdings, will merge with CUB Merger Sub, Inc., a wholly owned subsidiary of CUB Parent,³ with Conterra Holdings as the surviving corporation. Upon completion of the Proposed Transaction, Conterra will remain a direct subsidiary of Conterra Holdings, while indirect control of Conterra will transfer to those Applicants acquiring control over Conterra Holdings as a result of the merger.

The Applicants represent that the Proposed Transaction will be transparent to Conterra's customers and the company will provide the same types of services under the same name and under the same rates, terms, and conditions. The Applicants further represent that Conterra's existing management team will not change and that Conterra will have access to the managerial and operational resources of CUB Parent and Court Square.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Staff of the Commission, is of the opinion and finds that it should approve the Proposed Transaction as 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 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.

¹ Court Square Capital GP III, LLC ("Court Square"), and Goldman, Sachs & Co., also are considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ CUB Parent is a newly formed corporation and a subsidiary of CSC Cub Holdings, LLC, which in turn is controlled by Court Square.

**CASE NO. PUC-2014-00010
AUGUST 25, 2014**

JOINT PETITION OF
PEERLESS NETWORK, INC.,
INTELEPEER VIRGINIA, INC.,
INTELEPEER, INC.,
and
INTELEPEER HOLDINGS, INC.

For approval of a transfer of control of an authorized telecommunications provider

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On April 28, 2014, Peerless Network, Inc. ("Peerless"), IntelPeer Virginia, Inc. ("IntelPeer-VA"), IntelPeer, Inc. ("IntelPeer"), and IntelPeer Holdings, Inc. ("Holdings") (collectively, "Petitioners"),¹ completed the filing of 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"),² for approval of the transfer of indirect control of IntelPeer-VA ("Petition") that occurred on November 29, 2013. The Petitioners also filed with the Commission a Motion for Confidential Treatment ("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, 5 VAC 5-20-10 *et seq.*

Pursuant to a Stock Purchase Agreement between Peerless and Holdings, Peerless purchased all of the common stock of IntelPeer ("Transaction"). As a result of the Transaction, Peerless acquired direct control of IntelPeer and, therefore, indirect control of IntelPeer-VA. Under the Transaction, IntelPeer-VA remains a wholly owned subsidiary of IntelPeer but now has new ultimate ownership. The Petitioners consummated the Transaction on November 29, 2013.³

The Petitioners represent that the Transaction is in the public interest as it provides IntelPeer-VA with expanded investments and growth opportunities through its access to Peerless' resources. The Petitioners further represent that Peerless' financial, technical, and managerial resources have previously been accepted by the Commission and will enhance IntelPeer-VA's ability to compete in the telecommunications and information services marketplace. In addition, the Petitioners state that both Peerless and IntelPeer-VA benefit from increased economies of scale, permitting them to operate more efficiently through enhanced routing capabilities, realize financial synergies, and develop new products and services.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the above-described Transaction should be approved. We further find that the Petitioners' Motion is no longer necessary and should, therefore, be denied.⁴ However, we are concerned with the Petitioners' failure to obtain the necessary prior approval for the Transaction.

Section 56-88.1 of the Code provides, in part:

A. 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....

B. 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^[5] 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.

¹ Adams Street Partners LLC is also considered a Petitioner in this proceeding and has provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ On December 30, 2013, IntelPeer-VA changed its name to Airus Virginia, Inc., with the Clerk of the Commission. Petitioners assert that a name change application is being prepared to reflect the name change on the certificates of public convenience and necessity ("Certificates") issued to IntelPeer-VA by the Commission in *Application of IntelPeer Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2010-00047, 2011 S.C.C. Ann. Rept. 228, Final Order (Apr. 21, 2011).

⁴ The Commission held the Petitioners' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the confidential exhibits filed by the Petitioners 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.

⁵ For example, § 56-91 of the Code provides for a fine of not more than \$1,000 for any company violating any provision of § 56-89 of the Code.

Therefore, the Petitioners are directed to file a response within ten (10) days of the date of the issuance 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 any applicable law) for failing to obtain prior approval of the Commission before acquiring and disposing of control of IntelPeer-VA.

Finally, we find that an application pursuant to 20 VAC 5-417-70 of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, should be filed forthwith to reflect IntelPeer-VA's new corporate name on the Certificates previously issued by the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval of the Transaction as described herein.
- (2) The Petitioners' Motion is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.
- (3) The Petitioners shall, either individually or jointly, file a response within ten (10) days of the date of the issuance 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.
- (4) IntelPeer-VA shall file forthwith an application requesting amendment and reissuance of the Certificates previously issued by the Commission to reflect its new name in accordance with 20 VAC 5-417-70.
- (5) This matter is continued pending further order of the Commission.

**CASE NO. PUC-2014-00010
SEPTEMBER 26, 2014**

JOINT PETITION OF
PEERLESS NETWORK, INC.,
INTELEPEER VIRGINIA, INC.,
INTELEPEER, INC.,
and
INTELEPEER HOLDINGS, INC.

For approval of a transfer of control of an authorized telecommunications provider

FINAL ORDER

On April 28, 2014, Peerless Network, Inc. ("Peerless"), IntelPeer Virginia, Inc. ("IntelPeer-VA"), IntelPeer, Inc. ("IntelPeer"), and IntelPeer Holdings, Inc. ("Holdings") (collectively, "Petitioners"),¹ completed the filing of 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"),² for approval of the transfer of indirect control of IntelPeer-VA that occurred on November 29, 2013. Pursuant to a Stock Purchase Agreement between Peerless and Holdings, Peerless purchased all of the common stock of IntelPeer ("Transaction"). As a result of the Transaction, Peerless acquired direct control of IntelPeer and, therefore, indirect control of IntelPeer-VA.

On August 25, 2014, the Commission issued an Order Granting Approval and Directing Response,³ which (1) granted approval of the Transaction, and (2) directed the Petitioners 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:

- A. 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. . . .
- B. 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.

¹ Adams Street Partners LLC is also considered a Petitioner in this proceeding and has provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ Doc. Con. Cen. No. 140830046.

Section 12.1-13 of the Code provides, in part:

Whenever no fine or other penalty is specifically imposed by statute⁴ 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.

On September 4, 2014, the Petitioners filed a response ("Response") stating that extenuating circumstances support a finding that a fine should not be issued for the Petitioners' failure to obtain Commission approval before effecting the Transaction that transferred control of IntelPeer-VA. Alternatively, the Petitioners request that, if the Commission determines that this violation warrants imposition of a fine, the fine should be minimal and suspended on the condition that the Petitioners not violate § 56-88.1 of the Code in the future.

NOW THE COMMISSION, upon consideration of the applicable law and the Petitioners' Response, is of the opinion and finds that the Petitioners 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 Petitioners, should be, and hereby is, suspended on the condition that the Petitioners, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

Accordingly, IT IS ORDERED THAT:

(1) The Petitioners 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 Petitioners, 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.

⁴ For example, § 56-91 of the Code provides for a fine of not more than \$1,000 for any company violating any provision of § 56-89 of the Code.

**CASE NO. PUC-2014-00013
JULY 28, 2014**

JOINT PETITION OF
TIME WARNER CABLE INC.
and
COMCAST CORPORATION

For approval of the transfer of control of Time Warner Cable Information Services (Virginia), LLC, Time Warner Cable Business LLC, and DukeNet Communications, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On April 23, 2014, Time Warner Cable Inc. ("TWC"), on behalf of its wholly owned subsidiaries, Time Warner Cable Information Services (Virginia), LLC, Time Warner Cable Business LLC, and DukeNet Communications, LLC (collectively, "TWC Subsidiaries"),¹ and Comcast Corporation ("Comcast") (collectively, "Petitioners")² completed the filing of a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),³ for approval of a transaction that will result in the transfer of ultimate control of the TWC Subsidiaries from TWC to Comcast ("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, 5 VAC 5-20-10 *et seq.*

According to the Petition, pursuant to an Agreement and Plan of Merger dated February 12, 2014, Tango Acquisition Sub, Inc., a wholly owned subsidiary of Comcast, will merge with and into TWC, with TWC as the surviving corporation. As a result, TWC will continue its existence as a wholly owned direct subsidiary of Comcast. Upon completion of the Proposed Transaction, the TWC Subsidiaries will remain wholly owned subsidiaries of TWC, but they will have new ultimate ownership.

The Petitioners represent that Comcast possesses the requisite financial, technical, and managerial qualifications to acquire control of the TWC Subsidiaries and provide reliable telecommunications service in Virginia. The Petitioners further represent that, because the Proposed Transaction will occur

¹ The TWC Subsidiaries each hold certificates of public convenience and necessity in Virginia.

² In addition to TWC, the TWC Subsidiaries, and Comcast, Brian L. Roberts and BRCC Holdings, LLC, are also considered Petitioners and have provided the statutorily required verifications.

³ Va. Code § 56-88 *et seq.*

at the holding company level, it will be transparent to customers and will not cause a change in the rates, terms, or conditions of service as currently provided by the TWC Subsidiaries.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its 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.

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-2014-00016
JUNE 13, 2014**

JOINT PETITION OF
CBEYOND COMMUNICATIONS, LLC, *et al.*

For approval of the transfer of control of Cbeyond Communications, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On April 24, 2014, Birch Communications of Virginia, Inc. d/b/a Birch Communications ("Birch"), and Cbeyond Communications, LLC ("Cbeyond") (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 of the transfer of control of Cbeyond to Birch's direct parent, BCI ("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.

According to the Petition, pursuant to an Agreement and Plan of Merger dated April 19, 2014, Cbeyond's direct parent, Cbeyond, Inc., will merge with Hawks Merger Sub, Inc., a wholly owned subsidiary of BCI, with Cbeyond, Inc., as the surviving corporation. Upon completion of the Proposed Transaction, Cbeyond will remain a direct subsidiary of Cbeyond, Inc., while indirect control of Cbeyond will transfer to those Petitioners acquiring control over Cbeyond, Inc., as a result of the merger.

The Petitioners represent that Cbeyond's existing customers will continue to receive service under the "Cbeyond" name with no immediate change in the rates or terms and conditions of service as currently provided. The Petitioners further represent that Cbeyond will be supported by Birch's 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 or Cbeyond's financial resources or access to financial and capital markets.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its 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.³

¹ Birch, a Virginia corporation, and Cbeyond, a Delaware limited liability company, each hold certificates of public convenience and necessity in Virginia. In addition to Birch and Cbeyond, Birch Communications, Inc. ("BCI"), Birch Communications Holdings, Inc., Holcombe Green, R. Kirby Godsey, and Cbeyond, Inc., are also considered Petitioners and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ 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.

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.

**CASE NO. PUC-2014-00019
MAY 13, 2014**

APPLICATION OF
NEON VIRGINIA CONNECT, LLC

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

ORDER CANCELLING CERTIFICATES AND ASSOCIATED BOND AND TARIFFS

NEON Virginia Connect, LLC ("NEON" or "Company"), filed a letter application on May 5, 2014, and a supplement on May 6, 2014, with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity permitting the provision of local exchange (No. T-669) and interexchange (No. TT-235A) telecommunications services previously issued, as well as the associated bond and tariffs, pursuant to the Commission's Final Order in Case No. PUC-2007-00028.¹ NEON noted that it does not have any customers or operations in Virginia.

NOW UPON CONSIDERATION of the matter, the Commission finds that Certificate No. T-669 and Certificate No. TT-235A issued to NEON should be cancelled, as well as the associated bond and tariffs.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2014-00019.
- (2) Certificate of public convenience and necessity, No. T-669, issued to NEON Virginia Connect, LLC, to provide local exchange telecommunications services throughout the Commonwealth of Virginia is hereby cancelled.
- (3) Certificate of public convenience and necessity, No. TT-235A, issued to NEON Virginia Connect, LLC, to provide interexchange telecommunications services throughout the Commonwealth of Virginia is hereby cancelled.
- (4) Any tariffs on file associated with the foregoing certificates are hereby cancelled.
- (5) The performance bond associated with the foregoing certificates is hereby released in full.
- (6) There being nothing further to be done in this matter, this case shall be dismissed from the Commission's docket of active proceedings.

¹ *Application of NEON Virginia Connect, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2007-00028, 2007 S.C.C. Ann. Rept. 257, Final Order (Aug. 2, 2007).

**CASE NO. PUC-2014-00021
OCTOBER 29, 2014**

APPLICATION OF
WIDE VOICE, LLC

For certificates of public convenience and necessity to provide facilities-based competitive local exchange and interexchange service in the Commonwealth of Virginia

FINAL ORDER

On May 19, 2014, Wide Voice, LLC ("Wide Voice" or "Applicant"), filed 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"). The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").¹

By Order for Notice and Comment dated June 3, 2014 ("June 3 Order"), the Commission, among other things, directed Wide Voice 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 29, 2014, Wide Voice filed proof of newspaper publication of the required notice. On August 5, 2014, Wide Voice requested additional time to complete service of the public notice to local exchange and interexchange carriers and provide the performance or surety bond required by the June 3 Order. By Order Revising Procedural Schedule, dated August 8, 2014, the Commission directed Wide Voice to complete the required service of notice on or before August 12, 2014, and to provide the performance or surety bond on or before September 18, 2014. Wide Voice filed the required proof of service on August 13, 2014, and Wide Voice also provided the Staff with the required bond.

On September 5, 2014, the Staff filed its Staff Report finding that Wide Voice'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 Wide Voice's Application, the Staff determined it would be appropriate to grant the Applicant Certificates subject to the following condition: Wide Voice 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 Revising Procedural Schedule provided an opportunity for Wide Voice to file a response to the Staff Report on or before October 7, 2014. Wide Voice 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 Wide Voice Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Wide Voice may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Wide Voice hereby is granted a Certificate, No. T-736, 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) Wide Voice hereby is granted a Certificate, No. TT-283A, 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, Wide Voice may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Wide Voice shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Wide Voice elects to provide retail services on a non-tariffed basis, Wide Voice shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.

(5) Wide Voice 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 hereby is dismissed, and the papers filed herein shall be placed in the file for ended causes.

¹ Wide Voice also has requested authority to use individual case base pricing for its interexchange telecommunications services.

**CASE NO. PUC-2014-00022
JUNE 27, 2014**

APPLICATION OF
QWEST COMMUNICATIONS COMPANY, LLC

For reissuance of certificates of public convenience and necessity to reflect a corporate name change

ORDER REISSUING CERTIFICATES

On June 4, 2014, Qwest Communications Company, LLC ("Qwest" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the Commission cancel and reissue the Company's certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia to reflect the Company's corporate name change. On June 17, 2014, Qwest filed proof of its corporate name change to CenturyLink Communications, LLC, effective April 1, 2014.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the existing certificates issued to Qwest should be cancelled and reissued in the name of CenturyLink Communications, LLC.

Accordingly, IT IS ORDERED THAT:

(1) The case is docketed and assigned Case No. PUC-2014-00022.

(2) Certificate No. T-733 authorizing Qwest to provide local exchange telecommunications services in the Commonwealth of Virginia shall be and hereby is cancelled and reissued as Certificate No. T-733a in the name of CenturyLink Communications, LLC.

(3) Certificate No. TT-281A authorizing Qwest to provide interexchange telecommunications services in the Commonwealth of Virginia shall be and hereby is cancelled and reissued as Certificate No. TT-281B in the name of CenturyLink Communications, LLC.

(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 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-2014-00024
JUNE 27, 2014**

APPLICATION OF
INFOTELECOM, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

By Final Order dated August 22, 2011, in Case No. PUC-2011-00020, the State Corporation Commission ("Commission") issued to Infotelecom, LLC ("Infotelecom" or "Company"), certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia ("Commonwealth").¹ The Commission issued to Infotelecom Certificate No. T-715 to provide local exchange telecommunications services and Certificate No. TT-266A to provide interexchange telecommunications services.

By communication to the Commission's Division of Communications, Infotelecom advised that it wished to surrender the certificates granted in Case No. PUC-2011-00020. Infotelecom advised that it sought and received cancellation of its certificate to transact business in the Commonwealth as a foreign limited liability company and has never provided telecommunications services to customers in Virginia. The Company also requested that the bond on file with the Commission be released.

NOW THE COMMISSION, upon consideration of the matter and being sufficiently advised by its Staff, is of the opinion and finds that the certificates of public convenience and necessity issued to Infotelecom, and the Company's bond and tariffs associated therewith, should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed as Case No. PUC-2014-00024.
- (2) Certificate No. T-715 authorizing Infotelecom to provide local exchange telecommunications services throughout the Commonwealth shall be and hereby is cancelled.
- (3) Certificate No. TT-266A authorizing Infotelecom to provide interexchange telecommunications services throughout the Commonwealth shall be and hereby is cancelled.
- (4) Any tariffs on file associated with these certificates shall be and hereby are cancelled.
- (5) The performance bond associated with the foregoing certificates shall be and hereby is released in full.
- (6) There being nothing further to come before the Commission, this case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ *Application of Infotelecom, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2011-00020, 2011 S.C.C. Ann. Rept. 248, Final Order (Aug. 22, 2011).

CASE NO. PUC-2014-00025
SEPTEMBER 29, 2014

PETITION OF
CHARTER COMMUNICATIONS, INC.

For authority to complete certain pro forma intra-corporate transactions

ORDER GRANTING AUTHORITY

On July 17, 2014, Charter Communications, Inc. ("Charter"), and its wholly owned subsidiary, Charter Fiberlink VA-CCO, LLC ("Charter Fiberlink"),¹ completed the filing of 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"),² for authority to complete certain pro forma intra-corporate transactions that will result in the transfer of control of Charter Fiberlink ("Petition").

According to the Petition, Charter intends to undertake pro forma intra-corporate reorganization transactions ("Reorganization") whereby Charter intends to create a new holding company, New Charter, Inc. ("New Charter"), that will own 100% of Charter. As a result of the Reorganization, the direct parent company of Charter Fiberlink will remain unchanged, but New Charter will acquire control over Charter Fiberlink as its ultimate parent company.

The Petition states that the Reorganization will not involve a change in the current management or key personnel of Charter or Charter Fiberlink. Charter further represents that the Reorganization is not expected to affect its financial resources or access to financial and capital markets.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the Reorganization described herein should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, approval to undertake the Reorganization as described herein is granted.
- (2) Charter shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Reorganization, which shall note the date the 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.

¹ Charter Fiberlink holds certificates of public convenience and necessity issued by the Commission. See *Application of Charter Fiberlink VA-CCO, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2004-00036, 2004 S.C.C. Ann. Rept. 239, Final Order (July 29, 2004).

² Va. Code § 56-88 *et seq.*

CASE NO. PUC-2014-00026
SEPTEMBER 24, 2014

JOINT PETITION OF
MIDWEST CABLE, LLC,
CHARTER COMMUNICATIONS, INC.,
and
COMCAST CORPORATION

For approval of the transfer of control of Midwest Cable Phone of Virginia, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 26, 2014, Midwest Cable, LLC, Charter Communications, Inc. ("Charter"), and Comcast Corporation ("Comcast") (collectively, "Petitioners")¹ completed the filing of 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"),² for approval of the transfer of control of Midwest Cable-VA ("Joint Petition").³

¹ Midwest Cable Phone of Virginia, LLC ("Midwest Cable-VA"), Brian L. Roberts, and BRCC Holdings, LLC, are also considered Petitioners and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ Midwest Cable-VA currently has an application pending with the Commission for certificates of public convenience and necessity ("Certificates") in Virginia. See *Application of Midwest Cable Phone of Virginia, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00027.

Specifically, the Petitioners request approval of the transfer of control of Midwest Cable-VA from Comcast to Midwest Cable, Inc. ("Midwest Cable"), which will be spun off from Comcast and form a publicly traded corporation ("Proposed Transaction"). Upon completion of the Proposed Transaction, Charter will own approximately one-third of the equity of Midwest Cable and Midwest Cable-VA will be a direct wholly owned subsidiary of Midwest Cable.

Petitioners assert that Midwest Cable will have the financial, managerial, and technical qualifications to provide services to its customers. The Joint Petition describes Midwest Cable's leadership team and provides pro forma financial statements for Midwest Cable. Petitioners also state that Charter will supply services to Midwest Cable to support the company's infrastructure and operations.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the Proposed Transaction described herein should be approved, subject to Midwest Cable-VA receiving the requested Certificates in Case No. PUC-2014-00027.

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, subject to Midwest Cable-VA receiving the requested Certificates in Case No. PUC-2014-00027.
- (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) 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-2014-00027
OCTOBER 7, 2014**

APPLICATION OF
MIDWEST CABLE PHONE 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 June 17, 2014, Midwest Cable Phone of Virginia, LLC ("Midwest Cable" 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"). Midwest Cable 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 July 3, 2014 ("Scheduling Order"), the Commission, among other things, directed Midwest 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 August 14, 2014, Midwest Cable filed proof of service and proof of publication in accordance with the Scheduling Order.

On September 2, 2014, the Staff filed its Staff Report finding that Midwest Cable'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 Midwest Cable's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Midwest Cable 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 30, 2014, Midwest Cable filed its response agreeing with and supporting Staff's recommendation that the Commission grant it Certificates.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Midwest Cable Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Midwest Cable may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) Midwest Cable hereby is granted a Certificate, No. T-735, 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) Midwest Cable hereby is granted a Certificate, No. TT-282A, 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, Midwest Cable may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Midwest Cable 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) Midwest Cable 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 hereby is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2014-00030
JULY 30, 2014**

IN THE MATTER OF
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

Notice of election to be regulated as a competitive telephone company

ORDER

On July 1, 2014, MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), filed with the State Corporation Commission ("Commission") a written notice of its election to be regulated as a competitive telephone company pursuant to Chapters 340 and 376 of the 2014 Virginia Acts of Assembly.

Chapter 2.1 of Title 56 of the Code of Virginia ("Code")¹ became effective July 1, 2014. Pursuant to § 56-54.3 of the Code, "[a]ny telephone company meeting the definition of a competitive telephone company may elect to be regulated as a competitive telephone company pursuant to the provisions of this chapter by providing written notice to the Commission of such election." Pursuant to § 56-54.2 of the Code, a competitive telephone company is defined as "(i) an incumbent local exchange telephone company whose residential dial tone lines (a) were deemed competitive by the Commission throughout the company's incumbent service territory prior to January 1, 2014, or (b) are declared competitive by the Commission throughout its incumbent service territory on or after January 1, 2014, in a proceeding pursuant to § 56-235.5 or (ii) a competitive local exchange telephone company." A competitive local exchange telephone company is defined by § 56-54.2 of the Code to include "a competing telephone company . . . that was granted a certificate on or after January 1, 1996, pursuant to § 56-265.4:4."

The Staff of the Commission ("Staff") has determined that MCImetro meets the definition of a competitive telephone company as defined by § 56-54.2 of the Code as MCImetro was granted a certificate by the Commission pursuant to § 56-265.4:4 to provide local exchange telecommunications services.²

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that MCImetro is eligible to elect to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code and that such election becomes effective July 31, 2014. The applicant is a "competitive telephone company" by operation of law.

Accordingly, IT IS ORDERED THAT:

(1) Effective July 31, 2014, MCImetro shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(2) There being nothing further to come before the Commission, 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.

¹ Va. Code § 56-54.2 *et seq.*

² See *Application of MCImetro Access Transmission Services of Virginia, Inc. For a Certificate of Public Convenience and Necessity to Provide Local Telecommunications Services*, Case No. PUC-1995-00083, 1996 S.C.C. Ann. Rept. 198, Order (May 3, 1996).

**CASE NO. PUC-2014-00031
JULY 30, 2014**

IN THE MATTER OF
VERIZON SOUTH INC.

Notice of election to be regulated as a competitive telephone company

ORDER

On July 1, 2014, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a written notice of its election to be regulated as a competitive telephone company pursuant to Chapters 340 and 376 of the 2014 Virginia Acts of Assembly.

Chapter 2.1 of Title 56 of the Code of Virginia ("Code")¹ became effective July 1, 2014. Pursuant to § 56-54.3 of the Code, "[a]ny telephone company meeting the definition of a competitive telephone company may elect to be regulated as a competitive telephone company pursuant to the provisions of this chapter by providing written notice to the Commission of such election." Pursuant to § 56-54.2 of the Code, a competitive telephone company is defined as "(i) an incumbent local exchange telephone company whose residential dial tone lines (a) were deemed competitive by the Commission throughout the company's incumbent service territory prior to January 1, 2014, or (b) are declared competitive by the Commission throughout its incumbent service territory on or after January 1, 2014, in a proceeding pursuant to § 56-235.5 or (ii) a competitive local exchange telephone company."

The Staff of the Commission ("Staff") has determined that Verizon South meets the definition of a competitive telephone company as defined by § 56-54.2 of the Code as Verizon South's residential dial tone lines have been deemed to be competitive throughout Verizon South's incumbent service territory.²

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that Verizon South is eligible to elect to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code and that such election becomes effective July 31, 2014. The applicant is a "competitive telephone company" by operation of law. The statute does not provide that any additional competitive analysis, outside of previously satisfied statutory requirements, be conducted by the Staff or the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Effective July 31, 2014, Verizon South shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(2) There being nothing further to come before the Commission, 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.

¹ Va. Code § 56-54.2 *et seq.*

² See *Application of Verizon South Inc., To Expand the Competitive Determination and Deregulation of Retail Services Throughout its Incumbent Territory*, Case No. PUC-2011-00001, 2011 S.C.C. Ann. Rept. 240, Final Order (July 8, 2011); *Application of Verizon Virginia Inc. and Verizon South Inc., For a Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same*, Case No. PUC-2007-00008; 2007 S.C.C. Ann. Rept. 225, Order on Application (Dec. 14, 2007).

**CASE NO. PUC-2014-00032
JULY 30, 2014**

IN THE MATTER OF
VERIZON VIRGINIA LLC

Notice of election to be regulated as a competitive telephone company

ORDER

On July 1, 2014, Verizon Virginia LLC ("Verizon Virginia") filed with the State Corporation Commission ("Commission") a written notice of its election to be regulated as a competitive telephone company pursuant to Chapters 340 and 376 of the 2014 Virginia Acts of Assembly.

Chapter 2.1 of Title 56 of the Code of Virginia ("Code")¹ became effective July 1, 2014. Pursuant to § 56-54.3 of the Code, "[a]ny telephone company meeting the definition of a competitive telephone company may elect to be regulated as a competitive telephone company pursuant to the provisions of this chapter by providing written notice to the Commission of such election." Pursuant to § 56-54.2 of the Code, a competitive telephone company is defined as "(i) an incumbent local exchange telephone company whose residential dial tone lines (a) were deemed competitive by the Commission throughout the company's incumbent service territory prior to January 1, 2014, or (b) are declared competitive by the Commission throughout its incumbent service territory on or after January 1, 2014, in a proceeding pursuant to § 56-235.5 or (ii) a competitive local exchange telephone company."

The Staff of the Commission ("Staff") has determined that Verizon Virginia meets the definition of a competitive telephone company as defined by § 56-54.2 of the Code as Verizon Virginia's residential dial tone lines have been deemed to be competitive throughout Verizon Virginia's incumbent service territory.²

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that Verizon Virginia is eligible to elect to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code and that such election becomes effective July 31, 2014. The applicant is a "competitive telephone company" by operation of law. The statute does not provide that any additional competitive analysis, outside of previously satisfied statutory requirements, be conducted by the Staff or the Commission.

¹ Va. Code § 56-54.2 *et seq.*

² See *Application of Verizon Virginia Inc., To Expand the Competitive Determination and Deregulation of Retail Services Throughout its Incumbent Territory*, Case No. PUC-2009-00042, 2009 S.C.C. Ann. Rept. 254, Final Order (Dec. 2, 2009); *Application of Verizon Virginia Inc. and Verizon South Inc., For a Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same*, Case No. PUC-2007-00008; 2007 S.C.C. Ann. Rept. 225, Order on Application (Dec. 14, 2007). Verizon Virginia Inc. converted to Verizon Virginia LLC effective December 31, 2011. See *Application of Verizon Virginia Inc., For amendment and reissuance of certificates of public convenience and necessity to reflect new company name*, Case No. PUC-2012-00013, 2012 S.C.C. Ann. Rept 187, Order Reissuing Certificates (Mar. 29, 2012).

Accordingly, IT IS ORDERED THAT:

(1) Effective July 31, 2014, Verizon Virginia shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(2) There being nothing further to come before the Commission, 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-2014-00033
SEPTEMBER 26, 2014**

JOINT PETITION OF
TW TELECOM OF VIRGINIA LLC, *et al.*

For approval of the transfer of control of tw telecom of virginia llc to Level 3 Communications, Inc.

ORDER GRANTING APPROVAL

On July 3, 2014, Level 3 Communications, Inc. ("Level 3"), Saturn Merger Sub 1, LLC, Saturn Merger Sub 2, LLC, tw telecom inc. ("tw-Parent"), tw telecom holdings inc., tw telecom management co llc, and tw telecom of virginia llc ("tw-VA")¹ ("collectively, "Petitioners"),² 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"),³ for approval of the transfer of control of tw-VA ("Petition"). 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.⁴

Petitioners request authority for Level 3 to acquire tw-Parent in a series of transactions whereby Level 3 will purchase tw-Parent for a combination of common stock and cash ("Proposed Transfer"). The direct parent company of tw-VA will remain unchanged, but Level 3 will acquire control over tw-VA as its ultimate parent company.

Petitioners represent that tw-VA will continue to have the financial, managerial, and technical resources to provide local exchange telecommunications services under Level 3 ownership and control. Petitioners also state that the Commission has considered Level 3's resources in prior transactions,⁵ and the Petitioners provided current financial statements of Level 3 in support of this Petition.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Proposed Transfer, as described herein, should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.⁶

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, approval of the Proposed Transfer as described herein is granted.

(2) Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Proposed Transfer, which shall note the date the Proposed Transfer 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.

¹ tw-VA is authorized to provide local exchange and interexchange telecommunications services pursuant to Certificate Nos. T-592d and TT-182E granted by the Commission. See *Application of Time Warner Telecom of Virginia LLC, For amended and reissued Certificates of Public Convenience and Necessity to reflect new name: tw telecom of virginia llc*, Case No. PUC-2008-00029, 2008 S.C.C. Ann. Rept. 292, Order (Apr. 17, 2008).

² Level 3 Financing, Inc., is also considered a Petitioner in this proceeding and has provided the statutorily required verifications.

³ Va. Code § 56-88 *et seq.*

⁴ 5 VAC 5-20-10 *et seq.*

⁵ See, e.g., *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).

⁶ 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-2014-00034
NOVEMBER 13, 2014**

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
D/B/A CENTURYLINK
AND
UNITED TELEPHONE SOUTHEAST LLC
D/B/A CENTURYLINK

To establish a competitive test

FINAL ORDER

On July 14, 2014, Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink (collectively, "CenturyLink") filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.5 E and F of the Code of Virginia ("Code") requesting that the Commission establish a competitive test and an associated administrative process to allow certain retail services of CenturyLink to be found to be competitive on an exchange-by-exchange basis ("Application").¹ CenturyLink further requested that the Commission adopt safeguards pursuant to § 56-235.5 H of the Code to protect consumers and competitive markets in each of the CenturyLink exchanges in which it is determined that competition or the potential for competition can be an effective regulator of the price of telephone services in accordance with § 56-235.5 F of the Code.² Finally, CenturyLink requested that the Commission determine that its bundled service offerings and directory assistance services are competitive on a statewide basis without further administrative filings.³ In support of its Application, CenturyLink submitted the prefiled testimony of Ann C. Prockish ("Prockish").

Section 56-235.5 E of the Code provides that "[t]he Commission shall have the authority, after notice to all affected parties and an opportunity for hearing, to determine whether any telephone service of a telephone company is subject to competition and to provide, either by rule or case-by-case determination, for deregulation . . . or modified regulation determined by the Commission to be in the public interest for such competitive services."

On July 30, 2014, the Commission issued an Order for Notice and Comment that, among other things, docketed CenturyLink's Application; directed CenturyLink to give notice to the public of its Application; provided an opportunity for interested persons to comment or request a hearing on CenturyLink's Application; and directed the Staff of the Commission ("Staff") to conduct an investigation of the Application and present its findings and recommendations in a report ("Staff Report"). No one commented on CenturyLink's Application and no one requested a hearing.

Presently, CenturyLink's services are regulated in accordance with its Plan for Alternative Regulation ("PAR").⁴ In the PAR, services are classified into four categories: Basic Local Exchange Telephone Services ("BLETS"), Other Local Exchange Telephone Services ("OLETS"), bundled services, and competitive services.⁵

CenturyLink's proposal in this proceeding is based on tests established for Verizon Virginia Inc. and Verizon South Inc.'s (collectively, "Verizon") residential and business BLETS in Case No. PUC-2007-00008.⁶ In that case, the Commission found

that competition or the potential for competition can be an effective regulator of the price for residential BLETS in a telephone exchange area if each of the following criteria is satisfied:

- a. A minimum of 75% of the households in the telephone exchange area can choose residential local telephone service from among at least two (2) competitors to [the incumbent provider];
- b. A minimum of two (2) of the competitors to [the incumbent provider] in part "a" must offer residential local telephone service that may be purchased by a residential consumer without a corresponding requirement to purchase non-telecommunications services (*e.g.*, video or broadband internet service) from that competitor; and
- c. At least 50% of the households in the telephone exchange area can choose a facilities-based competitor that owns its own wireline network facilities.⁷

¹ Application at 1-2.

² *Id.* at 2, 18-21.

³ *Id.* at 13-16.

⁴ See *Application of Central Telephone Company of Virginia and United Telephone-Southeast, Inc., For Approval of its New Plan for Alternative Regulation*, Case No. PUC-2008-00008, 2008 S.C.C. Ann. Rept. 276, Final Order (June 20, 2008).

⁵ A listing of some of those services is shown in the Application at 2 and Exhibit A.

⁶ Application at 10 (referencing *Application of Verizon Virginia Inc. and Verizon South Inc., For a Determination that Retail Services are Competitive and Deregulating and Detariffing of the Same*, Case No. PUC-2007-00008, 2007 S.C.C. Ann. Rept. 225, Order on Application (Dec. 14, 2007) ("Verizon Competition Order") and 2008 S.C.C. Ann. Rept. 255, Order on Reconsideration (Feb. 1, 2008) ("Verizon Reconsideration Order").

The test adopted for Verizon's business BLETS is as follows:

- a. A minimum of 75% of the businesses in the telephone exchange area can choose local telephone service from among at least two (2) competitors to [the incumbent provider];
- b. A minimum of two (2) of the competitors to [the incumbent provider] in part "a" must offer local telephone service that may be purchased by the business customer without a corresponding requirement to purchase non-telecommunications services (*e.g.*, video or broadband internet service) from that competitor; and
- c. At least 50% of the businesses in the telephone exchange area can choose a facilities-based competitor that owns its own wireline network facilities.⁸

The Commission used these tests to determine in which Verizon exchanges residential and business BLETS were competitive based on the evidence presented in the proceeding.⁹ Instead of requiring Verizon to file a formal application for a determination on each additional exchange, the Commission adopted an administrative process for the Staff to evaluate Verizon's subsequent residential and business BLETS submissions on a case-by-case basis under the tests adopted by the Commission.¹⁰ In this proceeding, CenturyLink proposes using the same administrative process for evaluating its competitive test submissions as that approved for Verizon in Case No. PUC-2007-00008.¹¹

CenturyLink also requested the same competitive determination treatment for its OLETS provided in association with residential and business BLETS as that approved for Verizon's associated OLETS in the Verizon Competition Order.¹² That is, once a residential or business BLETS is determined to be competitive under the applicable competitive test in a given exchange, the associated OLETS in that same exchange would also become competitive.¹³

Regarding safeguards to be adopted in accordance with § 56-235.5 H of the Code, CenturyLink proposed for residential BLETS, "a maximum annual rate increase of 10% or \$2.00, whichever is greater, for a period of three (3) years from the date residential [BLETS] is competitively classified."¹⁴ As a safeguard against the cross subsidization of competitive services by monopoly services, CenturyLink proposed that it would maintain data in order to show that revenues from competitive services in the aggregate cover their direct incremental costs, and it would provide this data to the Division of Communications annually upon the Staff's request.¹⁵

The Application and Prockish's testimony offered analysis and data to support the request for the Commission to determine CenturyLink's bundled service offerings and directory assistance services are competitive on a statewide basis without further administrative filings.¹⁶

The Staff submitted its Staff Report on September 26, 2014. The Staff concluded that it would be appropriate for the Commission to determine that CenturyLink's bundled services and directory assistance services are competitive on a statewide basis.¹⁷ The Staff also stated that CenturyLink's request for the Commission to adopt competitive tests for residential and business BLETS and evaluate subsequent submissions through a Staff administrative process appears to be reasonable.¹⁸ The Staff noted that its experience evaluating Verizon's competitive test filings would enable it to do the same with any future CenturyLink submissions.¹⁹ However, the Staff Report contained certain clarifications and modifications to CenturyLink's proposals that the Staff found should be made, including:

- Clarify that extended local calling service is not a service that is included as part of residential or business BLETS;

⁷ Verizon Competition Order, 2007 S.C.C. Ann. Rept. at 236.

⁸ *Id.* at 239.

⁹ *Id.* at 237-40.

¹⁰ *Id.* at 238, 240.

¹¹ Application at 16-17.

¹² *Id.* at 12-13.

¹³ *Id.* at 13.

¹⁴ *Id.* at 20-21.

¹⁵ *Id.* at 19.

¹⁶ *Id.* at 13-16.

¹⁷ Staff Report at 32.

¹⁸ *Id.*

¹⁹ *Id.*

- Optional local calling plans should not be included in the definitions of residential and business BLETS. Optional calling plans are OLETS and should be identified as associated OLETS;
- Part "c" in the competitive tests for residential and business BLETS should be modified to reflect the full descriptions of facility-based competitors resulting from the Verizon Reconsideration Order and statutory changes as described in the Staff Report - the proposed replacement language suggested by Staff is:
- "(c) At least 50% of the households [businesses] in the telephone exchange area can choose a facilities-based competitor that owns its own wireline facilities, leases UNE-loops from the [Incumbent Local Exchange Carrier], or is a wireless communications provider that offers voice communications services."²⁰
- The administrative process for evaluating CenturyLink's competitive test submissions for residential BLETS and business BLETS should be modified to reflect that retail services may be detariffed;
- Residential and business associated OLETS should be identified as shown in Attachment 2 to the Staff Report;
- Clarify that CenturyLink's request is for residential and business BLETS in exchanges that are determined to be competitive pursuant to the competitive tests not to be regulated under the PAR but instead be price deregulated;
- Require that CenturyLink continue to make an annual filing with the Staff demonstrating that revenues from competitive services in the aggregate cover their direct incremental costs until December 31, 2017. After such time, CenturyLink would continue to maintain the data and provide it to the Staff upon request; and
- Establish a consumer safeguard that price increases for residential BLETS do not exceed two dollars per year for the period of January 1, 2015, through December 31, 2017,²¹ or for three years.²²

On October 3, 2014, CenturyLink filed a response to the Staff Report stating that it does not object either to the Staff Report, as amended, or to the modifications or clarifications described therein.²³ While CenturyLink questions the Staff's recommendation for continued submission of the cross subsidization report through 2017, as opposed to CenturyLink's proposal, CenturyLink does not object to this obligation or to any other modification or clarification in the Staff Report, as amended.²⁴

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that CenturyLink's Application should be approved in accordance with the findings made herein. We find that the proposed competitive tests and administrative process, as revised through the clarifications and modifications set out in the Staff Report, should be adopted to determine on an exchange-by-exchange basis whether certain retail services may be found to be competitive in CenturyLink's service territory. We further find that the safeguards proposed by CenturyLink, as modified in the Staff Report, should be adopted. Finally, we find that CenturyLink's bundled service offerings and directory assistance services should be found to be competitive on a statewide basis.

Accordingly, IT IS ORDERED THAT:

- (1) CenturyLink's proposed competitive tests and associated administrative process, as modified and clarified by the Staff in the Staff Report, hereby are adopted and shall be implemented forthwith.
- (2) CenturyLink's bundled service offerings and directory assistance services are found to be competitive on a statewide basis.
- (3) A consumer safeguard capping residential price increases at two dollars per year for three years hereby is adopted. This safeguard shall be in effect through the latter of: (i) December 31, 2017, or (ii) three years from the first time a CenturyLink exchange is determined through the administrative process to be competitive for residential BLETS.

²⁰ *Id.* at 17.

²¹ On September 30, 2014, the Staff filed a correction to the Staff Report replacing December 31, 2018, with December 31, 2017, as the end of a three-year period for implementation of a safeguard regarding residential BLETS.

²² Staff Report at 30, 32-33. (The Staff Report also noted that the listed time period for the safeguard assumes that residential BLETS have been made competitive in at least one exchange by January 1, 2015. If this is not the case, the Staff proposed that the three-year period start once residential BLETS have been determined to be competitive in at least one exchange through the administrative process).

²³ CenturyLink Response at 1.

²⁴ *Id.*

(4) CenturyLink shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filings shall continue until December 31, 2017, after which CenturyLink shall continue to maintain such data and provide it to the Staff upon request.

(5) There being nothing further to come before the Commission, this case is 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. PUC-2014-00035
AUGUST 6, 2014**

APPLICATION OF
INSITE FIBER OF VIRGINIA LLC

For an amended and reissued certificate of public convenience and necessity to provide interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATE

On July 14, 2014, InSITE Fiber of Virginia LLC ("InSITE") filed an application ("Application") with the State Corporation Commission ("Commission") requesting that its certificate of public convenience and necessity (Certificate No. TT-203A) to provide interexchange telecommunications services in the Commonwealth of Virginia be amended to reflect a corporate name change. InSITE submitted with its Application proof of the corporate name change to InSITE Fiber of Virginia LLC as of December 31, 2013.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of InSITE Fiber of Virginia, Inc., should be cancelled and reissued in the name of InSITE Fiber of Virginia LLC.

Accordingly, IT IS ORDERED THAT:

(1) The case is docketed and assigned Case No. PUC-2014-00035.

(2) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-203A, heretofore issued to InSITE Fiber of Virginia, Inc., is hereby cancelled and shall be reissued as Certificate No. TT-203B in the name of InSITE Fiber of Virginia LLC.

(3) Any tariffs on file with the Commission's Division of Communications in the name of InSITE Fiber of Virginia, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(4) 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-2014-00036
OCTOBER 22, 2014**

APPLICATION OF
CROWN CASTLE NG ATLANTIC LLC
F/K/A CROWN CASTLE NG ATLANTIC INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On July 14, 2014, Crown Castle NG Atlantic LLC f/k/a Crown Castle NG Atlantic Inc. ("Crown Castle") filed an application with the State Corporation Commission ("Commission") requesting that its certificates of public convenience and necessity to provide local exchange (Certificate No. T-627a) and interexchange (Certificate No. TT-204A) telecommunications services in the Commonwealth of Virginia be amended to reflect a corporate name change ("Application").¹ Crown Castle submitted with its Application proof of the corporate name change from Crown Castle NG Atlantic Inc. to Crown Castle NG Atlantic LLC, as of December 31, 2013.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of Crown Castle NG Atlantic Inc. should be cancelled and reissued in the name of Crown Castle NG Atlantic LLC.

¹ A revised letter of credit in the new corporate name has been provided to the Division of Communications.

Accordingly, IT IS ORDERED THAT:

(1) The case is docketed and assigned Case No. PUC-2014-00036.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-627a, heretofore issued to Crown Castle NG Atlantic Inc. is hereby cancelled and shall be reissued as Certificate No. T-627b in the name of Crown Castle NG Atlantic LLC.

(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 Crown Castle NG Atlantic Inc. is hereby cancelled and shall be reissued as Certificate No. TT-204B in the name of Crown Castle NG Atlantic LLC.

(4) Any tariffs on file with the Commission's Division of Communications in the name of Crown Castle NG Atlantic Inc. shall be replaced reflecting the name change within forty-five (45) 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-2014-00036
NOVEMBER 7, 2014**

APPLICATION OF
CROWN CASTLE NG ATLANTIC LLC
F/K/A CROWN CASTLE NG ATLANTIC INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER NUNC PRO TUNC

On July 14, 2014, Crown Castle NG Atlantic LLC f/k/a Crown Castle NG Atlantic Inc. ("Crown Castle") 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 be amended to reflect a corporate name change ("Application").¹ On October 22, 2014, the Commission issued an Order Reissuing Certificates requested by the Application.

NOW THE COMMISSION, upon consideration of the Order Reissuing Certificates, is of the opinion and finds that an Order *Nunc Pro Tunc* should be entered so as to revise Ordering Paragraph (3) of the Order Reissuing Certificates. Said revision shall be effective as if originally set forth in the Order Reissuing Certificates.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (3) of the Order Reissuing Certificates is removed and replaced, *nunc pro tunc*, with the following:

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-204B, heretofore issued to Crown Castle NG Atlantic Inc. is hereby cancelled and shall be reissued as Certificate No. TT-204C in the name of Crown Castle NG Atlantic LLC.

(2) 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.

¹ Doc. Con. Cen. No. 141040281.

**CASE NO. PUC-2014-00038
JULY 25, 2014**

APPLICATION OF
TOWN OF BEDFORD

For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect the City's transition to a Town

ORDER REISSUING CERTIFICATE

On July 16, 2014, the Town of Bedford ("Applicant") filed an application with the State Corporation Commission ("Commission") requesting that its certificate of public convenience and necessity (Certificate No. T-648) to provide local exchange telecommunications services in the Commonwealth

of Virginia be amended to reflect a transition from the City of Bedford to the Town of Bedford ("Application"). The Applicant submitted with its Application proof of completion of the transition from the City of Bedford to the Town of Bedford, as of June 30, 2013.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of the City of Bedford should be cancelled and reissued in the name of the Town of Bedford.

Accordingly, IT IS ORDERED THAT:

- (1) The case is docketed and assigned Case No. PUC-2014-00038.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-648, heretofore issued to the City of Bedford is hereby cancelled and shall be reissued as Certificate No. T-648a in the name of the Town of Bedford.
- (3) Any tariffs on file with the Commission's Division of Communications in the name of the City of Bedford shall be replaced reflecting the name change to the Town of Bedford within forty-five (45) days of the date of entry of this Order.
- (4) 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-2014-00039
AUGUST 26, 2014**

PETITION OF
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

For partial discontinuance of service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On July 21, 2014, Sprint Communications Company of Virginia, Inc. ("Sprint"), filed with the State Corporation Commission ("Commission") a petition for authority to discontinue its Integrated Local Services ("ILS") offering 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, 20 VAC 5-423-10 *et seq.* ("Petition"). Sprint states that it presently has two ILS business customers in Virginia. Sprint provided a copy of the notice given to those two customers requesting that they choose an alternate carrier by September 22, 2014. Sprint attributes its decision to discontinued ILS to the exiting from the market of its underlying supplier of wholesale services, which Sprint resold as part of its ILS offering. Sprint also provided a toll-free telephone number for these customers to use to obtain assistance with the transition.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Sprint's Petition 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 Sprint and find that it provides customers with sufficient notice of the discontinuance of the affected service.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2014-00039.
- (2) Sprint is authorized to discontinue its ILS offering in Virginia, as described in the Petition, as of September 22, 2014.
- (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 shall be placed in the file for ended causes.

**CASE NO. PUC-2014-00040
SEPTEMBER 30, 2014**

JOINT APPLICATION OF
COMMUNICATIONS INFRASTRUCTURE INVESTMENTS, LLC,
ZAYO GROUP HOLDINGS, INC.,
and
ZAYO GROUP, LLC

For approval of the *Pro Forma* change in indirect ownership pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On August 6, 2014, Communications Infrastructure Investments, LLC ("CII"), Zayo Group Holdings, Inc. ("Holdings"), and Zayo Group, LLC ("Zayo")¹ (collectively, the "Applicants"), filed an 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 requesting approval of an indirect transfer of control of Zayo ("Application").

Zayo is a wholly owned subsidiary of Holdings, which in turn is a wholly owned subsidiary of CII. According to the Application, the Applicants propose to transfer ultimate control of Zayo from CII to Holdings ("Proposed Transfer"). CII will then be removed from Zayo's ownership structure, and Holdings will become Zayo's ultimate parent company.

The Application states that the Proposed Transfer of control will be transparent to customers, and there will be no change in rates or terms and conditions of service. The Application further states that the Proposed Transfer will not impact Zayo's financial, managerial and technical resources.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the Proposed Transfer described herein should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants are hereby granted approval to undertake the Proposed Transfer as described herein.
- (2) Zayo shall file a report of action with the Commission in its Document Control Center within 30 days after completion of the Proposed Transfer, which shall note the date the 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.

¹ Zayo is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity Nos. T-707 and TT-260A. See *Application of Zayo Group, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, 2011 S.C.C. Ann. Rept. 245, Final Order (Mar. 23, 2011).

² Va. Code § 56-88 *et seq.*

**CASE NO. PUC-2014-00046
SEPTEMBER 12, 2014**

APPLICATION OF
UNITY TELECOM, LLC

For cancellation of certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated bond and tariffs

ORDER CANCELLING CERTIFICATE

On August 25, 2014, Unity Telecom, LLC ("Unity"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity permitting the provision of local exchange telecommunications services (No. T-454a) previously issued pursuant to the Commission's Order Reissuing Certificate in Case No. PUC-2012-00082.¹ Unity noted that it does not have any customers or operations in Virginia.

NOW THE COMMISSION, upon consideration of this matter, finds that Certificate No. T-454a issued to Unity should be cancelled.

¹ *Application of dPi Teleconnect, L.L.C., For reissuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect company name change*, Case No. PUC-2012-00082, Doc. Con. Cen. No. 121230016, Order Reissuing Certificate (Dec. 28, 2012). Unity was formerly known as dPi Teleconnect, L.L.C.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2014-00046.
- (2) Certificate of public convenience and necessity, No. T-454a, issued to Unity Telecom, LLC, to provide local exchange telecommunications services throughout the Commonwealth, is hereby cancelled.
- (3) There being nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2014-00047
SEPTEMBER 26, 2014**

APPLICATION OF
INTELEPEER VIRGINIA, INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On August 26, 2014, IntelPeer, Inc. ("IntelPeer"), filed on behalf of IntelPeer Virginia, Inc. ("IntelPeer-VA"), an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange (Certificate Nos. T-709 and TT-262A, respectively) telecommunications services, issued to IntelPeer-VA, in the Commonwealth of Virginia, be amended to reflect a corporate name change ("Application"). On September 18, 2014, proof of the corporate name change to Airus Virginia, Inc., was filed.¹

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of IntelPeer-VA should be cancelled and reissued in the name of Airus Virginia, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2014-00047.
- (2) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-262A, heretofore issued to IntelPeer-VA is hereby cancelled and shall be reissued as Certificate No. TT-262B in the name of Airus Virginia, Inc.
- (3) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-709, heretofore issued to IntelPeer-VA is hereby cancelled and shall be reissued as Certificate No. T-709a in the name of Airus Virginia, Inc.
- (4) Any tariffs on file with the Commission's Division of Communications in the name of IntelPeer-VA shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (5) This case is hereby dismissed.

¹ A replacement bond in the name of Airus Virginia, Inc., was also provided to the Division of Communications.

**CASE NO. PUC-2014-00049
NOVEMBER 24, 2014**

APPLICATION OF
TALK AMERICA SERVICES, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On September 9, 2014, Talk America Services, LLC ("Talk America" or "Company"), completed an application ("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"). Talk America 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, 5 VAC 5-20-10 *et seq.*, Talk America filed a motion for a protective order ("Motion") to prevent public

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

disclosure of confidential information contained in the Company's Application. On October 15, 2014, Talk America filed notice of its election to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code.¹

By Order for Notice and Comment dated September 17, 2014 ("Scheduling Order"), the Commission, among other things, directed Talk America 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 October 10, 2014, Talk America filed proof of service and proof of publication in accordance with the Scheduling Order.

On October 30, 2014, the Staff filed its Staff Report finding that Talk America'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 Talk America's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Talk America 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 Staff also advised that upon issuance of its Certificates, Talk America will meet the definition of a competitive telephone company pursuant to § 56-54.2 of the Code and is entitled to elect to be regulated as such by operation of law.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before November 6, 2014. Talk America did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Talk America Certificates. Having considered § 56-481.1 of the Code, the Commission finds that Talk America may price its interexchange telecommunications services competitively. The Commission finds that pursuant to § 56-54.2 *et seq.* of the Code, Talk America is eligible to elect to be regulated as a competitive telephone company and that such election, pursuant to § 56-54.3 of the Code, becomes effective on the date of this Final Order. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

(1) Talk America hereby is granted Certificate No. T-737 to provide local exchange telecommunications services subject to the restrictions set forth in the applicable 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) Talk America hereby is granted Certificate No. TT-284A 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, Talk America may price its interexchange telecommunications services competitively.

(4) Talk America shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(5) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Talk America 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.

(6) Talk America 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.

(7) 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.

(8) There being nothing further to come before the Commission, this case shall be dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ During the 2014 Session, the Virginia General Assembly enacted Chapter 2.1 (§ 56-54.2 *et seq.*) of Title 56 of the Code, which became effective on July 1, 2014. See 2014 Va. Acts ch. 340 and ch. 376.

² 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-2014-00051
OCTOBER 28, 2014**

JOINT APPLICATION OF
CROWN CASTLE NG ATLANTIC LLC,
24/7 MID-ATLANTIC NETWORK OF VIRGINIA, LLC,
24/7 CHESAPEAKE HOLDINGS, LLC,
and
GRI FUND #2, L.P.

For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC

ORDER GRANTING APPROVAL

On September 12, 2014, Crown Castle NG Atlantic LLC ("Crown Castle"), 24/7 Mid-Atlantic Network of Virginia, LLC ("24/7-VA"), 24/7 Chesapeake Holdings, LLC ("Holdings"), and GRI Fund #2, L.P. ("GRI Fund") (collectively, "Applicants"),¹ completed the filing of 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"),² for approval of the transfer of indirect control of 24/7-VA ("Application").

24/7 -VA is authorized to provide local exchange telecommunications services in Virginia pursuant to a certificate of public convenience and necessity issued by the Commission. Under the proposed transfer, Crown Castle will purchase all membership units of Holdings from GRI Fund and Rich Family Ventures LLC ("Transfer"). Holdings, and its subsidiaries including 24/7-VA, will become subsidiaries of Crown Castle. 24/7-VA will remain a direct subsidiary of Holdings while indirect control of 24/7-VA will transfer to those Applicants acquiring control over Holdings as a result of the Transfer.³

The Applicants represent that the financial, technical, and managerial resources of Crown Castle and CCI are expected to enhance the ability of 24/7-VA to compete in the telecommunications marketplace. The Applicants state that the Commission has reviewed the resources of Crown Castle in previous proceedings, and the Applicants included the current financial statements of CCI in support of the Application. The Applicants assert that 24/7-VA will continue to have the resources to provide local exchange telecommunications services under the control of Crown Castle and CCI.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Transfer, as 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 Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer 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.

¹ Rich Family Ventures LLC, JMI Holdings, LLC, Crown Castle International Corp. ("CCI"), Crown Castle NG Networks Inc., Crown Castle Solutions Corp., and Crown Castle Operation Company are considered Applicants in this proceeding and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ Crown Castle is ultimately owned by CCI. Therefore, the proposed transfer of control will result in CCI acquiring ultimate control of 24/7-VA.

DIVISION OF ENERGY REGULATION**CASE NOS. PUE-1990-00041, PUE-2006-00100,
PUE-2007-00067, & PUE-2008-00067
APRIL 22, 2014**

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

Ex Parte: In the matter concerning certain fuel factor cases of Appalachian Power Company

ORDER CLOSING FUEL FACTOR CASES

By this Order, the State Corporation Commission ("Commission") closes certain fuel factor cases related to Appalachian Power Company ("APCo") that remain open on the Commission's docket. We are advised by the Staff of the Commission ("Staff") that all necessary audits and reviews of these cases have been completed and that they can be closed.

The Staff's findings and recommendations resulting from the fuel audits for calendar years 2007 through 2009, which encompass the fuel factors established in Case Nos. PUE-2006-00100, PUE-2007-00067, and PUE-2008-00067, are set out in Staff testimony filed in Case No. PUE-2010-00058.¹ Issues related to the inclusion of wind power costs in APCo's fuel factor are addressed in Case Nos. PUE-2011-00034² and PUE-2012-00051.³ We are advised by the Staff that APCo has no objection to the entry of an order closing the above-captioned cases.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the fuel factor proceedings set forth below should be closed on our motion.

Accordingly, IT IS ORDERED THAT:

(1) Case Nos. PUE-1990-00041, PUE-2006-00100, PUE-2007-00067, and PUE-2008-00067 shall be and hereby are closed.

(2) There being nothing further to come before the Commission, these matters are dismissed from the Commission's active docket, and the papers filed therein shall be placed in the file for ended cases.

¹ See Exh.15 (Pre-filed Direct Testimony of Patrick W. Carr) filed in *Application of Appalachian Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUE-2010-00058, in which it is stated that the audit revealed that the Company's fuel costs and fuel deferral positions were accurate except for charges related to certain wind power costs and the Virginia coal tax credit.

² *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. Ann. Rept. 471, Order Approving Rate Adjustment Clause (Nov. 3, 2011).

³ *Application of Appalachian Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2012-00051, 2012 S.C.C. Ann. Rept. 455, Order Establishing Fuel Factor (June 21, 2012).

**CASE NO. PUE-2001-00482
DECEMBER 23, 2014**

APPLICATION OF
DOMINION RETAIL, INC
t/a DOMINION ENERGY SOLUTIONS

For permanent licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator

ORDER CANCELLING LICENSES

On August 31, 2001, Dominion Retail, Inc. ("Dominion Retail" or the "Company"), completed an application with the State Corporation Commission ("Commission") for licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").

On October 16, 2001, the Commission issued its Order Granting License Nos. E-3, G-1 and A-3 to Dominion Retail. License No. E-3 authorized Dominion Retail to conduct business as an electric competitive service provider to all customer classes throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. License No. G-1 authorized Dominion Retail to conduct business as a competitive service provider of natural gas to all classes of customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. License No. A-3 authorized Dominion Retail to provide natural gas and electric aggregation service to all classes of customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. The case was kept open for consideration of any subsequent amendments or modifications to the authority or licenses granted.

On December 8, 2014, Dominion Retail filed a letter ("Notice"), pursuant to 20 VAC 5-312-80 of the Retail Access Rules, informing the Commission that Dominion Retail has ceased its retail electric business operations and that it desires to abandon its License No. E-3, for competitive electric service, and License No. A-3, for aggregation service. Dominion Retail states that it has not been active in the retail electric market for several years and that it did not have any retail electric customers. The Company states that notice required under 20 VAC 5-312-80 is not necessary since the Company has no retail electric customers and it has been inactive in that market for years.

Dominion Retail also stated in its Notice, however, that it continues to serve retail natural gas customers and that it does not intend to abandon License No. G-1.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License Nos. E-3 and A-3 issued to Dominion Retail should be cancelled. The Commission further finds that this proceeding should remain open for consideration of any subsequent amendments or modifications to the authority granted with respect to Dominion Retail's remaining License No. G-1.

Accordingly, IT IS ORDERED THAT:

- (1) Waiver of notice pursuant to 20 VAC 5-312-80 is granted.
- (2) License Nos. E-3 and A-3, issued to Dominion Retail, Inc., are hereby cancelled.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to License No. G-1.

**CASE NO. PUE-2001-00511
JUNE 19, 2014**

APPLICATION OF
PEPCO ENERGY SERVICES, INC.

For permanent licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator

ORDER CANCELLING LICENSES

On September 27, 2001, Pepco Energy Services, Inc. ("PEPCO" or "Company"), completed an application with the State Corporation Commission ("Commission") to convert and expand its pilot licenses, License Nos. PE-1, PG-1, and PA-1,¹ to permanent licenses to provide competitive electric, natural gas, and aggregation services to all classes of retail customers throughout the Commonwealth of Virginia.

On November 9, 2001, the Commission issued its Order Granting Licenses, which cancelled PEPCO's pilot licenses and replaced them with Competitive Service Provider ("CSP") License No. E-8 for electric service, CSP License No. G-10 for gas service, and Aggregator License No. A-8 for electric and gas aggregation services to all customer classes throughout the Commonwealth of Virginia.

On May 30, 2014, PEPCO submitted a letter to request the surrender of its CSP License No. E-8 and CSP License No. G-10. PEPCO states that it is no longer actively marketing retail electricity and natural gas to any retail customers. PEPCO further states that it has not served an electric customer in Virginia since July of 2009, nor has PEPCO served a natural gas customer in Virginia since December 31, 2012. PEPCO represents that in areas where it has served customers in the service territory of a local utility, that local utility was notified of the Company's decision to exit the retail energy market. On June 9, 2014, PEPCO amended its request to include the surrender of its Aggregator License, A-8, as well. Although it requested and was granted an Aggregator License, the Company states that it did not operate as an aggregator in Virginia.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License Nos. E-8, G-10, and A-8 issued to PEPCO 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 Nos. E-8, G-10, and A-8, issued to PEPCO to conduct business as a CSP for electricity and natural gas as well as to provide aggregation services for electricity and natural gas to all customer classes throughout the Commonwealth of Virginia are hereby cancelled.
- (2) There being nothing further to come before the Commission, this proceeding is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ The Company's pilot licenses were issued by Commission Orders dated August 3, 2000, and August 21, 2000, in Case No. PUE-2000-00344.

**CASE NO. PUE-2005-00051
MARCH 13, 2014**

APPLICATION OF
RENAISSANCE ENERGY, LLC

For a license to conduct business as an electric and natural gas aggregator

DISMISSAL ORDER

On August 5, 2005, the State Corporation Commission ("Commission") granted Renaissance Energy, LLC ("Renaissance"), a license to provide competitive electric and natural gas aggregation service to commercial and industrial customers throughout the Commonwealth of Virginia pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* Renaissance advised the Staff of the Commission of its decision to let its license expire in a correspondence filed with the Commission on March 7, 2014.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that it should terminate the license issued to Renaissance, License No. A-23, and the authority given to Renaissance to act as an aggregator of electric and natural gas service throughout the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) The license issued to Renaissance, License No. A-23, hereby is terminated without prejudice.
- (2) This case hereby is dismissed.

**CASE NOS. PUE-2007-00025, PUE-2008-00039,
PUE-2009-00016, & PUE-2010-00042
JUNE 16, 2014**

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

Ex Parte: In the matter concerning certain fuel factor cases of Virginia Electric and Power Company d/b/a Dominion Virginia Power

ORDER CLOSING FUEL FACTOR CASES

By this Order, the State Corporation Commission ("Commission") closes certain fuel factor cases related to Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") that remain open on the Commission's docket. The Staff has advised the Commission that it has completed all necessary audits and reviews of these cases and that, therefore, these cases now can be closed. The Staff further advised the Commission that Dominion Virginia Power has no objection to the entry of an order closing the above-captioned cases.

The Staff's findings and recommendations resulting from the fuel audits for calendar years 2007 (third and fourth quarters), 2008, and 2009, which encompass DVP's fuel factors established in Case Nos. PUE-2007-00025, PUE-2008-00039, and PUE-2009-00016, are set out in Staff testimony filed in Case No. PUE-2010-00042.¹

Additionally, the Staff's findings and recommendations resulting from the fuel audits for calendar years 2010 and 2011 (which encompass DVP's fuel factors established in Case Nos. PUE-2009-00016 and PUE-2010-00042) are set out in the Staff's fuel audit dated May 15, 2014, and filed in these dockets.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Dominion Virginia Power fuel factor proceedings set forth herein should be closed on our own motion.

Accordingly, IT IS ORDERED THAT:

- (1) Case Nos. PUE-2007-00025, PUE-2008-00039, PUE-2009-00016, and PUE-2010-00042 shall be and hereby are closed.
- (2) There being nothing further to come before the Commission, these matters are dismissed from the Commission's active docket, and the papers filed therein shall be placed in the file for ended cases.

¹ See Exh. 21 (Pre-filed Direct Testimony of Kimberly Pate) filed in *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-2010-00042.

**CASE NOS. PUE-2007-00083 & PUE-2014-00024
MAY 14, 2014**

APPLICATIONS OF
MRDB HOLDINGS LP
D/B/A LPB ENERGY CONSULTING

For a permanent license to conduct business as an electric and gas aggregator

AND

ECOVA, INC.

For a license to conduct business as an electric and natural gas aggregator

ORDER GRANTING LICENSE

On March 21, 2014, Ecova, Inc. ("Ecova" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to provide electric and natural gas aggregation 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 Application seeks authority to serve residential, commercial and industrial customers throughout the Commonwealth of Virginia. In addition, the Application states that Ecova acquired MRDB Holdings LP d/b/a LPB Energy Consulting, to whom the Commission granted License No. A-29 on October 29, 2007, in Case No. PUE-2007-00083.¹ Ecova requests that License No. A-29 be terminated at this time. Ecova 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 March 26, 2014, the Commission issued an Order for Notice and Comment in PUE-2014-00024, which, among other things, docketed the Application; required Ecova to give notice to electric and gas distribution utilities 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 Applicant to file a response to the Staff Report and any comments from the public. The Company filed proof of notice on April 1, 2014. On April 18, 2014, Virginia Electric and Power Company ("Dominion") filed comments raising issues and concerns about the risks faced by competitive energy suppliers due to extreme weather events such as those occurring this winter.² Dominion did not specifically oppose the Commission's issuance of an aggregator license to Ecova.

On April 22, 2014, the Staff filed its Report, which summarized Ecova's proposal and evaluated its financial condition and technical fitness. Based on its review of the Application, Staff recommended a license be granted. Staff also supported Ecova's request that License No. A-29 be terminated at this time.

On May 1, 2014, the Commission received a response to the Staff Report from Ecova. The Company supported Staff's recommendations and provided additional arguments as to why the license should be issued without the need for any Commission determination on the issues raised by Dominion.

NOW UPON CONSIDERATION of the Application, participant comments, the Staff Report, the responses to the Staff Report, and applicable law, the Commission finds that Ecova's Application for a license to conduct business as an electric and natural gas aggregator to residential, commercial and industrial customers throughout the Commonwealth of Virginia should be granted, subject to the conditions set forth below. We also find that License No. A-29, issued to MRDB Holdings LP d/b/a LPB Energy Consulting in Case No. PUE-2007-00083, should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) Ecova, Inc., hereby is granted License No. A-37 to conduct business as an electric and natural gas aggregator to residential, commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. This license to act as an aggregator for electric and 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) License No. A-29, issued to MRDB Holdings LP d/b/a LPB Energy Consulting, to provide competitive electric and natural gas aggregation service to commercial and industrial customers throughout the Commonwealth of Virginia, is hereby cancelled, and Case No. PUE-2007-00083 shall be dismissed and the papers filed therein placed in the Commission's file for ended causes.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ *Application of MRDB Holdings LP d/b/a LPB Energy Consulting, For a permanent license to conduct business as an electric and gas aggregator, Case No. PUE-2007-00083, 2007 S.C.C. Ann. Rept. 489, Order Granting License (Oct. 29, 2007).*

² Dominion comments at 6.

**CASE NO. PUE-2010-00046
MARCH 13, 2014**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of a demand-side management program including promotional allowances

ORDER

On May 14, 2010, Rappahannock Electric Cooperative ("REC" 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.*, the Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq.* and the Commission's Promotional Allowance Program Standards, 20 VAC 5-303-40, requesting approval of a demand-side management program including promotional allowances ("Application"). The Cooperative's Application sought approval to implement a program using load-cycling switch devices to reduce demand created by central air conditioning systems in the homes of residential member-customers ("Program"). The Commission issued its Order Granting Approval on June 15, 2010 ("Approval Order"), approving the Program subject to certain conditions, including:

- (4) REC shall submit a report to the Commission by December 1st 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.

On February 3, 2014, REC filed the 2013 Report pursuant to Ordering Paragraph (4) of the Approval Order ("2013 Report"). As part of its 2013 Report, the Cooperative sought to amend the December 1st filing date prescribed by Ordering Paragraph (4) of the Approval Order to January 1st. In support of its request, REC states that "as a result of proposed changes in the Old Dominion Electric Cooperative...rate structure currently pending at the Federal Energy Regulatory Commission..., REC's A/C switches will produce added benefits by reducing future year capacity requirements in addition to the existing reductions in current year capacity costs."¹ According to the Cooperative, it is requesting the modification of the reporting date "in order to submit future reports reflecting projections of power cost savings along with wholesale power cost savings from the past cooling season."²

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Cooperative's request should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Cooperative shall submit the annual reports required by Ordering Paragraph (4) of the Approval Order by January 1st of each year that the Program is in effect.

(2) This matter is continued pending further orders of the Commission.

¹ 2013 Report at 2.

² *Id.* at 6.

**CASE NO. PUE-2010-00096
MARCH 14, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate

ORDER CLOSING PROCEEDING

On September 13, 2010, the State Corporation Commission ("Commission") issued an Order Granting Authority ("Order"), pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code") (§§ 56-55 *et seq.* and 56-76 *et seq.* of the Code), authorizing Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), to incur short-term indebtedness through the NiSource Inc. Intrasystem Money Pool ("Money Pool") up to a borrowing limit of \$150 million between January 1, 2011, and December 31, 2012. CGV was also authorized to issue up to \$100 million in long-term debt, from time to time, to NiSource Finance Corp. or the external capital market during the same time period. The Applicant was required to file reports of action with respect to the authority granted by the Commission.

The Applicant has filed its reports of action in accordance with the Commission's Order. According to the reports of action, CGV borrowed short-term funds during the authorization period, and peak borrowing under the Money Pool arrangement occurred in November of 2012, at approximately \$26.02 million. The reports of action stated that approximately \$70 million of long-term debt was issued during the authorization period.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Applicant's actions appear to be consistent with the authority granted.

Accordingly, IT IS ORDERED THAT, there appearing nothing further to be done, this matter is hereby dismissed and removed from the Commission's docket of active cases.

**CASE NO. PUE-2010-00104
MAY 16, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER TO AMEND AND EXTEND AUTHORITY GRANTED

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power") filed an application with the State Corporation Commission ("Commission") under Chapters 3 of Title 56 of the Code of Virginia seeking approval of a \$120 million, three-year syndicated revolving credit facility ("Credit Facility") to be used to support the Virginia Power's variable rate tax-exempt securities. Virginia Power represented that the initial term of the Credit Facility would be three years from the date of execution of the Credit Facility but it would have the option to extend the maturity for two one-year periods. By Order Granting Authority dated September 23, 2010,¹ the Commission granted Virginia Power authority to establish the Credit Facility.

By filing dated September 6, 2011, in its Request for Authorization to Amend its \$120 Million Revolving Credit Facility, Virginia Power requested authorization to extend the original term of the Credit Facility from September 2013 to September 2016, and to modify the associated fee schedules. Virginia Power indicated that the annual facility fees, which are based on Virginia Power's credit ratings, would be reduced upon execution of the extension. In addition, the margin added to the interest rate index used to calculate interest expense would be reduced. On September 21, 2011, the Commission in its Order Extending Authority Granted authorized Virginia Power to extend the term of the Credit Facility for three years beyond the initial three-year term, or through September 2016.²

On August 27, 2012, Virginia Power filed a Request for One-Year Extension of Authority. In its September 17, 2012 Order Extending Authority Granted,³ the Commission authorized Virginia Power to extend the Credit Facility for one year, through September 2017, and for an additional one-year period, through September 2018, without prior Commission approval, provided that the terms and conditions were equal or superior to those approved in its September 17, 2012 Order.

On April 2, 2014, Virginia Power filed a Request for Authorization to Amend its \$120 Million Revolving Credit Facility, which seeks to extend the Credit Facility for seven months, through approximately April 2019, and change certain terms of the Credit Facility, including adding a new category to the fees, amending the definition of Indebtedness, replacing the two-week LIBOR with a one-week LIBOR, and incorporating two extension options, which could be exercised without an amendment to the Credit Facility.

NOW THE COMMISSION, upon consideration of Virginia Power's request is of the opinion and finds that approval of the seven month extension and changes to the terms of the Credit Facility described above will not be detrimental to the public interest. Further, the Commission finds that Virginia Power shall be permitted to exercise the two one-year options, without further application, provided the terms of said options are equal or superior to those approved herein as not detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Virginia Power is hereby authorized to extend the term of the Credit Facility for seven months, under the terms and conditions and for the purposes set forth in its September 1, 2010 application, as amended by Commission Orders dated September 21, 2011, and September 17, 2012, and its filing request of April 2, 2014.
- (2) Virginia Power is further authorized to extend the term of the Credit Facility for two additional one-year periods, or through approximately April 2021, provided that terms and conditions at the time of its exercise of said option are equal or superior to those approved herein.
- (3) Virginia Power shall file a copy of the extension agreement(s) promptly after it becomes available.
- (4) Virginia Power shall file a report on or before July 31, 2019, detailing the use of the Credit Facility for the extension period ending approximately April 2019 to include the date, amount, and applicable interest rate of each loan under the Credit Facility. If it exercises the further extensions authorized herein, Virginia Power shall file an additional report on or before July 31, 2020, and July 31, 2021 providing the same information.

¹ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00104, 2010 S.C.C. Ann. Rept. 612, Order Granting Authority (Sep. 23, 2010).

² *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00104, 2011 S.C.C. Ann. Rept. 361, Order Extending Authority Granted (Sep. 21, 2011).

³ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00104, 2012 S.C.C. Ann. Rept. 226, Order Extending Authority Granted (Sep. 17, 2012).

(5) Except to the extent modified herein, all of the other provisions of the Commission's September 23, 2010 Order entered in this case shall remain in full force and effect.

(6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2010-00105
MAY 16, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER TO AMEND AND EXTEND AUTHORITY GRANTED

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia seeking approval of a \$500 million, three-year syndicated letter of credit facility ("LOC Facility") with its parent company, Dominion Resources, Inc. ("DRI"). The LOC Facility would be established pursuant to a credit agreement between Virginia Power, DRI, the administrative agent and the lenders ("Credit Agreement"). Virginia Power represented that the initial term of the LOC Facility would be three years from the date of execution of the Credit Agreement, but it would have the option to extend the maturity for two one-year periods. By Order Granting Authority dated September 23, 2010,¹ the Commission granted Virginia Power authority to establish the LOC Facility.

By filing dated September 6, 2011, Request for Authorization to Amend its \$500 Million Letter of Credit Facility, Virginia Power requested authorization to extend the original term of the LOC Facility from September 2013 to September 2016, and to modify the associated fee schedules. Virginia Power indicated that the annual facility fees, which are based on its credit ratings, would be reduced upon execution of the extension. In addition, the margin added to the interest rate index used to calculate interest expense would be reduced. On September 21, 2011, the Commission in its Order Extending Authority Granted authorized Virginia Power to extend the term of the LOC Facility for three years beyond the initial three-year term, or through September 2016.²

On August 27, 2012, Virginia Power filed a Request for One-Year Extension of Authority. In its September 17, 2012 Order Extending Authority Granted,³ the Commission authorized Virginia Power to extend the Credit Facility for one year, through September 2017, and for an additional one-year period, through September 2018, without prior Commission approval, provided that the terms and conditions were equal or superior to those approved in its September 17, 2012 Order.

On April 2, 2014, Virginia Power filed a Request for Authorization to Amend its \$500 Million Letter of Credit Facility, which seeks to extend the LOC Facility for seven months, through approximately April 2019, and change certain terms of the LOC Facility, including adding Dominion Gas Holdings, LLC as a direct borrower, adding a new category to the fees, amending the definition of Indebtedness, replacing the two-week LIBOR with a one-week LIBOR, and incorporating two extension options, which could be exercised without an amendment to the LOC Facility.

NOW THE COMMISSION, upon consideration of Virginia Power's request is of the opinion and finds that approval of the seven month extension and changes to the terms of the LOC Facility will not be detrimental to the public interest. Further, the Commission finds that Virginia Power shall be permitted to exercise the two one-year options, without further application, provided the terms of said options are equal or superior to those approved herein as not detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power is hereby authorized to extend the term of the LOC Facility for seven months, under the terms and conditions and for the purposes set forth in its September 1, 2010, application, as amended by Commission Orders dated September 21, 2011, and September 17, 2012, and its filing request of April 2, 2014.

(2) Virginia Power is further authorized to extend the term of the LOC Facility for two additional one-year periods, or through approximately April 2021, provided that terms and conditions at the time of its exercise of said option are equal or superior to those approved herein.

(3) Virginia Power shall file a copy of the extension agreement(s) promptly after it becomes available.

(4) Virginia Power shall file a report on or before July 31, 2019, detailing the use of the LOC Facility for the extension period ending approximately April 2019 to include the date, amount, and applicable interest rate of each loan under the LOC Facility. If it exercises the further extensions authorized herein, Virginia Power shall file an additional report on or before July 31, 2020, and July 31, 2021, providing the same information.

¹ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2010 S.C.C. Ann. Rept. 613, Order Granting Authority (Sep. 23, 2010).

² *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2011 S.C.C. Ann. Rept. 362, Order Extending Authority Granted (Sep. 21, 2011).

³ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2012 S.C.C. Ann. Rept. 227, Order Extending Authority Granted (Sep. 17, 2012).

(5) Except to the extent modified herein, all of the other provisions of the Commission's September 23, 2010 Order entered in this case shall remain in full force and effect.

(6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2010-00106
MAY 16, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER TO AMEND AND EXTEND AUTHORITY GRANTED

On September 1, 2010, Virginia Electric and Power Company ("Virginia Power") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia seeking approval of a shared \$3 billion, three-year syndicated revolving credit and competitive loan facility ("Credit Facility") with its parent company, Dominion Resources, Inc. ("DRI"). The Credit Facility was to be established pursuant to a credit agreement between Virginia Power, DRI, the administrative agent and the lenders ("Credit Agreement"). Virginia Power represented that the initial term of the Credit Facility was to be three years from the date of execution of the Credit Agreement but it would have the option to extend the maturity for two one-year periods. By Order Granting Authority dated September 23, 2010,¹ the Commission granted Virginia Power authority to establish the Credit Facility to be shared with DRI.

By filing dated September 6, 2011, Request for Authorization to Amend its \$3 Billion Revolving Credit and Competitive Loan Facility, Virginia Power requested authorization to extend the original term of the Credit Facility from September 2013 to September 2016, and to modify the associated fee schedules. Virginia Power indicated that the annual facility fees, which are based on its credit ratings, would be reduced upon execution of the extension. In addition, the margin added to the interest rate index used to calculate interest expense would be reduced. On September 21, 2011, the Commission in its Order Extending Authority Granted authorized Virginia Power to extend the term of the Credit Facility for three years beyond the initial three-year term, or through September 2016.²

On August 27, 2012, Virginia Power filed a Request for One-Year Extension of Authority. In its September 17, 2012 Order Extending Authority Granted,³ the Commission authorized Virginia Power to extend the Credit Facility for one year, through September 2017, and for an additional one-year period, through September 2018, without prior Commission approval, provided that the terms and conditions were equal or superior to those approved in its September 17, 2012 Order.

On April 2, 2014, Virginia Power filed a Request for Authorization to Amend its \$3 Billion Revolving Credit and Competitive Loan Facility, which seeks to extend the Credit Facility for an additional seven months and change certain terms of the Credit Facility, including adding a new category to the fees, amending the definition of Indebtedness, replacing the two-week LIBOR with a one-week LIBOR, increasing the size of the Credit Facility from \$3 billion to \$4 billion, adding Dominion Gas Holdings, LLC as a direct borrower, adding a new category to the letter of credit fees, and incorporating two extension options, which could be exercised without an amendment to the Credit Facility.

NOW THE COMMISSION, upon consideration of Virginia Power's request is of the opinion and finds that approval of the seven month extension and changes to the terms of the Credit Facility will not be detrimental to the public interest. Further, the Commission finds that Virginia Power shall be permitted to exercise the two one-year options, without further application, provided the terms of said options are equal or superior to those approved herein as not detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power is hereby authorized to extend the term of the Credit Facility for seven months, under the terms and conditions and for the purposes set forth in its September 1, 2010 application, as amended by Commission Orders dated September 21, 2011, and September 17, 2012, and its filing request of April 2, 2014.

(2) Virginia Power is further authorized to extend the term of the Credit Facility for two additional one-year periods, or through approximately April 2021, provided that terms and conditions at the time of its exercise of said option are equal or superior to those approved herein.

(3) Virginia Power shall file a copy of the extension agreement(s) promptly after it becomes available.

(4) Virginia Power shall file a report on or before July 31, 2019, detailing the use of the Credit Facility for the extension period ending approximately April 2019 to include the date, amount, and applicable interest rate of each loan under the Credit Facility. If it exercises the further extensions authorized herein, Virginia Power shall file an additional report on or before July 31, 2020, and July 31, 2021, providing the same information.

¹ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2010 S.C.C. Ann. Rept. 613, Order Granting Authority (Sep. 23, 2010).

² *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2011 S.C.C. Ann. Rept. 362, Order Extending Authority Granted (Sep. 21, 2011).

³ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2012 S.C.C. Ann. Rept. 227, Order Extending Authority Granted (Sep. 17, 2012).

(5) Except to the extent modified herein, all of the other provisions of the Commission's September 23, 2010 Order entered in this case shall remain in full force and effect.

(6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2011-00011
JUNE 25, 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: Cannon Branch-Cloverhill 230 kV Transmission Line and Cloverhill Substation

ORDER

By order issued December 21, 2011, 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 a new 230 kilovolt ("kV") transmission line in the City of Manassas ("City") and Prince William County. The new line would run approximately 2.3 miles from a proposed expansion of the Company's existing radially fed Cannon Branch Substation in the City to a new 230-34.5 kV Cloverhill Substation (collectively, the "Project"). The new Cloverhill Substation would be constructed on land in Prince William County owned by Unicorn Interests, LLC ("Unicorn"). The Project would provide service to Unicorn's proposed data center campus to be located in the Airport Gateway Commerce Center on the corner of Route 234 and Cloverhill Drive, adjacent to the Manassas Regional Airport.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 asserts that while the Company has made significant progress constructing the Project since the Final Order, completion of the entire installation has been delayed due to scheduling complications beyond the Company's control.³ This delay is due to a delay in the date by which Unicorn needs the facilities to be energized.⁴ Specifically, Dominion Virginia Power states that, "Unicorn has revised its request for the Cloverhill Substation in-service date from July 2013 to the earliest possible date following [Unicorn's] site preparation and construction of facilities, estimated to take approximately 13-14 months in total."⁵

As such, Dominion Virginia Power requests that the construction and in-service date for the authorization granted in the Commission's December 21, 2011 Final Order be extended to July 1, 2014, primarily to permit the necessary site work and construction associated with the proposed Cloverhill Substation.⁶ The Company submits that the requested extension will not prejudice any person or party.⁷ The Commission received no objection to Dominion Virginia Power's request.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion Virginia Power's Motion for Extension of Construction and In-Service Date should be granted.

¹ Ex. 1 (Application) at 2.

² *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: Cannon Branch-Cloverhill 230 kV Transmission Line and Cloverhill Substation*, Case No. PUE-2011-00011, 2011 S.C.C. Ann. Rept. 428, 434, Final Order (Dec. 21, 2011).

³ *Id.* Specifically, Dominion Virginia Power represents that the expansion of its existing Cannon Branch Substation is approximately 20% complete and the schedule for construction of the 2.3-mile overhead transmission line (with the exception of the last span into the new Cloverhill Substation and the terminal at Cannon Branch Substation) remains on target to be completed by July 2013. *Motion* at 2, 3.

⁴ *Id.* at 2. Dominion Virginia Power also states that there has been an unforeseen delay in local permitting for the work at the Company's existing Cannon Branch Substation; however, the Company represents that the need to extend the in-service date is driven by the Cloverhill Substation site delay. *Id.* at 2, fn. 1.

⁵ *Id.* at 2. The Company further asserts that the 230 kV Liberty-Cloverhill transmission project recently approved by Final Order issued in Case No. PUE-2012-00065 (Apr. 17, 2013) connects to the Cloverhill Substation that is discussed herein. *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*, Case No. PUE-2012-00065, Doc. Con. Cen. No. 130430116, Final Order (Apr. 17, 2013). However, the Company states that it does not anticipate an extension will be required to meet the May 1, 2015 in-service date set forth in that Final Order. *Motion* at 3, fn. 2.

⁶ *Id.* at 3.

⁷ *Id.* at 4.

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 December 21, 2011 Final Order shall be revised to read as follows:

The transmission line and associated substation approved herein must be constructed and in service by July 1, 2014; however, the Company is granted leave to apply for an extension for good cause shown.

- (3) All other provisions of the Commission's December 21, 2011 Final Order shall remain unchanged.
- (4) This matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUE-2011-00039
APRIL 22, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Dooms – Brems 230 kV Transmission Line Rebuild

ORDER

By Order issued January 25, 2012 ("Final Order"), the State Corporation Commission granted authority to Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") to construct, entirely within existing right-of-way: (a) approximately nineteen miles of new single-circuit 230 kilovolt ("kV") electric transmission line to replace the corresponding portion of its existing 115 kV Line #39 (Dooms - Sherwood Line), from existing Dooms Substation in Augusta County to a point ("Sherwood Junction") approximately nineteen miles southeast of Dooms Substation where Line #39 turns northeast and continues to Sherwood Substation; and (b) approximately 23.7 miles of new 230 kV line, to replace the corresponding portion of its existing 115 kV Line #91 (Sherwood – Brems Line), from Sherwood Junction to existing Brems Substation in Fluvanna County (collectively, the "Project").¹

The Project is needed to maintain reliable service for the overall growth in the load area and for reliable service to the new delivery point requested by Central Virginia Electric Cooperative for service to an expanded natural gas compressor station in Fluvanna County.²

Ordering Paragraph (5) of the Final Order required that the approved Project be constructed and operational by June 2014, but provided that the Company is granted leave to apply for an extension for good cause shown.

On April 15, 2014, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, Dominion Virginia Power asserts that while the Company has made significant progress constructing the Project since the Final Order, the Project construction schedule has been impacted by difficulties in scheduling the needed line outages during winter 2013/14.³ Dominion Virginia Power also asserts that the mountainous terrain in the Project area has complicated the installation of foundations and delivery of materials.⁴ However, the Company represents that the need to extend the in-service date is driven principally by the National Park Service ("NPS") permit required for the work in proximity to Skyline Drive and the Appalachian Trail.⁵ Dominion Virginia Power initially anticipated a permit from NPS by November 2013. However, the Company represents that the permitting process is ongoing and that NPS has indicated to Dominion Virginia Power that it anticipates issuing a permit for the Project work by July 2014. The Company estimates that the remaining work can be completed within three months after receiving the NPS permit.⁶ Notwithstanding, the Company is requesting additional time in case the NPS permit is issued after July 2014 and in case the terrain causes further delays to the Project schedule.⁷

As such, Dominion Virginia Power requests that the construction and in-service date for the Project granted in the Commission's January 25, 2012 Final Order be extended from June 2014 to March 31, 2015.⁸ The Company submits that the requested extension will not prejudice any person or

¹ Ex. 2 at 2.

² Hearing Examiner's Report at 8-9; Ex. 8 at 16-18. Even in the absence of projected reliability standard violations, the Company indicated that the transmission lines are nearing the end of their useful life and would require major refurbishment or rebuild. Ex. 6 at 3-4.

³ Motion at 2.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at 2-3.

⁷ *Id.* at n. 1.

⁸ *Id.* at 3.

party.⁹ Dominion Virginia Power also states that 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.¹⁰

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion Virginia Power's Motion for Extension of Construction and In-Service Date should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (5) of the Commission's January 25, 2012 Final Order shall be revised to read as follows:

The Project approved herein must be constructed and operational by March 31, 2015, provided, however, the Company is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Commission's January 25, 2012 Final Order shall remain unchanged.

⁹ *Id.*

¹⁰ *Id.*

**CASE NO. PUE-2011-00116
JUNE 14, 2012**

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

ORDER

On October 21, 2011, Aqua Virginia, Inc. ("Aqua Virginia"); Aqua Virginia Water Utilities, Inc. ("Aqua Utilities");¹ Fox Run Water Co., Inc. ("Fox Run"); and Moseley-Nash Enterprises, Inc. ("Moseley-Nash"), the parent company of Fox Run (collectively, "Joint Petitioners"), filed a joint petition ("Joint Petition") with the State Corporation Commission ("Commission").

Pursuant to an Asset Purchase Agreement ("Agreement") dated August 19, 2011, Aqua Virginia has agreed to purchase the facilities listed in the Agreement that comprise the water systems served by Fox Run.² According to the Joint Petition, after approval of the transfer by the Commission and completion of the transfer, Aqua Utilities will be assigned the assets acquired in the transaction and will serve the customers of the Fox Run systems. Following the transfer, Fox Run will no longer provide any Virginia-based water services.³

According to the Joint Petition, Fox Run currently provides water service to approximately 1,130 customers spread across 28 separate water systems located in Dinwiddie, Mecklenburg, Brunswick, Sussex, and Greensville Counties in Virginia.⁴ Fox Run is a public utility regulated by the Commission pursuant to the Small Water or Sewer Public Utility Act and was granted Certificate of Public Convenience and Necessity ("CPCN") No. W-281(a) in 2000.⁵

¹ According to the Joint Petition, Aqua Utilities is a wholly owned subsidiary of Aqua Virginia and was organized to own the assets to be acquired in this transaction. The Joint Petition states that, after the acquisition, Aqua Utilities will be subject to regulation under the Small Water or Sewer Public Utility Act, Chapter 10.2:1 of Title 56 of the Code of Virginia ("Small Water or Sewer Public Utility Act"). Joint Petition at 4.

² *Id.* at 3, Ex. A.

³ *Id.* at 5-6. Fox Run will continue to operate its water systems based in North Carolina.

⁴ *Id.* at 2. According to the Joint Petition, Fox Run serves customers on the following water systems in Dinwiddie County: Chesdin Manor/River Road Farms and Stony Springs Subdivision. Fox Run serves customers on the following water systems in Mecklenburg County: Anchor Cove Subdivision/The Anchorage, Buckhead Subdivision, Cliffs on the Roanoke, Fox Run Subdivision/Champion Forest Shores, Great Creek Landing/Tudor Estates, Hawks Nest Point, Hicks Hill Subdivision, Holly Grove Estates/Brandon Cove, Joyceville Subdivision, Long Branch Shores, Merrymount Subdivision, Tanglewood Shores (Section A – Dog House 1), Tanglewood Shores (Section L – the Rock), Tanglewood Shores (Section N – Dog House 2), Tanglewood Shores (Section U), and Timbuctu Subdivision. Fox Run serves customers on the following water systems in Brunswick County: Brunswick Estates, Kennon House/Lake Gaston Colony, Lane View, Liberty Grove, Nottoway Acres, Pleasant Grove Estates, Siouan Shores, and Sunny Brook. Fox Run also serves customers in Sussex County on the McKenney Acres water system and in Greensville County on the Rolling Acres water system. *Id.*

⁵ *Application of Fox Run Water Company, Inc., For an amendment to Certificate of Public Convenience and Necessity No. W-281 to Include Water Service at Anchor Cove Subdivision, The Anchorage Subdivision, Joyceville Subdivision, Cliffs on the Roanoke, Waterman's Point Subdivision, Tanglewood Shores Golf & Country Club, and Rolling Acres Subdivision*, Case No. PUE-1999-00001, 2000 S.C.C. Ann. Rept. 424, Final Order (Jan. 18, 2000).

The Joint Petitioners request approval, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),⁶ to transfer utility assets from Fox Run and Moseley-Nash to Aqua Virginia and Aqua Utilities.⁷ In addition, the Joint Petitioners seek to transfer Fox Run's CPCN to Aqua Utilities and to add to the certificated service territory under the CPCN certain water systems not previously included in Fox Run's CPCN. The Joint Petitioners request that the transfer of the CPCN be granted pursuant to § 56-265.3 D of the Code.⁸

Finally, the Joint Petition requests approval of proposed rates for both metered and unmetered customers ("proposed rates"). According to the Joint Petition, the proposed rates will reflect the purchase price and the costs of improvements to the water systems based on a projection of the first year of operational expenses and capital investment. The Joint Petition states that the proposed rates would become effective, subject to refund, at the closing of the transaction, if approved by the Commission.⁹ The proposed rates are based on a projected revenue requirement of \$442,327.¹⁰ The Joint Petition sets forth the following proposed rates:¹¹

Flat Rate Customers: \$32.62/month
Metered Customers in Chesdin Manor:

Base Facility Charge: \$14.89/month
\$4.93/thousand gallons sold

The Joint Petition states that the Joint Petitioners' five-year capital improvement plan includes metering the unmetered systems in year two.¹² Specifically, the Joint Petitioners anticipate that

approximately \$1,358,635 in capital investment will be required for improvements in the first five years, to make substantial upgrades including uranium treatment for well 2 at Chesdin Manor, adding a well, storage tank, and filters for Holly Grove, adding well capacity for Fox Run...as well as other chlorination treatment and filter upgrades including those for Joyceville, as required by the Virginia waterworks regulations. Also included in these upgrades will be metering the systems with radio frequency ("RF") meters in each meter box, adding chlorination to all wells, replacing pressure tanks, painting and refurbishing steel tanks, repairing leaking pump station roof tops, making repairs to the pump station electrical controls, as well as other housekeeping and general maintenance improvements.¹³

On December 20, 2011, the Commission issued an Order for Notice and Comment ("Procedural Order") that docketed the matter as Case No. PUE-2011-00116 and established a procedural schedule to review the Joint Petition. We noted in the Procedural Order that because the Joint Petition seeks authorization of new rates coincident with the transfer of utility assets, the requested transfer of Fox Run's CPCN pursuant to § 56-265.3 D of the Code is not the appropriate authority to be considered for the Joint Petition. Rather, we found that the requested authorization should be considered under § 56-265.3 A of the Code for issuance of a new CPCN for Aqua Utilities.¹⁴

As provided for in the Procedural Order, approximately 117 comments were filed in this proceeding from individual customers and property or homeowners' associations. The majority of these comments objected to the level of the rate increase sought in this proceeding as well as service related issues, particularly water quality, from the current provider of water service.

On March 16, 2012, the Commission's Staff ("Staff") filed its Report in which Staff recommended that the Commission approve the proposed transfer of assets from Fox Run to Aqua Utilities and issue a CPCN to Aqua Utilities to provide service to all of the systems currently served by Fox Run if the Joint Petitioners satisfy the requirements set out in the Procedural Order. Staff noted that certain proposed capital investments to upgrade the Fox Run Systems are required by the Virginia Department of Health ("VDH") and that, according to the Joint Petitioners, collaboration on the proposed upgrades with the VDH has occurred and should address water quality issues and the VDH's concerns. Staff further recommended that the Commission's approval should be subject to the following requirements:

⁶ Va. Code § 56-88 *et seq.*

⁷ Joint Petition at 6-9.

⁸ *Id.* at 9-10. The Joint Petitioners also requested approval of an affiliates agreement between Aqua Virginia and Aqua Utilities, pursuant to Chapter 4, § 56-76 *et seq.*, of Title 56 of the Code. We approved the Joint Petitioners' request, subject to certain conditions, by Order dated January 19, 2012.

⁹ Joint Petition at 8-9.

¹⁰ Joint Petition at Exhibit B, Rate of Return Statement.

¹¹ *Id.* at Exhibit B, page 4.

¹² *Id.*

¹³ *Id.* at 7-8.

¹⁴ Accordingly, Ordering Paragraph (10) of the Procedural Order directed the Joint Petitioners to file, on or before March 30, 2012, with regard to Dinwiddie, Mecklenburg, Brunswick, Sussex, and Greensville Counties:

- (i) evidence that in each county no authority has been created for water or sewer service, (ii) evidence that a water company was in existence and furnishing water prior to the formation of the authority to provide water, or
- (iii) evidence that the Joint Petition has been approved by the governing body of the county.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- 1) Within thirty (30) days of completing the proposed transfer, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of the transfer, the actual sales price, and Aqua Utilities' accounting entries recording the transfer. Such accounting entries should be in accordance with the USOA.
- 2) Fox Run Water Co. and Moseley-Nash should be directed to provide all records related to the transferred Utility Assets at closing to Aqua Utilities, which should be directed to maintain them henceforth in accordance with the USOA.
- 3) Aqua Utilities should be allowed to implement its proposed rates on an interim basis subject to refund with interest upon the closing of the proposed transaction. Aqua Utilities should file with the Commission a balance sheet, income statement, a rate of return statement, and a federal tax return, if available, within ninety (90) days following the first full year of Aqua Utilities' ownership. Upon receiving the filing, Staff should plan and conduct an investigation of Aqua Utilities' cost of service and the reasonableness of its proposed rates and file a report summarizing its findings.
- 4) Fox Run's CPCN should be canceled upon the issuance of a CPCN to Aqua Utilities.
- 5) The Commission's Utility Transfers Act approval of the proposed transfer should have no ratemaking implications. In particular, the Commission's Utility Transfers Act approval should not guarantee recovery of any costs directly or indirectly related to the transfer.
- 6) The Commission should direct Aqua Utilities that:
 - a) The quality of service in the Fox Run service territory should not deteriorate due to a lack of maintenance or capital investment;
 - b) The quality of service in the Fox Run service territory should not deteriorate due to a reduction in the number of employees providing services; and
 - c) Aqua Utilities should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Aqua Utilities' timely response to Staff inquiries with regard to its provision of service in Virginia.¹⁵

On March 30, 2012, the Joint Petitioners filed their response to the Staff Report ("Response"). In their Response, the Joint Petitioners stated that, notwithstanding their compliance with the provisions of Ordering Paragraph (10) of the Procedural Order, they "[reserve] the right to object to provisions of future orders ruling that a petition shall be considered under Subsection A [of § 56-265.3 of the Code] rather than Subsection D [of § 56-265.3 of the Code], and imposing additional evidentiary requirements."¹⁶ The Joint Petitioners requested that the Commission "adopt the recommendations contained in the Staff Report, approve the proposed transfer and rate request, and grant such further and other relief as the Commission deems appropriate."¹⁷ On April 5, 2012, the Joint Petitioners filed Exhibit A to the Affidavit filed in support of their Response, which they stated was erroneously omitted from their Response filed on March 30, 2012.

NOW THE COMMISSION, upon consideration of this matter 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 the Joint Petitioners have satisfied the requirements of Ordering Paragraph (10) of the Procedural Order and that it is in the public interest to issue a CPCN to Aqua Utilities to provide service to all of the systems currently served by Fox Run. Finally, we find that Aqua Utilities should be allowed to implement its proposed metered and unmetered water rates as set out above on an interim basis, subject to refund with interest. Following a year of operation and the filing of data by Aqua Utilities, Staff should plan and conduct an investigation of Aqua Utilities' cost of service and the reasonableness of its proposed rates and file a report summarizing its findings.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Utility Transfers Act, the Joint Petitioners are hereby authorized to transfer the utility assets of Fox Run to Aqua Utilities subject to the following recommendations of the Staff:

a) Within thirty (30) 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 Aqua Utilities' accounting entries recording the transfer. Such accounting entries should be in accordance with the USOA.

b) Fox Run and Moseley-Nash shall provide all records related to the transferred utility assets at closing to Aqua Utilities, and Aqua Utilities shall maintain them henceforth in accordance with the USOA.

¹⁵ Staff Report at 11-12.

¹⁶ Response at 6.

¹⁷ *Id.*

c) Aqua Utilities may implement its proposed rates on an interim basis subject to refund with interest upon the closing of the proposed transaction. Aqua Utilities shall file with the Commission a balance sheet, income statement, a rate of return statement, and a federal tax return, if available, within ninety (90) days following the first full year of Aqua Utilities' ownership. Upon receiving the filing, Staff shall plan and conduct an investigation of Aqua Utilities' cost of service and the reasonableness of its proposed rates and file a report summarizing its findings.

d) The Commission's Utility Transfers Act approval of the proposed transfer shall have no ratemaking implications and shall not guarantee recovery of any costs directly or indirectly related to the transfer.

e) Aqua Utilities shall ensure that:

- 1) The quality of service in the Fox Run service territory shall not deteriorate due to a lack of maintenance or capital investment;
- 2) The quality of service in the Fox Run service territory shall not deteriorate due to a reduction in the number of employees providing services; and
- 3) Aqua Utilities shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Aqua Utilities' timely response to Staff inquiries with regard to its provision of service in Virginia.

(2) Pursuant to § 56-265.13:6 of the Code, a hearing is hereby ordered following the conclusion of Staff's investigation and the filing of Staff's report referred to in Ordering Paragraph (1)(c) to make a final determination on whether the interim rates authorized herein are just and reasonable. The date and manner of such hearing shall be determined by further order of the Commission.

(3) Pursuant to the Utility Facilities Act, Aqua Utilities is hereby granted CPCN W-328 to provide water utility service in the territory presently certificated to Fox Run and to provide service to all of the systems currently serviced by Fox Run. Fox Run's CPCN W-281(a) to provide water utility service shall be terminated.

(4) Aqua Utilities, upon completing the proposed transfer, shall promptly file its proposed tariffs and terms and conditions of service, in accordance with the findings above, with the Division of Energy Regulation. Contemporaneous with the filing of Aqua Utilities' tariffs, Fox Run shall cancel all tariffs and terms and conditions of service.

**CASE NO. PUE-2012-00029
MARCH 21, 2014**

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-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station

ORDER GRANTING RECONSIDERATION

On February 28, 2014, the State Corporation Commission ("Commission") issued its Order Amending Certificates in this proceeding. On March 20, 2014, BASF Corporation ("BASF") filed a petition for reconsideration or rehearing of the Order Amending Certificates ("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 BASF'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-2012-00029
APRIL 10, 2014**

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-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station

ORDER DENYING PETITION

On February 28, 2014, the State Corporation Commission ("Commission") issued its Order Amending Certificates in this proceeding. On March 20, 2014, respondent BASF Corporation ("BASF") filed a petition for reconsideration or rehearing of the Order Amending Certificates ("Petition").¹

By Order issued November 26, 2013 ("Certificate Order"), the Commission approved certificates of public convenience and necessity for Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") subject to requirements set forth therein. The Commission approved certificates for: (1) a 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"); (2) the Skiffes Creek Switching Station; (3) a 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 Wheaton Substation located in the City of Hampton ("Skiffes Creek-Wheaton Line"); and (4) additional facilities at the existing Surry Switching Station and Wheaton Substation (collectively, the "Certificated Project" or "Project").

In the Certificate Order, the Commission found, based on the record, that the Certificated Project is needed and will address significant reliability problems facing customers in the North Hampton Roads Area.² The Commission further found, based on the record, that the Project reasonably minimizes adverse impact on scenic assets, historic districts, and the environment of the area concerned, and otherwise satisfies the requirements of the Code of Virginia ("Code").³

For a limited portion of the Surry-Skiffes Creek Line, the Commission evaluated different tower alignments, including those identified as Variations 1 and 4.⁴ Travelling east from Surry County, the tower alignment for Variation 1 separates from Variation 4 at a point in the James River just offshore from Hog Island. From that point, Variation 1 initially takes a more northern route in the river, before angling back across, and travelling south of, Variation 4 for the remainder of the overhead river crossing. Whereas Variation 4 comes onshore near the northern, upriver boundary of BASF's property, Variation 1 comes onshore further downriver on this property. The tower alignment for Variation 1 joins back together on BASF Drive.

In the Certificate Order, the Commission approved Variation 4 based, in part, on the sworn testimony of James City County's economic development director, who testified in April 2013 that the James City County Economic Development Authority ("EDA") was committed to negotiating with Dominion a right-of-way agreement necessary for Variation 4.⁵ On December 16, 2013, however, Dominion petitioned the Commission for reconsideration or rehearing of the Commission's approval of Variation 4. In its petition, Dominion alleged – and evidence subsequently established – that Variation 4 cannot be constructed because the EDA did not honor its prior commitment to negotiate with Dominion a right-of-way agreement necessary for Variation 4.⁶

Dominion's petition also introduced a conceptual variation of the Surry-Skiffes Creek Line that ultimately became known as Variation 4.1. Like Variations 1 and 4, Variation 4.1 involves an overhead crossing of the James River and BASF's adjacent property. On BASF's property, portions of Variation 4.1 would travel south of Variation 4, but north of Variation 1. To avoid EDA's property in this manner would, among other things, require additional right-of-way from Colonial Penniman, LLC, another owner of property in this industrial area of James City County.⁷

On January 30, 2014, a hearing was convened for the limited purpose of determining: (1) "whether all necessary right-of-way agreements for Variation 4 were completed ... such that Dominion [would] be able to implement Variation 4"; and (2) if not, "what other variation (such as Variation 1 or [Variation 4.1]) should be approved under the statute for this limited portion of the route."⁸ In the Order Amending Certificates, the Commission approved

¹ On March 21, 2014, the Commission issued an Order Granting Reconsideration to consider BASF's Petition.

² See, e.g., Certificate Order at 11-12, 19-24, 45-47. Specifically, the "North Hampton Roads Area" refers, for purposes of this proceeding, to 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. *Id.* at 12.

³ See, e.g., Certificate Order at 6-7, 47-52, 56.

⁴ Although not discussed herein, the Commission also evaluated many alternatives to the Certificated Project. See, e.g., Certificate Order at 23-45. BASF did not assert such alternatives are relevant to its Petition.

⁵ Certificate Order at 56-57. Dominion has indicated that the Company does not have the legal authority to exercise eminent domain over the property of the EDA.

⁶ Order Amending Certificates at 8-9.

⁷ Ex. 136; Ex. 137.

⁸ January 7, 2014 Order at 5.

Variation 1 after finding that it "is the best alternative to Variation 4, is preferable to Variations 4.1 and 4.2,⁹ and continues to satisfy the requirements of the Code."¹⁰

In its Petition, BASF asks the Commission "to reconsider its Order Amending Certificates ..., to schedule a hearing to take further evidence or hear argument if necessary, and to further amend the certificates granted to Dominion in this matter to make Variation 4.1 the approved route across the James River and over BASF's property."¹¹

NOW THE COMMISSION, upon consideration hereof, finds that BASF's Petition should be, and hereby is, denied. The Petition essentially reasserts arguments and cites record evidence that the Commission has already considered and fully evaluated. Unlike Dominion's prior petition in this proceeding, BASF's Petition alleges no new circumstances that warrant rehearing or further reconsideration.

Reliable electric service in 14 counties and seven cities of the Commonwealth will be jeopardized if the Certificated Project is not constructed in time to address violations of North American Electric Reliability Corporation ("NERC") standards projected to occur throughout the North Hampton Roads Area as early as 2015.¹² The areas of the Commonwealth that are at risk include James City County, where the relevant property owned by BASF is located.

As discussed in the Order Amending Certificates, the Commission determined, based on the record, that Variation 1 allows Dominion to: "(1) reasonably minimize adverse environmental impacts, including impacts to historic resources and scenic assets; (2) cross the James River with less visual impact to Carter's Grove and Kingsmill, among other properties in the area; (3) bypass the EDA property that has obstructed Variation 4; and (4) address significant reliability risks to the North Hampton Roads Area in a timely manner."¹³

BASF petitions the Commission, among other things, to "reconsider the likelihood of several different construction schedule scenarios."¹⁴ In doing so, BASF's Petition repeats evidence regarding estimated construction schedules that the Commission previously considered before issuing the Order Amending Certificates.¹⁵ Rather than supporting BASF's requested approval of Variation 4.1, however, this evidence supports Variation 1 and underscores that the window for Dominion to address upcoming NERC reliability violations is closing.

Upon consideration of all relevant evidence, the Order Amending Certificates found that Variation 1 presents significantly less construction schedule risk than Variation 4.1.¹⁶ The Commission further found that approval of Variation 4.1 would present customers with an unreasonable risk that the Certificated Project would not be constructed before widespread reliability violations are projected to occur in the North Hampton Roads Area.¹⁷ The record, including evidence cited in BASF's Petition, continues to support these findings by the Commission. For example, the estimated construction schedule for Variation 1 can accommodate an environmental impact statement ("EIS") process, if one is initiated by the U.S. Army Corps of Engineers ("Army Corps"),¹⁸ and also leave some time remaining for other potential construction delays.¹⁹ In contrast, the evidence indicates that, had the Order Amending Certificates instead approved Variation 4.1, only a single event – an EIS or an event of comparable duration – would make timely construction of the Certificated Project unlikely.²⁰

BASF's Petition asks the Commission to consider a construction schedule scenario entitled "Variation 4.1 Refile."²¹ This scenario, however, simply uses intervals presented in evidence already considered by the Commission to present one of many other possible scenarios.²² The Commission does not find that BASF's scenario and arguments modify the Commission's prior conclusions, including that "while there is no absolute schedule certainty for

⁹ Variation 4.2 is another route variation that BASF once recommended. BASF's Petition indicates that BASF is no longer requesting approval of Variation 4.2, and therefore further discussion herein of this variation is unnecessary. Petition at 2, n.3.

¹⁰ Order Amending Certificates at 15. Many issues that were resolved in the Certificate Order – including the reliability need in the North Hampton Roads Area, the Commission's approvals of the Skiffes Creek-Wheaton Line, the Skiffes Creek Switching Station, and for the majority of the route for the Surry-Skiffes Creek Line – were beyond the scope of the Order Amending Certificates.

¹¹ Petition at 15.

¹² See, e.g., Certificate Order at 11-12, 19-24, 45-47.

¹³ *Id.* at 15-16.

¹⁴ Petition at 13.

¹⁵ *Id.* at 11-15.

¹⁶ Order Amending Certificates at 9-15.

¹⁷ *Id.* at 16.

¹⁸ The record indicates that the Army Corps has not yet determined whether an EIS will be required for the Certificated Project, but that such a process would add approximately one additional year to Dominion's estimated construction schedule. See, e.g., Tr. 1920-21.

¹⁹ Ex. 138; Order Amending Certificates at 10-14, 16; Petition at 14-15.

²⁰ Ex. 138; Tr. 1920-21; Petition at 14-15.

²¹ Petition at 14-15.

²² *Id.* at 14, n.43.

any route, approval of Variation 4.1...would present for customers in the North Hampton Roads Area an increased and unreasonable risk, as compared to Variation 1, that the Certificate Project would not be constructed in time to ensure reliable service to those customers."²³

BASF asserts that the Code "does not provide that if the Commission finds that the line is needed, it may select a route from among those that are offered, even if that route does not reasonably minimize adverse impacts."²⁴ In the Certificate Order, however, the Commission agreed with the Hearing Examiner's analysis of the various James River crossing variations.²⁵ The Hearing Examiner's analysis with which the Commission agreed included his finding that the Certificated Project, regardless of which variation for the Surry-Skiffes Creek Line is used, reasonably minimizes the adverse impacts on the scenic assets, historic districts, and environment and otherwise satisfies the Code.²⁶ After evidence established that Variation 4 cannot be constructed, the Order Amending Certificates found that the Certificated Project, using Variation 1, is the best option for Dominion to address significant upcoming NERC reliability violations in the North Hampton Roads Area and found that the Certificated Project, using Variation 1, continues to reasonably minimize adverse impact on the scenic assets, historic districts, and the environment, and otherwise satisfies the requirements of the Code.²⁷

In determining what the public convenience and necessity require, the Certificate Order and the Order Amending Certificates evaluated many considerations, as required by the Code. The Commission considered the entire area affected by the Certificate Project of which BASF's property is only a portion thereof. This Order Denying Petition, however, only addresses BASF's Petition, which focuses more narrowly on the potential impacts of the portion of the Certificated Project that must cross BASF's property.

BASF's Petition asserts that locating a single transmission tower and associated right-of-way in what is referred to as "Area 4C" of BASF's property could negatively affect ongoing environmental remediation efforts. We have considered all of the arguments and evidence presented by BASF, including its remediation plan. BASF does not assert that remediation will be impossible with Variation 1, but that an alternate remedy will need to be developed.²⁸ In addition, the environmental remediation evidence presented again in BASF's Petition was disputed by other record evidence.²⁹ For example, the Commission considered testimony and other record evidence that: (1) BASF "can probably work through" and "would work with Dominion to resolve" the location of the tower in Area 4C;³⁰ (2) Dominion is similarly willing and able to work with BASF on the tower's location;³¹ (3) the Company's selection of pipe piles to install the tower in Area 4C will reduce soil permeability and seal any annular space created during installation;³² (4) the only tower in Area 4C will not be located on the capped landfill, which can be easily spanned by Variation 1;³³ (5) although trees of a certain height are incompatible with safety and reliability requirements for the operation and maintenance of the Certificated Project, lower growing vegetation can also be used for phytoremediation in Area 4C and are not incompatible with such safety and reliability requirements;³⁴ (6) further planned phytoremediation on BASF's property is one of many components of a remediation strategy that has evolved over many years;³⁵ and (7) environmental remediation efforts are also continuing on Colonial Penniman's "Truswood" property, through which BASF's recommended Variation 4.1 would cross.³⁶

The Commission weighed all relevant record evidence – including, but not limited to, the evidence specifically identified herein and in BASF's Petition – and found that the Certificated Project will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned. The Petition's arguments regarding the impacts of Variation 1 are substantially similar to arguments that the Commission has previously considered. Based on the record, the Commission did not find in the Certificate Order or the Order Amending Certificates – and does not find in this Order Denying Petition – that the Certificated Project's impacts specifically on BASF's property will be unreasonable or that such impacts will not be reasonably minimized. To the contrary, the Commission continues to find, based on the record, that the Certificated Project will reasonably minimize adverse environmental impacts, including impacts on BASF's property.

Additionally, to address potential impacts on BASF's property, the Commission approved several conditions for crossing BASF's property.³⁷ These conditions, among other things, require Dominion to: (1) use galvanized steel monopoles for crossing the BASF property; (2) maintain the tree buffer

²³ Order Amending Certificates at 16.

²⁴ Petition at 12.

²⁵ Certificate Order at 56.

²⁶ *Id.* at 6-7, 56. As simply stated in the January 7, 2014 Order in this proceeding, "[t]he evidence in this case supported more than one variation for this portion of the route." January 7, 2014 Order at 4.

²⁷ Order Amending Certificates at 17-18.

²⁸ Petition at 6-7.

²⁹ *See, e.g.*, Ex. 93 at 23-26, Rebuttal Schedule 5; Ex. 124 at 15-20; Ex. 127; Ex. 128; Tr. 1805-20.

³⁰ Tr. 558-59.

³¹ Ex. 127 at 3; Tr. 1807-08.

³² Ex. 127 at 3-6.

³³ *See, e.g.*, Ex. 93 at 23-24, Rebuttal Schedule 5; Ex. 127 at 3; Ex. 124 at 16.

³⁴ *See, e.g.*, Ex. 128; Tr. 1808, 1813-25.

³⁵ Ex. 48 at 3-7.

³⁶ *See, e.g.*, Tr. 568; Ex. 48 at 5; Ex. 136; Ex. 137.

³⁷ Certificate Order at 7-8, 58; Order Amending Certificates at 18.

along BASF Drive by only expanding Dominion's existing right-of-way to the west; and (3) carefully coordinate with BASF, DEQ, and the EPA regarding any construction activity in proximity to remediation areas.³⁸ The Order Amending Certificates further encouraged Dominion to consult with BASF in seeking to address, to the extent practicable, the impact on BASF's property in implementing Variation 1.³⁹

In conclusion, we find that the Petition provides no new arguments or evidence that warrant rehearing or further reconsideration.

Accordingly, IT IS SO ORDERED and this case shall continue to remain open until the Certificated Project is in-service.

³⁸ *Id.*

³⁹ Order Amending Certificates at 18.

**CASE NO. PUE-2012-00031
APRIL 28, 2014**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

2011 Annual Informational Filing

FINAL ORDER

On March 16, 2012, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to 20 VAC 5-201-10 E of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC-5-201-10 *et seq.*, ("AIF Rules") and § 12.1-12 of the Code of Virginia, a request for waiver from certain filing requirements in the AIF Rules and 5 VAC 5-20-150 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, in connection with KU/ODP's Annual Information Filing ("AIF") for calendar year 2011. An Order Granting Waiver was entered by the Commission on March 23, 2012.

On April 27, 2012, KU/ODP filed its AIF for calendar year 2011. The Company's AIF consisted of financial and operating data for the 12 months ending December 31, 2011. The Company's filed adjusted rate of return showed jurisdictional returns of 6.44% on rate base and 8.73% on equity. As filed, the Company's jurisdictional returns were below the authorized rate of return on equity ("ROE") range of 9.50% - 10.50% approved by the Commission in Case No. PUE-2011-00013.¹

On August 31, 2012, the Staff of the Commission ("Staff") filed a Staff Report containing financial review and accounting analysis of the Company's AIF for 2011. The Staff reported that KU/ODP's fully adjusted rate of return statement reflects 6.43% return on rate base and a 8.70% ROE. As this was below authorized ROE range, the Staff recommended that no action be taken with regard to KU/ODP's base rates. Staff's calculations were based, in part, on certain adjustments that the Staff recommended that KU/ODP make going forward and in preparation for the Company's next rate case or AIF.

On December 19, 2012, KU/ODP filed its response to the Staff Report stating, in part, that it agreed with most, but not all, of the actions that the Staff recommended that the Company undertake prior to its next rate case or AIF.

KU/ODP filed an application for an increase in rates on April 1, 2013. The application was docketed as Case No. PUE-2013-00013. A Final Order was issued on November 5, 2013, approving and adopting a stipulation entered into by KU/ODP and the Staff containing a "black box settlement" through which a revenue requirement was determined, and rates were set, without a specific determination on adjustments or ratemaking methodologies at issue in the rate case.²

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that there is nothing further to be done in this proceeding, and that the case should be closed.

Accordingly, IT IS ORDERED THAT this case shall be and 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.

¹ *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For an adjustment of electric base rates*, Case No. PUE-2011-00013, 2011 S.C.C. Rept. 434, Order on Stipulation (Oct. 12, 2011).

² *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For a general rate increase*, Case No. PUE-2013-00013, Final Order (Nov. 25, 2013).

**CASE NO. PUE-2012-00043
NOVEMBER 10, 2014**

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

ORDER CLOSING PROCEEDING

On May 10, 2012, the State Corporation Commission ("Commission") issued an Order Initiating Proceeding ("Order") to consider whether the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules" or "Rules")¹ applicable to rate proceedings conducted under the Virginia Electric Utility Regulation Act ("Regulation Act")² should be revised. The Order, among other things, directed the Commission's Division of Information Resources to provide public notice of the Commission's decision to initiate this rulemaking by publishing notice in newspapers of general circulation throughout the Commonwealth of Virginia and giving interested parties an opportunity to file comments proposing amendments or revisions to the Rate Case Rules.

Comments were filed by Virginia Electric and Power Company, Appalachian Power Company, and the Staff of the Commission.

NOW THE COMMISSION, having considered the comments, the current Rate Case Rules, the applicable law, and changes to the Code of Virginia since the last general revision of the Rate Case Rules, is of the opinion, and finds, that this proceeding should be closed and a new proceeding should be initiated in the future if necessary to consider revisions to the Rate Case Rules that are applicable to all utilities subject to the Rules. This action is preferable to having two rulemakings to amend the Rate Case Rules, one to address the Rules applicable to electric utilities subject to the Regulation Act and another separate rulemaking for all other utilities subject to the Rate Case Rules.

Accordingly, IT IS ORDERED THAT this proceeding is closed and the papers herein placed in the Commission's file for ended causes.

¹ 20 VAC 5-201-10 *et seq.*

² § 56-576 *et seq.* of the Code of Virginia

**CASE NO. PUE-2012-00103
MAY 19, 2014**

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 May 14, 2012, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), Virginia Power Services Energy Corp., Inc. ("VPSE"), and Virginia Power Energy Marketing, Inc. ("VPEM"), filed an application with the State Corporation Commission ("Commission"), which was docketed as Case No. PUE-2012-00060,¹ pursuant to Chapter 4 of Title 56 of the Code of Virginia² and Ordering Paragraph (10) of the Commission's March 9, 2011 Order Granting Approval in Case No. PUE-2010-00144.³ In its application in that proceeding, Dominion Virginia Power requested approval of certain revised affiliate agreements governing the provision of fuel services and related affiliate transactions. More specifically, Dominion Virginia Power requested approval to implement a revised Fuel Management Agreement with VPSE.

Along with its application in Case No. PUE-2012-00060, Dominion Virginia Power also submitted two revised agreements to provide what the Company characterized as greater transparency in how the revised Fuel Management Agreement would operate: (1) a revised Fuel Agency and Service Agreement exclusively for natural gas transactions between VPSE and VPEM; and (2) a revised Fuel Agency and Service Agreement exclusively for oil transactions between VPSE and VPEM (collectively, the "Fuel Agency and Procurement Agreements"). The Company stated that the parties were not seeking approval of these Fuel Agency and Procurement Agreements in Case No. PUE-2012-00060 because neither VPSE nor VPEM is a public service company and, therefore, Commission approval is not explicitly required under the Affiliates Act.

In an Action Brief filed in Case No. PUE-2012-00060, the Commission's Staff ("Staff") expressed concerns regarding Dominion Virginia Power's fuel procurement arrangement with its affiliates. In its August 13, 2012 Order Granting Approval in that proceeding, the Commission found that the revised Fuel Management Agreement appeared to be in the public interest and should therefore be approved for a two-year period, subject to certain requirements.

¹ *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc. and Virginia Power Energy Marketing, Inc., For approval of revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00060, Doc. Con. Cen. No. 120520209, Application (May 14, 2012).

² Va. Code § 56-76 *et seq.* ("Affiliates Act").

³ *Application of Virginia Electric and Power Company and Dominion Resources Services, Inc., For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00144, 2011 S.C.C. Ann. Rep. 410, Order Granting Approval (Mar. 9, 2011).

However, the Commission further stated, "We share the concerns expressed by both the Staff and the [parties to the proceeding] regarding the transparency of transactions under this structure. Therefore, we will initiate a separate docket to investigate the reasonableness of the structure proposed by [the Company, VPSE, and VPEM]."⁴

On November 16, 2012, the Commission issued an Order Establishing Proceeding in the present proceeding to investigate the fuel procurement arrangements between Dominion Virginia Power and its affiliates. Specifically, the Commission sought information on the Company's fuel procurement arrangements with VPSE and 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 [Staff] regarding the transparency of natural gas transactions involving VPEM, VPSE, and the Company."⁵ According to the Company, while VPEM would continue to procure natural gas to meet the needs of the Company and other affiliates, it would no longer engage in the sale of natural gas to unaffiliated third-party market participants ("New Procurement Approach").⁶

As a result of the August 21, 2013 Correspondence, the Commission issued an Order directing Dominion Virginia Power to provide certain fuel inventory and expense data related to its oil and natural gas procurements from VPSE and VPEM, and directing Staff to investigate the affiliate structure between the Company, VPEM, and VPSE, including the New Procurement Approach, audit related costs, and file a Staff report ("Report") providing the results of its audit and investigation.

On April 2, 2014, Staff filed its Report. In the Report, Staff found that the New Procurement Approach provides for greater transparency in the pricing of natural gas procurements made by VPEM on VPSE's behalf. Staff also found, based on its audit, that VPSE's oil and natural gas commodity procurements under the New Procurement Approach are priced at the lower of cost or market.⁷

However, Staff still has some concerns regarding the affiliate structure between VPEM, VPSE, and the Company, as well as some concerns regarding the costs billed to the Company via a variable service charge for natural gas, which Staff believes should be addressed in the next Affiliates Act filing in which the Company requests approval of its fuel procurement arrangements. More specifically, Staff believes that Dominion Virginia Power's application in its next relevant Affiliates Act proceeding should discuss: (i) any proposals and requests for approval related to ensuring full Commission oversight and approval of the entirety of the affiliate arrangements among the Company, VPSE, VPEM, and other Dominion Resources, Inc. ("DRI"), affiliates, such as Dominion Transmission, Inc. ("DTI"), and Dominion Cove Point Pipeline ("Cove Point"), and (ii) a revised methodology for allocating indirect charges through the natural gas variable service charge that addresses the concerns related to the natural gas variable service charge addressed by Staff in its Report.⁸

On April 21, 2014, Dominion Virginia Power filed comments to Staff's Report ("Comments"). In its Comments, the Company stated that it agrees with the results of Staff's audit that the natural gas and oil commodity costs billed to Dominion Virginia Power by VPSE and VPEM satisfy the lower of cost or market standard. The Company further stated that it recognized that Staff continues to have some concerns regarding certain components of the variable service charge billed to VPSE by VPEM, as well as concerns regarding the affiliate structure between VPEM, VPSE, and the Company, and concerns with the affiliate structure between VPSE and other DRI affiliates. The Company agreed that Staff's concerns are properly addressed in Dominion Virginia Power's next application for approval of revised fuel procurement agreements.⁹

The Company agreed with Staff that the current methodology used to develop the variable service charge billed to VPSE by VPEM should be reviewed to ensure that VPSE is paying the appropriate level of indirect charges through the variable service charge.¹⁰ Further, in an attempt to address Staff's concerns related to the affiliate structure between VPEM, VPSE, and the Company, Dominion Virginia Power noted that it intends to propose in its next relevant Affiliates Act application the execution of a new Umbrella Agreement between Dominion Virginia Power, VPSE, and VPEM, which would formally acknowledge that the Fuel Agency and Procurement Agreements are part of an arrangement subject to Commission approval and oversight under the Affiliates Act.¹¹ However, the Company believes that any concerns Staff may have regarding the affiliate structure between VPSE and other DRI affiliates such as DTI and Cove Point are unfounded, and that these agreements between VPSE and other DRI affiliates are federally regulated and therefore contain sufficient safeguards and protections and do not warrant, or allow for, similar treatment as the Fuel Agency and Procurement Agreements between VPSE and VPEM.¹²

⁴ *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of a Revised Affiliate Fuel Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00060, 2012 S.C.C. Ann. Rept. 467, Order Granting Approval (Aug. 13, 2012).

⁵ August 21, 2013 Correspondence at 1.

⁶ *Id.* at 2.

⁷ See Report at 26.

⁸ *Id.*

⁹ See Comments at 1-2.

¹⁰ *Id.* at 8-10.

¹¹ *Id.* at 5-7.

¹² *Id.* at 10-13.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the New Procurement Approach appears to provide for greater transparency in the pricing of natural gas procurements made by VPSEM on VPSE's behalf, and that under the New Procurement Approach, the pricing of VPSE's oil and natural gas commodity procurements is at the lower of cost or market.

The Commission also finds that the concerns raised by Staff in its Report should be addressed in the next Affiliates Act filing in which the Company requests approval of its fuel procurement arrangements. More specifically, in that future proceeding, the Company shall include in its application: (i) a proposal for the execution of a new Umbrella Agreement between Dominion Virginia Power, VPSE, and VPSEM, as well as any other viable alternative proposals that would formally make the Fuel Agency and Procurement Agreements part of an arrangement under the Affiliates Act; (ii) a discussion of whether the affiliate structure between VPSE and other DRI affiliates, such as DTI and Cove Point, is subject to the Affiliates Act, and, if the Company does not believe the affiliate structure is subject to the Affiliates Act, a detailed explanation as to why, unlike the Company's proposed treatment of the Fuel Agency and Procurement Agreements, these arrangements are not subject to Commission review; (iii) a revised methodology for allocating indirect charges through the natural gas variable service charge that addresses the concerns related to the natural gas variable service charge addressed by Staff in its Report; and (iv) an evaluation of the service charge to VPSE for VPSEM's procurement of oil, and a revised methodology for allocating such charges to Dominion Virginia Power, if appropriate.

Accordingly, IT IS ORDERED THAT:

- (1) The New Procurement Approach appears to be reasonable.
- (2) The next Affiliates Act filing in which the Company requests approval of its fuel procurement arrangements shall include the information discussed herein.
- (3) This case is dismissed.

**CASE NO. PUE-2012-00125
APRIL 18, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to issue promissory notes

DISMISSAL ORDER

By Order dated December 3, 2012, Appalachian Power Company ("APCo" or the "Company") was granted authority to issue and sell up to \$350,000,000 of secured or unsecured promissory notes ("Notes") from time to time through December 31, 2013. The Company was further granted authority under Chapter 4 of Title 56 of the Code of Virginia, to the extent necessary, to issue the Notes as Trust Preferred Securities through special purpose entity affiliates. In association with the underlying Notes, APCo was authorized to enter into hedging agreements up to the aggregate notional amount of \$350,000,000 for the Notes. APCo further requested and received authority to enter into various Interest Rate Management Agreements up to an aggregate notional amount not to exceed 25% of APCo's total outstanding debt obligations. All of the authority granted extended through the period ending December 31, 2013.

APCo filed a Final Report of Action on April 8, 2014. This report stated that no securities were issued by APCo pursuant to the authority by the Commission Order dated December 3, 2012, in this case.

In consideration whereby, IT IS ORDERED that, there appearing nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2012-00137
MARCH 17, 2014**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
AGL RESOURCES INC., AND
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

DISMISSAL ORDER

By Order Granting Authority dated December 7, 2012, Virginia Natural Gas, Inc. ("VNG" or the "Company"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") were granted authority for VNG to: (i) issue up to \$150 million of short-term debt through participation in the AGLR Utility Money Pool ("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 the period ending December 31, 2013.

VNG filed interim reports of action during the period of authority and a final report on February 28, 2014. According to the information provided by VNG in its interim and final reports, the Company's short-term borrowings from the Money Pool were all within the limit of authority granted. Of the long-term debt authorized, VNG reported the issuance of \$5,024,885 on December 31, 2013, at a rate of 5.01%. The debt issued has a maturity date of December 31, 2021. VNG reported that proceeds from the long-term debt issued were used to reduce short-term money pool borrowings and to reduce

equity by \$786,527 through the purchase of treasury stock. The Company stated that such actions were taken to align VNG's target capitalization ratios with the consolidated AGLR capital structure used for ratemaking purposes.

NOW THE COMMISSION, upon consideration of the Company's interim and final reports, is of the opinion and finds that there appears to be nothing further to be done in this matter.

Accordingly, IT IS ORDERED THAT this matter is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2013-00004
APRIL 28, 2014**

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

ORDER

By Final Order issued August 15, 2013 ("Final Order"), 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 a new 500 kilovolt ("kV") switching station ("Goose Creek Switching Station") and a new 500 kV transmission line in Loudoun County, and 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 Switching Station (collectively, the "Project").¹

Ordering Paragraph (5) of the Final Order required that the approved Project be constructed and in service by June 1, 2014, but provided that the Company is granted leave to apply for an extension for good cause shown.

On April 15, 2014, Dominion Virginia Power filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, the Company requests an extension from June 1, 2014, to February 1, 2015, for the construction and in-service date for the Project. Dominion Virginia Power asserts that while it has made progress constructing the Project since the Final Order, completion of the Project has been delayed by scheduling complications related to the acquisition and permitting of the Goose Creek Switching Station property. According to the Company, acquisition of the parcel for the switching station was complicated by a complex chain of title, and Loudoun County did not allow the Company to file its site plan until the property was acquired because the acquisition impacted the location of a service road.²

The Company estimates that the Project can be completed by December 1, 2014, but requests in its Motion that the construction and in-service date be extended to February 1, 2015, in case further unavoidable delays occur.³

The Company submits that the requested extension will not prejudice any person or party. The Company also states that Staff, the only other participant in this proceeding, has permitted the Company to represent that it does not object to the Company's requested extension.⁴

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion Virginia Power's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Ordering Paragraph (5) of the Commission's August 15, 2013 Final Order shall be revised to read as follows:

The transmission line and associated substation work approved herein must be constructed and in service by February 1, 2015, provided, however, the Company is granted leave to apply for an extension for good cause shown.

- (2) All other provisions of the Commission's August 15, 2013 Final Order shall remain unchanged.

¹ During the course of this proceeding, PJM Interconnection, L.L.C., redesignated the proposed Pleasant View South Switching Station as the Goose Creek Switching Station.

² Motion at 2-3.

³ *Id.*

⁴ *Id.* at 3.

**CASE NO. PUE-2013-00022
FEBRUARY 21, 2014**

APPLICATION OF
AQUA VIRGINIA UTILITIES, INC.

For an increase in rates and fees

FINAL ORDER

On or about March 1, 2013, Aqua Virginia Utilities, Inc. ("Aqua Virginia" or "Company"), notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates and fees effective for service rendered on and after April 15, 2013, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code of Virginia.

The Commission's Division of Energy Regulation ("Division") received letters opposing the proposed rate increase and requesting that the Commission fully review the proposed rate increase and proposed rate design. The number of customers objecting to the proposed rate increase represented more than 25% 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%.

On June 11, 2013, the Commission issued an Order for Notice and Hearing that, among other things, scheduled an evidentiary hearing for October 10, 2013; established a procedural schedule for the parties to file testimony and exhibits; directed the Company to provide notice to its customers of the proposed rates and the scheduled evidentiary hearing; and assigned the matter to a Hearing Examiner to conduct all further proceedings.

Numerous public comments were received opposing the proposed increase in rates. No one filed a notice of participation in this proceeding.

On October 10, 2013, the public hearing was convened in this proceeding, as scheduled. The Company and the Staff of the Commission ("Staff") appeared at the hearing, represented by counsel. Two public witnesses appeared at the hearing and provided testimony in opposition to the proposed rate increase. Counsel for the Company and the Staff presented a stipulation resolving all of the issues between them to the tribunal ("Stipulation"). Among other things, the Company and Staff agreed to specific terms regarding the Company's additional annual revenues,¹ rate design, authorized return on equity ("ROE"),² and other terms related to the Company's rates and accounting adjustments recommended by Staff in its testimony filed on September 20, 2013.

On February 6, 2014, Hearing Examiner Howard P. Anderson, Jr., issued his report, finding that based upon the Application, the evidence contained in the record, and the Stipulation, the Stipulation and exhibits attached thereto represent a fair and just resolution of the case and should be accepted. The Hearing Examiner recommended that the Commission enter an order accepting the Stipulation and dismissing the case from the Commission's active docket of cases and passing the papers therein to the file for ended causes.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that it should adopt the Stipulation and approve the rates provided for in the Stipulation. Accordingly, we find that the Company's ROE should be 9.75% for ratemaking purposes.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 6, 2014 Hearing Examiner's 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 hereby is authorized to make the rates approved herein final, consistent with the Stipulation.
- (4) Aqua Virginia shall implement the Staff's accounting and recordkeeping recommendations as set forth in the Stipulation and pre-filed testimony of Staff.
- (5) The Company forthwith shall 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 Division 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>.
- (6) This matter is dismissed.

¹ The Company and Staff agreed to an incremental revenue requirement of \$93,199. See Exhibit No. 2, at 2.

² The Company and Staff agreed that the ROE applicable to the Company's base rates should be 9.75% and that the overall cost of capital should be 7.242% as recently authorized by the Commission for the parent company. See *Application of Aqua Virginia, Inc., and Sydnor Hydrodynamics, Inc., For an increase in water and sewer rates*, Case No. PUE-2011-00099, Final Order (April 17, 2013).

CASE NO. PUE-2013-00022
MARCH 14, 2014

APPLICATION OF
AQUA VIRGINIA UTILITIES, INC.

For an increase in rates and fees

ORDER

On or about March 1, 2013, Aqua Virginia Utilities, Inc. ("Aqua Virginia" or "Company"), notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates and fees effective for service rendered on and after April 15, 2013, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code of Virginia.

On April 11, 2013, the Commission issued a 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 ("Interim Rates"); and requiring the Company to file certain financial information based on the Company's proposed test year.

On June 11, 2013, the Commission issued an Order for Notice and Hearing that, among other things, scheduled an evidentiary hearing for October 10, 2013; established a procedural schedule for the parties to file testimony and exhibits; directed the Company to provide notice to its customers of the proposed rates and the scheduled evidentiary hearing; and assigned the matter to a Hearing Examiner to conduct all further proceedings.

On October 10, 2013, the public hearing was convened in this proceeding, as scheduled. Counsel for the Company and the Staff presented a stipulation resolving all of the issues between them to the tribunal ("Stipulation"). The rates agreed to in the Stipulation ("Stipulated Rates") differed from the Interim Rates in that a usage charge for residential customers contained in the Stipulated Rates ("Usage Charge") was \$11.15, whereas the Interim Rates Usage Charge was \$10.57.

On February 6, 2014, Hearing Examiner Howard P. Anderson, Jr., issued his report, finding that based upon the Application, the evidence contained in the record, and the Stipulation, the Stipulation and exhibits attached thereto represent a fair and just resolution of the case and should be accepted. The Hearing Examiner recommended that the Commission enter an order accepting the Stipulation and dismissing the case from the Commission's active docket. On February 21, 2014, the Commission entered its Final Order in this proceeding adopting the Stipulation and approving the rates provided for therein ("Final Order").

On March 14, 2014, the Company filed a Motion ("Motion") stating that it has determined "that it does not need and does not wish to implement the Usage Charge approved in the Stipulated Rates and desires instead to implement the Usage Charge contained in the Interim Rates."¹ In its Motion, the Company requested that the Commission modify its Final Order to "authorize the Company to implement the Interim Rates."² The Company stated in its Motion that the Commission Staff advised that it does not object to the relief requested therein.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Motion is properly treated as a petition for reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure ("Commission's Rules") and requires further consideration. Rule 220 of the Commission's Rules provides that "[e]xcept 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." Accordingly, good cause having been shown, we continue the Commission's jurisdiction over this matter solely for the purpose of considering the issues raised therein.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted solely for the purpose of considering the issues raised by the Company's Motion.
- (2) This case is continued.

¹ Motion at 2.

² *Id.*

CASE NO. PUE-2013-00022
APRIL 8, 2014

APPLICATION OF
AQUA VIRGINIA UTILITIES, INC.

For an increase in rates and fees

ORDER ON MOTION

On or about March 1, 2013, Aqua Virginia Utilities, Inc. ("Aqua Virginia" or "Company"), notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates and fees effective for service rendered on and after April 15, 2013, pursuant to the Small Water or Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code of Virginia.

On April 11, 2013, the Commission issued a 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 ("Interim Rates"); and requiring the Company to file certain financial information based on the Company's proposed test year.

On June 11, 2013, the Commission issued an Order for Notice and Hearing that, among other things, scheduled an evidentiary hearing for October 10, 2013; established a procedural schedule for the parties to file testimony and exhibits; directed the Company to provide notice to its customers of the proposed rates and the scheduled evidentiary hearing; and assigned the matter to a Hearing Examiner to conduct all further proceedings.

On October 10, 2013, the public hearing was convened in this proceeding, as scheduled. Counsel for the Company and the Staff presented a stipulation resolving all of the issues between them to the tribunal ("Stipulation"). The rates agreed to in the Stipulation ("Stipulated Rates") differed from the Interim Rates in that a usage charge for residential customers contained in the Stipulated Rates ("Usage Charge") was \$11.15, whereas the Interim Rates Usage Charge was \$10.57.

On February 6, 2014, Hearing Examiner Howard P. Anderson, Jr., issued his report, finding that based upon the application, the evidence presented in the case, and the Stipulation, the Stipulation and exhibits attached thereto represent a fair and just resolution of the case and should be accepted. The Hearing Examiner recommended that the Commission enter an order accepting the Stipulation and dismissing the case from the Commission's active docket. On February 21, 2014, the Commission entered its Final Order in this proceeding adopting the Stipulation and approving the rates provided for therein ("Final Order").

On March 14, 2014, the Company filed a Motion ("Motion") stating that it "has determined that it does not need and does not wish to implement the Usage Charge approved in the Stipulated Rates and desires instead to implement the Usage Charge contained in the Interim Rates."¹ In its Motion, the Company requested that the Commission modify its Final Order to "authorize the Company to implement the Interim Rates."² The Company stated in its Motion that the Commission Staff advised that it does not object to the relief requested therein.

On March 14, 2014, the Commission issued an Order finding that the Company's Motion is properly treated as 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.*, and requires further consideration. The Commission continued its jurisdiction over the matter solely for the purpose of considering the issues raised in the Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Motion should be granted and that Aqua Virginia should be permitted to implement its Interim Rates in lieu of the Stipulated Rates.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion hereby is granted.
- (2) The Company hereby is authorized to make its Interim Rates final.
- (3) Within thirty (30) days of the entry of this Order, the Company shall file revised tariff sheets incorporating the findings made in the February 21, 2014 Final Order as modified herein. Such tariff sheets shall be filed with the Clerk of the Commission and the Commission's Division of Energy Regulation. 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) All other provisions of the Commission's February 21, 2014 Final Order shall remain in full force and effect.
- (5) This matter is dismissed.

¹ Motion at 2.

² *Id.*

**CASE NO. PUE-2013-00030
MARCH 14, 2014**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For approval to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Virginia Code

DISMISSAL ORDER

By Order Granting Approval dated April 25, 2013, Virginia-American Water Company ("Virginia-American") was granted authority to issue up to \$16 million of promissory notes ("Notes") to an affiliate, American Water Capital Corporation, through December 31, 2013.

Virginia-American filed an interim report of action during the period of approval and filed its final report of action on February 24, 2014. According to the information provided by Virginia-American in its interim and final reports, Virginia-American issued Notes in the amount of \$16 million to American Water Capital Corporation on November 20, 2013, at a rate of 3.85%. The Notes have a maturity date of March 1, 2024.

NOW THE COMMISSION, upon consideration of Virginia-American's interim and final reports, is of the opinion and finds that there appears to be nothing further to be done in this matter.

Accordingly, IT IS ORDERED THAT this matter is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2013-00035
NOVEMBER 18, 2014**

APPLICATION OF
HESS ENERGY MARKETING, LLC
and
DIRECT ENERGY BUSINESS MARKETING, LLC

For a license to conduct business as a competitive service supplier for natural gas

ORDER REISSUING LICENSE

On June 6, 2013, the State Corporation Commission ("Commission") issued to Hess Energy Marketing, LLC ("HEM" or "Company"), License No. G-35 ("License"). The License authorized HEM to conduct business as a competitive service provider for natural gas to commercial and industrial customers in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc.

On November 5, 2013, HEM filed a letter with the Commission to report that Hess Corporation ("Hess") and Direct Energy Business ("Direct") closed on the sale of Hess' energy marketing businesses to Direct on November 1, 2013. That correspondence also stated that the HEM name continued to be utilized by Direct post-completion of the sale. On October 29, 2014, the Company filed a letter requesting to have the License changed to reflect the name change of the legal entity from Hess Energy Marketing, LLC, to Direct Energy Business Marketing, LLC, which became effective May 29, 2014.

NOW THE COMMISSION, upon consideration of this matter, finds that License No. G-35 authorizing Hess Energy Marketing, LLC, to conduct business as a competitive service provider of natural gas shall be cancelled and reissued in the name of Direct Energy Business Marketing, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-35 authorizing Hess Energy Marketing, LLC, to provide competitive natural gas service to commercial and industrial customers is hereby cancelled and shall be reissued as License No. G-35A in the name of Direct Energy Business Marketing, LLC.
- (2) Direct Energy Business Marketing, LLC, shall operate under this license pursuant to the same terms and conditions as set forth in our Order Granting License entered in this docket on June 6, 2013.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2013-00036
JANUARY 24, 2014**

APPLICATION OF
AEP APPALACHIAN TRANSMISSION COMPANY
and
APPALACHIAN POWER COMPANY

For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project

FINAL ORDER

On May 2, 2013, Appalachian Power Company ("APCo") and its affiliate, AEP Appalachian Transmission Company, Inc. ("Virginia Transco") (collectively, the "Applicants" or "Companies"), jointly filed with the State Corporation Commission ("Commission") an Application for approval and certification of electric transmission facilities in or around the existing Cloverdale Substation located in Botetourt County. The Application, direct testimony, and other materials in support of the Application were filed under § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.* ("Facilities Act").

APCo is a Virginia public service corporation providing retail generation, transmission, and distribution electric service in Virginia and West Virginia and is a wholly owned subsidiary of American Electric Power Company ("AEP"). APCo holds a public utility franchise issued by, and provides retail electric service to approximately 500,000 customers located in, the Commonwealth.

Virginia Transco is a Virginia public service corporation which is a wholly owned subsidiary of AEP Transmission Holding Company, which, in turn, is a wholly owned subsidiary of AEP. Unlike APCo, Virginia Transco was formed to serve solely as a transmission owner and would not provide retail

electric service in Virginia.¹ Virginia Transco would have no employees of its own, but would instead rely on services provided by employees of APCo and others to provide the same services that APCo currently uses to plan, construct, maintain, and operate its own transmission assets.²

Pursuant to Chapter 4 of Title 56 of the Code,³ the Applicants previously requested Commission approval to enter into certain affiliate agreements, including a proposed service agreement between APCo and Virginia Transco. In Case No. PUE-2011-00125, the Commission approved in part, and denied in part, the affiliate authority sought by the Applicants.⁴ Based on the record in Case No. PUE-2011-00125, the Commission authorized limited affiliate services from APCo to Virginia Transco,⁵ and did "not find that it [was] in the public interest . . . for Virginia Transco to supplant APCo in the construction or ownership of any transmission facilities, or the provision of any transmission service, in Virginia"⁶

In their Application, the Companies now propose to construct several projects, all of which would be located at or adjacent to the Cloverdale Substation (collectively, the "Cloverdale Expansion Project" or the "Project"). APCo currently owns and operates two yards at the Cloverdale Substation. The Cloverdale Expansion Project generally consists of the following: (1) the installation of a new 765/500 kilovolt ("kV") transformer bank and two new 500/345 kV transformer banks; (2) the construction of a new 500 kV yard; (3) the construction of four new extra high voltage transmission lines between the several yards of the Cloverdale Substation, with the estimated lengths of such lines ranging from approximately 1,900 to 2,200 feet;⁷ (4) the partial relocation of four existing transmission lines, the estimated lengths of which range from approximately 1,000 to 3,500 feet;⁸ and (5) associated new substation improvements, including buswork, switches, and related equipment.⁹

The Applicants propose construction of the Project to: (1) address identified North American Electric Reliability Corporation ("NERC")¹⁰ reliability criteria violations; (2) address significant economic congestion on the bulk transmission system in the area, particularly on the 500 kV line between the Cloverdale Substation and Dominion's Lexington Substation; and (3) replace and upgrade obsolete equipment, including two existing 500/345 kV transformers at the Cloverdale Substation that are approaching the end of their useful lives and are experiencing maintenance issues.¹¹ The Applicants' desired in-service date for the Project is December 31, 2016.¹²

The total estimated cost of constructing the Cloverdale Expansion Project is approximately \$237 million. The Applicants propose that Virginia Transco would construct, own, and operate most of the Project, with Virginia Transco's portion of the Project estimated at \$222 million of the \$237 million total estimated cost. The Applicants propose that APCo would construct, own, and operate the remainder of the Project, at an estimated cost of approximately \$15 million.¹³

On June 19, 2013, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; directed the Applicants to publish notice of their Application; allowed opportunities for interested persons to intervene and participate in this proceeding; directed the Commission's Staff ("Staff") to investigate and file testimony on the Application; and established a public hearing on the Application. In doing so, the Commission directed as follows:

Finally, we note that this is the first case under the Utility Facilities Act in which APCo proposes to permit Virginia Transco to construct, own and operate transmission facilities that otherwise would be provided by APCo under Virginia law. Thus, the participants in this case should address, among other things, whether Virginia Transco should be permitted to supplant APCo in the construction or ownership of any transmission facilities, or the provision of any transmission service in Virginia – [and] the legal issues that could arise under any such proposal.¹⁴

¹ Ex. 1A at 1; Ex. 12 at 2.

² Ex. 15; Tr. 72.

³ Code § 56-76 *et seq.*

⁴ *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, 2012 S.C.C. Ann. Rep. 338, Order (Feb. 27, 2012) ("*Chapter 4 Order*"), 2012 S.C.C. Ann. Rep. 340, Order on Reconsideration (May 3, 2012), Doc. Con. Cen. No. 130440140, Order Granting Motion (Apr. 24, 2013).

⁵ The limited affiliate services approved therein were "for purposes of studying and evaluating potential transmission projects and for preparation of applications for future submission to the Commission." *Chapter 4 Order* at 5.

⁶ *Id.* at 4.

⁷ Ex. 1A, Attached Response to Guidelines at 24-26.

⁸ *Id.* at 26-28. The Cloverdale Substation site currently includes many existing lines, with voltages ranging from 34.5 kV to 765 kV. See, e.g., Ex. 1A, Attached Map 3.

⁹ Ex. 1A at 2.

¹⁰ As explained by the Applicants, "NERC is designated under federal law by [the Federal Energy Regulatory Commission] as the electric reliability organization responsible for establishing and enforcing reliability standards for bulk transmission systems in the [United States]." Applicants' Post-Hearing Brief at 7.

¹¹ Ex. 2 at 4; Ex. 1A, Attached Response to Guidelines at 1-12; Applicants' Post-Hearing Brief at 8.

¹² Ex. 1A, Attached Response to Guidelines at 14.

¹³ Ex. 2 at 5; Ex. 20 at 4-8.

¹⁴ Procedural Order at 5 (internal quotations and citation omitted).

As noted in the Procedural Order, Staff requested that the Department of Environmental Quality ("DEQ") coordinate an environmental review of the Application by the appropriate state and local agencies and provide a report on the review. On July 26, 2013, 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. As contained in a summary of recommendations, the DEQ Report recommends that the Companies should:

- Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(c), pages 8-10).¹⁵
- 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 (Environmental Impacts and Mitigation, item 5(e), pages 14-15).
- Coordinate with the Department of Conservation and Recreation (DCR) Division of Natural Heritage for updates to the Biotics Data System database if a significant amount of time passes before the project is implemented (Environmental Impacts and Mitigation, item 6(e), page 16).
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for wildlife and threatened and endangered species protection (Environmental Impacts and Mitigation, item 8(c), pages 17-18).
- Coordinate with the Virginia Outdoors Foundation if the project footprint changes significantly (Environmental Impacts and Mitigation, item 9(c), page 18).
- Coordinate with the Department of Forestry on its recommendation for mitigation of 40 acres of lost forestland (Environmental Impacts and Mitigation, item 10(c), page 19).
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources (Environmental Impacts and Mitigation, item 11(d), page 20).
- Coordinate with the Virginia Department of Aviation regarding its recommendations (Environmental Impacts and Mitigation, item 13(e), page 21).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 15, page 22).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 16, page 22).¹⁶

On August 14, 2013, the Old Dominion Committee for Fair Utility Rates filed a notice of participation in this proceeding. On September 10, 2013, the Applicants filed a supplemental pleading addressing legal issues. On September 24, 2013, Staff filed a legal memorandum and testimony summarizing the results of its investigation. On October 8, 2013, the Applicants filed rebuttal testimony.

On October 22, 2013, the Commission convened the public hearing in this proceeding for the purpose of receiving public witness testimony and evidence on the Application. During the hearing, the prefiled testimonies of Staff and the Applicants and other documents were admitted into the record. No public witnesses appeared to testify.

On December 3, 2013, Staff and the Applicants filed post-hearing briefs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a certificate of public convenience and necessity should be issued authorizing the Cloverdale Expansion Project, subject to the findings and conditions contained in this Order, and that the public convenience and necessity require that APCo construct, own, and operate the Project.

Code of Virginia

The statutory scheme governing the Companies' 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 Companies' Application. 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

¹⁵ As noted in the Procedural Order, the DEQ Report included a Wetlands Impact Consultation on the Project, which was provided by the DEQ's Office of Wetlands & Stream Protection pursuant to Code § 62.1-44.15:21. DEQ's Office of Wetlands & Stream Protection provided further consultation after the Applicants revised earlier estimates of wetland and stream impacts of the Project. Ex. 19.

¹⁶ Ex. 18 at 6-7.

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.

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."

Need and Service Reliability

The Commission finds that the Cloverdale Expansion Project is needed to ensure reliability. The Applicants' uncontested testimony and exhibits demonstrate that the proposed Project is needed to address several identified NERC reliability criteria violations and physical deterioration of infrastructure currently used to maintain reliable transmission service.¹⁷ Staff verified the load flow studies, contingency analyses, and projected load growth filed in support of the Application and recommended that the Project be approved.¹⁸

Economic Development

The Commission finds that the proposed Project will support economic development within the Commonwealth. The Cloverdale Expansion Project will address identified reliability concerns and significant economic congestion on the bulk transmission system in the area of the Project.¹⁹ Staff concluded, based on its investigation of the Application, that the Project is essential to support ongoing economic development within the Roanoke area.²⁰

Routing and Right-of-Way

The Commission finds that the Project, compared to other electric and routing alternatives considered in this proceeding, is the best alternative for meeting the Company's reliability and operational needs.²¹ This finding is based on our consideration of, among other things, cost, environmental impact, routing constraints,²² and transmission system needs.²³

In addition, the Applicants have adequately considered existing rights-of-way. The Cloverdale Expansion Project will make extensive use of existing rights-of-way, with almost all of the new and relocated lines that are part of the Project proposed for construction using or paralleling existing rights-of-way.²⁴

Scenic Assets, Historic Districts and the Environment

The Commission finds, based on this record, that the routes chosen for the new and relocated lines associated with the Cloverdale Expansion Project, and the use of an existing transmission corridor to expand the Cloverdale Substation, reasonably minimize adverse impact on the scenic assets, historic districts, and environment in the area of the Project.²⁵

¹⁷ Ex. 2 at 4; Ex. 1A, Attached Response to Guidelines at 1-12; Applicants' Post-Hearing Brief at 8; Ex. 20 at 8-12, Attachments 3, 4.

¹⁸ Ex. 20 at 10-11.

¹⁹ Ex. 2 at 4; Ex. 1A, Attached Response to Guidelines at 1-12; Applicants' Post-Hearing Brief at 8.

²⁰ Ex. 20 at 16-17.

²¹ Ex. 1A, Attached Response to Guidelines at 12-13, 22-23; Ex. 20 at 13-14.

²² The Applicants appropriately considered and rejected alternative sites for the proposed new 500 kV yard. *See, e.g.*, Ex. 4 at 5-8.

²³ *Id.*; Ex. 20 at 13-15.

²⁴ Ex. 3 at 8; Ex. 1A, Attached Response to Guidelines at 17-18, Map 3; Ex. 20 at 5.

²⁵ *See, e.g.*, Ex. 3; Ex. 4; Ex. 1A, Attached Response to Guidelines at 35-41.

Environmental Impact

Based on this record, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with the exception of certain conditions that the Commission does not find to be necessary or desirable. The Commission does not require APCo to: (1) use, for this Project, a vegetated buffer for on-site wetlands and streams different than APCo's established practice;²⁶ (2) adhere to time-of-year restrictions in the construction of the Project;²⁷ (3) mitigate the loss of forestland, most of which is owned by APCo;²⁸ or (4) apply Low Impact Development measures that are incompatible with the construction or operation of the electric infrastructure approved herein.²⁹

House Bill 1319

In 2008, the General Assembly established a pilot program for four qualifying transmission lines of 230 kV or less to be built underground.³⁰ We find that the evidence demonstrates that the Project does not meet the criteria for inclusion in the underground pilot.³¹

Virginia Transco

As directed in the Procedural Order, the Applicants and Staff have offered evidence and argument on the issue of whether Virginia Transco should be permitted to supplant APCo in the construction or ownership of any transmission facilities, or the provision of any transmission service in Virginia. After evaluating the entire record in this proceeding, the Commission finds that the public convenience and necessity require construction, ownership, and operation of the entire Cloverdale Expansion Project by APCo. The evidence does not support a finding that the public convenience and necessity require Virginia Transco to construct, own, or operate – or to supplant APCo in any aspect of – the Project.

The Commission finds, based on this record, that investment in the Cloverdale Expansion Project by APCo, as directed herein, will benefit both APCo and its customers. Record evidence demonstrates the long-term, positive value that the financial community currently attributes to transmission investment.³² Undertaking credit-supportive investment in needed transmission infrastructure will allow APCo to strengthen its credit profile and the services it provides to customers.³³ A strengthened credit profile can, among other things, result in a lower cost of debt used by a public utility, and ultimately paid by its customers, to finance utility operations.³⁴ The Commission finds that the public convenience and necessity require APCo to fully pursue these beneficial attributes of the Project.

The Commission is unpersuaded that APCo and its customers would fail to realize the long-term benefits from undertaking the Cloverdale Expansion Project because of accumulated funds used during construction treatment authorized by the Federal Energy Regulatory Commission, or because of other limited concerns raised by the Applicants.³⁵ The Applicants, when testifying that AEP currently has no plans to spin off transmission assets, emphasized the value of transmission to AEP.³⁶ The Commission finds, based on this record, that similar value will be realized by APCo through the needed expansion of the Cloverdale Substation.³⁷

Additionally, APCo possesses the expertise and ability to finance, construct, own, and operate the Project. To perform its public duties under Virginia law, APCo has constructed, and continues to construct and operate, extensive utility facilities in the Commonwealth. Such facilities include the Cloverdale Substation, which the record demonstrates APCo is capable of expanding in order to maintain reliable electric service in the Commonwealth.³⁸

²⁶ The buffer requirement and five-month time-of-year restriction for migratory songbird nesting recommended in the DEQ Report are similar to those we have previously declined to require. *See, e.g., 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. Rep. 380, 383-84, 386, Order at 6-7, 11-12, 19 (Dec. 21, 2012). *See* Ex. 1A, Attached Response to Guidelines at 18-19; Ex. 7 at 4.

²⁷ The Applicants indicate they have completed a Roanoke logperch habitat assessment survey that has been submitted to the United States Fish and Wildlife Service, "as required under applicable regulations." Ex. 7 at 2-3. Additionally, the Applicants indicate that a time-of-year restriction for migratory songbird nesting is, among other things, unduly burdensome and impractical "except as may be necessary to accommodate federally or state protected threatened or endangered species." *Id.* at 6. As noted above, the recommendations of the DEQ Report are in addition to any requirements of federal, state, or local law.

²⁸ *Id.* at 6-9.

²⁹ *Id.* at 4-6.

³⁰ 2008 Va. Acts ch. 799, Enactment 1, § 4, as extended by 2011 Va. Acts. ch. 244, Enactment 1.

³¹ *See, e.g.,* Ex. 20 at 15; Ex. 3 at 10.

³² *See, e.g.,* Tr. 121-23; Ex. 26; Tr. 98-99; Ex. 22.

³³ *See, e.g.,* Ex. 21 at 11-13.

³⁴ Ex. 16 at 8; Ex. 21, Attachment 4.

³⁵ *See, e.g.,* Applicants' Post-Hearing Brief at 26-32; Staff's Post-Hearing Brief at 7-17.

³⁶ Tr. 88-89.

³⁷ *See, e.g.,* Ex. 23 at 2-3; Tr. 162-64; Ex. 21 at 11-13.

³⁸ *See, e.g.,* Ex. 21 at 10-11, Attachment 5; Tr. 48, 50; Ex. 10; Ex. 16 at 5-6.

Conversely, the Commission cannot conclude, based on this record, that APCo and its customers would not be harmed if the Applicants' proposal for APCo to forego investment in the Project were approved. To the contrary, the Commission is concerned about the potential effects, on APCo and its customers, of shifting credit-supportive investment away from APCo.³⁹ We agree that the Project will help APCo "balance significant generation and distribution investments . . . with transmission investment that offers APCo more predictable and stable cash flows over time."⁴⁰ The Commission, having recently authorized investments by APCo in several generation, transmission, and distribution assets,⁴¹ understands that the Project will strengthen the diversity and balance of public utility assets used by APCo to serve its customers and finds this result to be appropriate and consistent with the public convenience and necessity.⁴² This result, however, would be prevented by the Applicants' proposal to offload almost all of the relatively low-risk Project to another affiliate, a proposal which we deny based on this record.⁴³ Consequently, APCo's construction, ownership, and operation of the Project, as required by the public convenience and necessity, avoids any potential negative effects, on APCo and its customers, of shifting credit-supportive investment away from APCo. Additionally, we conclude, based on this record, that expanding the limited affiliate arrangement between Virginia Transco and APCo would not "protect or promote the public interest."⁴⁴

Finally, we note that the Applicants and Staff have identified additional legal implications and potential consequences of authorizing Virginia Transco to supplant its affiliate APCo, including further potential rate impacts and proposals to address, in part, such impacts.⁴⁵ Because the Commission hereby authorizes APCo to undertake the Project for the reasons addressed above, it is unnecessary for us to reach such additional issues.⁴⁶

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Application for approval and for certificates of public convenience and necessity is granted in part and denied in part, as provided herein and subject to the requirements set forth in this Order.

(2) APCo is authorized to construct and operate the Cloverdale Expansion Project.

(3) Pursuant to the Facilities Act, APCo is issued the following certificate of public convenience and necessity:

Certificate No. ET-28m, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Botetourt County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2013-00036, cancels Certificate No. ET-28l, issued to Appalachian Power Company on September 24, 2008, in Case No. PUE-2007-00113.

(4) The Commission's Division of Energy Regulation forthwith shall provide APCo copies of the certificate issued in Ordering Paragraph (3) with the detailed maps attached.

(5) The construction approved herein must be completed and in service by December 31, 2016, provided, however, that APCo 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.

³⁹ See, e.g., Ex. 21 at 2, 13.

⁴⁰ Staff's Post-Hearing Brief at 8.

⁴¹ See, e.g., *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).

⁴² See, e.g., Ex. 26 at 6 ("It is true that these cash flows [from transmission investments] tend to be more predictable and stable over time than cash flows produced by other asset classes."); Tr. 49-51; Tr. 93; Tr. 121-26. The Commission also finds that Staff has appropriately questioned the capital investment data provided by the Applicants. See, e.g., Staff's Post-Hearing Brief at 14-17; Tr. 65-66; Ex. 13; Tr. 32-39, 220-21.

⁴³ Tr. 47-48, 52.

⁴⁴ Code § 56-80.

⁴⁵ See, e.g., Staff's Legal Memorandum; Staff's Post-Hearing Brief at 4-6, 19-22; Applicants' Post-Hearing Brief at 14-23, 32-35.

⁴⁶ We do not, for example, rule on the Applicants' and Staff's competing interpretations of the Facilities Act.

**CASE NO. PUE-2013-00052
APRIL 2, 2014**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of a plan to migrate transitioning customers to the Cooperative's legacy rates and to revise rate schedules for electric service

ORDER ACCEPTING STIPULATION

On July 29, 2013, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a plan to migrate transitioning customers to the Cooperative's legacy rates and to revise rate schedules for electric service. REC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia, Rule 21 of the Commission's *Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction*,¹ and the Commission's May 14, 2010 Order in Case No. PUE-2009-00101 ("Acquisition Order").²

On September 15, 2009, REC, Shenandoah Valley Electric Cooperative ("SVEC"), and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") filed a joint petition and application with the Commission requesting, among other things, approval for Potomac Edison to sell and REC and SVEC to purchase Potomac Edison's facilities used in the retail distribution and sale of electric power in its Virginia retail distribution service territory. In its Acquisition Order the Commission approved REC's acquisition of its portion of Potomac Edison's former Virginia service territory and associated distribution assets subject to certain requirements and conditions.

On June 1, 2010, REC assumed the rights and obligations to provide retail distribution service to Transitioning Customers and adopted Potomac Edison's rates, schedules and riders for the Transitioning Customers in effect as of June 1, 2010 ("NT Rates") with the intention that, in the future, such NT Rates would be synchronized with the rates, schedules, and riders of its pre-acquisition, or legacy, customers.³

REC's Application seeks approval of a migration plan ("Migration Plan") and associated Transition Migration Rider (designated Schedule TMR-NT) effective for bills rendered on and after July 1, 2014.⁴ In addition to the proposed Migration Plan and associated Schedule TMR-NT, the Cooperative is proposing certain modifications, withdrawals and/or closures of its existing rate schedules and riders as well as an adjustment to its methodology for collecting revenues associated with wholesale power costs.⁵

On August 26, 2013, the Commission entered an Order for Notice and Hearing⁶ in which, among other things, the Commission scheduled this matter for a public hearing on January 15, 2014; established a procedural schedule for the parties to file testimony and exhibits; directed that the Cooperative provide notice of its Application to appropriate persons; and assigned a Hearing Examiner to conduct all further proceedings.

Notices of participation in this proceeding were filed by Bear Island Paper WB LLC ("Bear Island"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), and the Board of Supervisors of Frederick County, Virginia ("Frederick County").

The hearing commenced as scheduled on January 15, 2014. The following appeared at the hearing, by counsel: REC, Consumer Counsel, Bear Island, and the Commission Staff ("Staff"). By letter dated January 14, 2014, Frederick County indicated that it did not intend to participate in the hearing.

The Cooperative and Staff presented a stipulation at the hearing resolving all issues between them ("Stipulation").⁷ The Cooperative stated that REC and Bear Island had reached an agreement resolving all issues between them and, by agreement of counsel, the prefiled testimony of Bear Island and the Cooperative's prefiled testimony pertaining to Bear Island were withdrawn. The Cooperative's remaining prefiled testimony, Staff's prefiled testimony, and Consumer Counsel's prefiled testimony were received into the record without cross-examination. No public witnesses appeared at the hearing.

On February 6, 2014, Hearing Examiner Howard P. Anderson, Jr., issued his report ("Report"), in which he found the Stipulation to be acceptable and recommended, among other things, that the Commission enter an order that accepts the Stipulation.

¹ 20 VAC 5-200-21.

² *Joint Petition of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and The Potomac Edison Company d/b/a Allegheny Power, For approval of the purchase and sale of service territory and facilities, for the issuance of, and cancellation of, certificates of public convenience and necessity, and for approval of special, transitional, rate schedules*, Case No. PUE-2009-00101, 2010 S.C.C. Ann. Rept. 391, Order (May 14, 2010).

³ Exh. 2 (Application) at 7-8.

⁴ *Id.* at 8.

⁵ *See id.* at 10-14. Specifically, the Cooperative proposes to convert its Wholesale Power Cost Adjustment rider to a Power Cost Adjustment ("PCA") rider that is "designed to recover power cost on a dollar for dollar basis." *Id.* at 12. To effectuate that conversion, REC first proposes implementation of Interim Schedule PCA-1 on an interim basis effective January 1, 2014. REC requests that the Commission make Interim Schedule PCA-1 permanent as of January 1, 2014. *Id.* at 12-13. REC amended its proposed Interim Schedule PCA-1 by letter filed with the Clerk of the Commission ("Clerk") on December 13, 2013 ("Amended Interim Schedule PCA-1"). Upon Commission approval of the base rates proposed by the Migration Plan, the Cooperative seeks approval of Schedule PCA-1 to be effective for bills rendered on and after July 1, 2014. *Id.* at 12. REC subsequently amended its proposed Schedule PCA-1 in the rebuttal testimony of Jack D. Gaines ("Amended Schedule PCA-1"). *See* Exh. 14 (Gaines Rebuttal).

⁶ The Order for Notice and Hearing was subsequently modified on August 30, 2013, by the Commission Order *Nunc Pro Tunc*.

⁷ Bear Island indicated that it took no position on the Stipulation. Tr. at 11. Consumer Counsel, although not a signatory, stated that it supports the terms of the Stipulation. *Id.* at 12.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On February 14, 2014, the Staff submitted a letter to the Clerk indicating that it did not intend to file comments on the Report.

On February 18, 2014, the Cooperative submitted a letter to the Clerk stating that it supports the recommendations contained in the Report and requests that the Commission issue an order accepting and approving the Stipulation. On February 18, 2014, REC also filed with the Clerk its request that Bear Island's rebuttal testimony and certain of the Cooperative's rebuttal testimony be withdrawn pursuant to the agreement articulated by Bear Island and the Cooperative at the hearing. The Cooperative filed its replacement rebuttal testimony as agreed upon by REC and Bear Island coincident with its request.

On February 27, 2014, Consumer Counsel submitted a letter to the Clerk as comments to the Report ("Comments"). Consumer Counsel reiterated that "Consumer Counsel was not a signatory to the Stipulation, but noted its support for the terms of the Stipulation as a reasonable resolution to the case."⁸ Consumer Counsel further stated that it "is pleased that the Stipulation provides that REC will make a compliance filing with the Commission on or about April 1 of each year of the Migration Plan period."⁹ Consumer Counsel noted its "understanding that Docket No. PUE-2013-00052 would remain open to receive REC's compliance filings and that all parties to this case would have the ability to review such future filings."¹⁰ Therefore, Consumer Counsel requested that the Commission leave this docket open.¹¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Report and the Stipulation should be adopted and that the Cooperative's Migration Plan should be approved as set out in the Application and modified by the Stipulation. We further find that the Cooperative's Amended Interim Schedule PCA-1 should be approved effective January 1, 2014, and that the Cooperative's Amended Schedule PCA-1 should be approved effective for bills rendered on and after July 1, 2014.

We will require the Cooperative to make compliance filings with the Commission as provided in the Stipulation, and we leave the docket in this proceeding open to accept such compliance filings and to ensure that the rates approved herein remain just and reasonable throughout the Migration Plan period.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 6, 2014 Report hereby are adopted as provided herein.
- (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 Cooperative's Migration Plan as proposed in the Application and modified by the Stipulation hereby is approved.
- (4) The Cooperative's Amended Interim Schedule PCA-1 hereby is approved effective for service rendered on and after January 1, 2014.
- (5) The Cooperative's Amended Schedule PCA-1 hereby is approved effective for bills rendered on and after July 1, 2014.
- (6) Within thirty (30) days of the issuance of this Order, the Cooperative shall file the revised rates, terms and conditions of service, and temporary discount rider as set out in Exhibits A, B, and C to the Stipulation, to become effective for bills rendered on and after July 1, 2014.
- (7) Within thirty (30) days of the issuance of this Order, the Cooperative shall file its Amended Interim Schedule PCA-1 and Amended Schedule PCA-1.
- (8) The Cooperative shall make a compliance filing with the Commission on or about April 1 of each year of the Migration Plan that includes: (i) an updated Rider TMR-NT and supporting documentation and (ii) a Financial Status Statement for the 12-month period ending December 31 of the preceding year for each year of the Migration Plan, which should reflect actual results and limited adjustments, including but not limited to (a) an annualization of base rate and TMR-NT revenues based on rates proposed to be in effect July 1, (b) storm damage, (c) material out-of-period expenses, and (d) material non-recurring costs.
- (9) This matter is continued generally.

⁸ Comments of Consumer Counsel at 1.

⁹ *Id.*

¹⁰ *Id.* at 2.

¹¹ *Id.*

**CASE NO. PUE-2013-00055
OCTOBER 24, 2014**

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For approval of pole attachment rates and terms and conditions under § 56-466.1 of the Code of Virginia

FINAL ORDER

On May 16, 2013, Northern Virginia Electric Cooperative ("NOVEC") filed with the State Corporation Commission ("Commission") an application pursuant to § 56-466.1 F of the Code of Virginia ("Code") for approval of pole attachment rates and terms and conditions related to attachments by Comcast of California/Maryland/Pennsylvania/Virginia/West Virginia, LLC ("Comcast"), requesting that the Commission determine just and reasonable rates and terms and conditions for such attachments by Comcast to NOVEC's distribution poles ("Application").

In support of the Application, NOVEC stated that Comcast gave written notice of termination to the parties' two pole attachment agreements on May 23, 2012, and October 5, 2012, respectively, and that NOVEC and Comcast engaged in good faith negotiations from the summer of 2012 into 2013 to determine the rates and terms and conditions for a new single agreement to succeed the prior agreements without resolution.¹

On June 21, 2013, the Commission entered a Procedural Order that, among other things, docketed the case; established dates by which NOVEC and Comcast would file testimony and exhibits in this proceeding; directed the Staff of the Commission ("Staff") to investigate the Application and to file any testimony and exhibits regarding its investigation; scheduled a public hearing on the Application for November 21, 2013; and assigned a Hearing Examiner to conduct all further proceedings.

On June 27, 2013, the Virginia, Maryland & Delaware Association of Electric Cooperatives ("Association") filed a Motion for Leave to File Notice of Participation as a Respondent and a Notice of Participation. On July 5, 2013, the Virginia Cable Telecommunications Association ("VCTA") and the Virginia Telecommunications Industry Association ("VTIA") filed Motions for Leave to File Notice of Participation as a Respondent and Notices of Participation. By Hearing Examiner's Ruling dated August 7, 2013, the Hearing Examiner granted the Motions for Leave to File Notice of Participation of the Association, VCTA, and VTIA and directed each respondent to file testimony on or before August 29, 2013.

On July 16, 2013, NOVEC filed its direct testimony, in which NOVEC requested, among other things, that the Commission establish an annual Base Year Charge ("BYC") applicable to Comcast of \$431,210, equating to \$30.92 for each of the 13,946 NOVEC poles to which Comcast attached, as well as an increment/decrement based adjustment to the BYC of \$26.71 per incremental (or decremental) attachment from the base year level of 15,034 attachments.² On rebuttal, NOVEC witness Spinner revised the recommended rate to \$26.43 per attachment.³

On August 29, 2013, Comcast filed its direct testimony, in which it stated that the Commission should base the pole attachment rate on the existing Federal Communications Commission ("FCC") formula applicable to investor-owned utilities instead of the approach proposed by NOVEC.⁴ In direct testimony, Comcast stated that the appropriate rate under this formula would be \$6.35 per attachment, but revised its recommended rate to \$7.16 per attachment in the course of the hearing.⁵

VCTA, VTIA, and the Association each filed direct testimony on August 29, 2013. VCTA did not propose a pole attachment rate methodology for this proceeding, but its witnesses discussed their experiences in attaching to cooperative-owned facilities.⁶ VTIA stated that the Commission should align the pole attachment rates charged by NOVEC with the FCC methodology for determining pole attachment rates.⁷ The Association asserted that the FCC formula was not in accord with cooperative ratemaking principles, and thus, the Commission should grant the cooperatives the flexibility to establish pole attachment rate methodologies that comport with the needs and resources of each individual cooperative.⁸

Staff filed its testimony on October 15, 2013. Staff did not recommend a specific rate for Comcast pole attachments to NOVEC's distribution poles, but instead analyzed the methodologies proposed by NOVEC and Comcast. Staff concluded that appropriate adjustments to NOVEC's methodology would produce rates of \$16.89 or \$20.23 per attachment ("Staff's Incremental 1" and "Staff's Incremental 2," respectively), depending on which specific inputs were deemed supported by the record and whether costs would be more appropriately recovered through contractual terms and conditions rather than through the annual pole attachment rate.⁹ Staff also stated that the FCC formula could be recalculated using NOVEC-specific data to produce rates of \$8.93 or \$17.11 per attachment ("Staff's FCC Formula 1" and "Staff's FCC Formula 2," respectively), depending on adjustments to the values including, but not

¹ Application at 2, 3.

² Ex. 16 at 6-8, 21.

³ See Ex. 83 at 18.

⁴ Ex. 73 at 5-7, 12, 16, 61-66.

⁵ See Ex. 73 at 11, 13, 99 and PDK-3; Ex. 67; Tr. at 549-557; Comcast Post-Hearing Brief at 4, 8-9, 169-70.

⁶ See Ex. 43; Ex. 44.

⁷ Ex. 45 at 5-15.

⁸ Ex. 48 at 5-7; see also Ex. 47 at 2-9.

⁹ Ex. 53 at 17-32 and Attachment GLA-3.

limited to, the number of poles, pole height, or available space per pole.¹⁰ Staff's testimony also noted a number of items that would be more appropriately recovered through terms and conditions on a per-occurrence basis than through an annual rate as proposed by NOVEC.¹¹

On November 18, 2013, Comcast filed a Motion in Limine requesting the dismissal of NOVEC's claims related to charges for historic unauthorized attachments and historic National Electric Safety Code violations by Comcast on the grounds that such claims were outside the statutory authority of the Commission. Comcast also requested that any consideration of just and reasonable terms and conditions be deferred pending negotiations between Comcast and NOVEC regarding a pole attachment agreement between the two parties. Comcast proposed that the hearing proceed for the sole purpose of setting the pole attachment rate to be used in the negotiated agreement. Finally, Comcast requested that the Commission determine that NOVEC, as the applicant, bore the burden of proof in this proceeding. Following oral argument on November 20, 2013, the Hearing Examiner ruled that NOVEC and Comcast each would have the burden of proving their respective cases in this proceeding.¹²

The hearing commenced as scheduled on November 21 and concluded on November 25, 2013. At the commencement of the hearing, NOVEC and Comcast presented a partial stipulation in which NOVEC agreed to defer claims regarding Comcast pole attachments that were alleged to be either unauthorized or in violation of the applicable safety codes.¹³ The Hearing Examiner ruled that evidence related to debt collection or safety violations would not be considered because such issues are outside the Commission's statutory authority.¹⁴ The parties and Staff filed post-hearing briefs on February 18, 2014, addressing their respective positions regarding determining a just and reasonable pole attachment rate and terms and conditions of service.

On June 12, 2014, the Hearing Examiner filed his Report of Hearing Examiner Howard P. Anderson, Jr. ("Hearing Examiner's Report"), that summarized the record, including the testimony and exhibits presented by NOVEC, Comcast, the Association, VCTA, VTIA, and the Staff. The Hearing Examiner found that Staff's FCC Formula 2, as developed by Staff based on the FCC formula with NOVEC-specific data where appropriate, and as further modified by the Hearing Examiner, should be used as the basis for determining pole attachment rates in this proceeding.¹⁵ The Hearing Examiner concluded that Staff's FCC Formula 2, when modified in the manner set out in the Hearing Examiner's Report, and coupled with certain costs recovered by NOVEC in terms and conditions, will provide a just and reasonable pole attachment rate.¹⁶ The Hearing Examiner found that this rate will take into consideration the interests of NOVEC's members by ensuring that the rate is fully compensatory to NOVEC.¹⁷ Accordingly, the Hearing Examiner's Report listed the following findings and recommendations:

1. Staff's FCC Formula 2, as revised, should be used to calculate just and reasonable pole attachment rates;
2. NOVEC's cost of equipping its poles with anchors and guys should be included in the cost of the pole;
3. The appropriate pole count for purposes of this proceeding is 52,158 which is the denominator in the Staff's FCC Formula 2 as modified;
4. NOVEC should conduct a system survey on a five-year basis and share the information, where relevant, with Comcast;
5. Comcast's share of the periodic survey cost should be recovered through terms and conditions;
6. NOVEC's cost of communications transfers should be collected through rates via Staff's FCC Formula 2;
7. The annual cost for tree trimming activities attributable to Comcast should be recovered through rates via Staff's FCC Formula 2;
8. Storm restoration costs attributable to Comcast should be recovered on a per-occurrence basis through terms and conditions;
9. NOVEC's costs attributable to Comcast for investigating wires down reports are reasonable and should be recovered through rates via Staff's FCC Formula 2;
10. NOVEC's costs related to joint use agreements should be set at \$31,250 and recovered through Staff's FCC Formula 2 at the rate of \$0.76 per attachment;
11. NOVEC's costs for joint use agreement administration and monitoring should be set at \$116,500 and recovered through rates via Staff's FCC Formula 2;¹⁸
12. NOVEC's cost for installing taller poles should be recovered through Staff's FCC Formula 2;

¹⁰ Tr. at 371-386; Ex. 53 at 13-16; Ex. 54 at Attachment GLA-1.

¹¹ Ex. 53 at 19-20, 22-23, 27, 35.

¹² Tr. at 8-9.

¹³ Ex. 1; Tr. at 8-10.

¹⁴ Tr. at 45-46.

¹⁵ Hearing Examiner's Report at 21.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ This occurs via direct assignment at a rate of \$2.84 per attachment. See Hearing Examiner's Report at 36 and Attachment 1.

13. A just and reasonable annual pole attachment rate is \$20.60;
14. The penalty for future unauthorized attachments should be set at the equivalent of five years of the annual pole attachment rate;
15. NOVEC should be directed to maintain strict and detailed identification and accounting of its communications attachment-related costs;
16. NOVEC's proposed escalation factor is reasonable and should be approved;
17. The term of the agreement should not be less than five years nor exceed 10 years;
18. Just and reasonable pole attachment rates will have little impact on broadband expansion;
19. The rates found just and reasonable [in the Hearing Examiner's Report] are in the interest of NOVEC members and the public at large;
20. The approach and methodology employed in this proceeding should not be binding on any future proceedings pursuant to § 56-466.1 F of the Code; and
21. Once the Commission determines the just and reasonable annual pole attachment rates for Comcast attachments to NOVEC poles in this proceeding, NOVEC and Comcast should be directed to return to good faith negotiations to resolve all remaining terms and conditions.¹⁹

On July 3, 2014, NOVEC, Comcast, VCTA, VTIA, and the Association filed comments on the Hearing Examiner's Report.²⁰

NOVEC stated that while the Hearing Examiner did not accept NOVEC's preferred methodology, the Hearing Examiner's Report recognizes that there are significant costs imposed on NOVEC by accommodating communications and cable television attachments and that NOVEC should be fully compensated.²¹ Ultimately, NOVEC stated that it "supports the Hearing Examiner's recommendation as to that rate and the complimentary terms and conditions that allow other costs to be recovered by NOVEC from Comcast as those costs are incurred."²²

Comcast's comments set out numerous revisions to Staff's FCC Formula 2, and the Hearing Examiner's adjustments thereto, which Comcast asserted the Commission should consider in determining a pole attachment rate in this case.²³ The rates produced by Comcast's alternatives range from \$9.67 to \$17.00.²⁴ Comcast also asked that the Commission reject the Hearing Examiner's ruling that NOVEC and Comcast share the burden of proof, and instead find that NOVEC, as the applicant, has the burden of proving its rate is just and reasonable.²⁵

VCTA asserted in its comments that, regarding the burden of proof, NOVEC, as the applicant and as the utility upon whose data the case is determined, properly bears the burden of proof.²⁶ VCTA stated that when the burden of proof is properly applied, and the preponderance of the evidence is duly considered, the Commission should determine that a just and reasonable rate for attachments to NOVEC poles should be lower than the \$20.60 rate recommended in the Hearing Examiner's Report.²⁷ VCTA also asked the Commission to determine that the approach and methodology adopted in this proceeding is binding on future proceedings pursuant to § 56-466.1.²⁸

VTIA also raised the issue of burden of proof in its comments, stating that the procedural ruling of the Hearing Examiner was in error and should be corrected.²⁹ VTIA asserted that the Commission should state that the moving party in a proceeding under § 56-466.1 F of the Code has the burden of proof by a preponderance of the evidence, as the movant does in other regulatory proceedings before this Commission.³⁰ VTIA's comments suggest that the record in this proceeding is complete and that the Commission can apply the correct burden of proof without additional evidence.³¹ Finally, VTIA asserted that certain adjustments should be made to the Hearing Examiner's recommended formula to "establish the correct precedent for establishing a 'just and

¹⁹ Hearing Examiner's Report at 47-49.

²⁰ The discussion below summarizes portions of the comments from each party.

²¹ NOVEC Comments at 4.

²² *Id.* at 23.

²³ Comcast Comments at 2-4, 35-37.

²⁴ *Id.* at 3-4 and Attachment A.

²⁵ *Id.* at 36.

²⁶ VCTA Comments at 2.

²⁷ *Id.* at 2-3.

²⁸ *Id.* at 19.

²⁹ VTIA Comments at 5-8.

³⁰ *Id.* at 5, 7.

³¹ *Id.* at 8.

reasonable pole attachment rate' under [§] 56-466.1 F [of the Code] and a precedent that provides consistency with the levels of rates charged by the Commonwealth's investor-owned utilities."³²

The Association's comments stated that the Hearing Examiner has performed a reasoned and careful review of the evidence presented, and that the final rate arrived at is just and reasonable under the statute based on the evidence presented and assuming the actual recovery of other costs through the contract.³³ However, the Association requested that the Commission state unambiguously in its Final Order a number of items, including that "[t]he findings in this proceeding are limited to NOVEC and Comcast, and are not of precedential value in any other proceeding involving any other electric cooperative or communications attacher"³⁴

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the findings and recommendations in the Hearing Examiner's Report should be adopted as set forth herein. This is a case of first impression, as NOVEC's Application is the first to be filed under § 56-466.1 F of the Code, which provides, in part:

The Commission is authorized to determine just and reasonable rates, and terms and conditions of service, excluding safety and debt collection, for attachments to electric cooperative poles by telecommunications service providers or cable television systems if, following good faith negotiations to do so, the parties cannot reach agreement thereon; however, the Commission shall not determine rates or terms and conditions for any existing agreement until it expires or is terminated pursuant to its own terms. The terms of an expired or terminated agreement shall continue to govern while good faith negotiations or Commission review pursuant to this section are pending. Such determinations shall be made in accordance with the following:

- 1. Just and reasonable pole attachment rates and terms and conditions of service to be determined by the Commission shall include, without limitation, rearrangement and make-ready costs, pole replacement costs, and all other costs directly related to pole attachments and maintenance, replacement, and inspection of poles or pole attachments, and right of way maintenance essential to pole attachments, provided however, that cost recovery for rearrangement, make-ready and pole replacement shall be addressed in terms and conditions, and shall not be included in annual rental rates;
- 2. In determining pole attachment rates, the Commission shall consider (i) any effect of such rates on the deployment or utilization, or both, of broadband and other telecommunications services, (ii) the interests of electric cooperatives' members, and (iii) the overall public interest;
- 3. The Commission may develop and utilize alternative forms of dispute resolution for purposes of addressing disputes (i) arising under this subsection and (ii) falling within the scope of the Commission's authority established hereunder.

We find that Staff's FCC Formula 2, as developed by Staff based on the FCC formula with NOVEC-specific data where appropriate, as further modified by the Hearing Examiner, and coupled with certain costs recovered by NOVEC in terms and conditions, is a reasonable methodology for determining pole attachment rates in this proceeding. We also find \$20.60 to be a just and reasonable rate for attachments by Comcast to NOVEC's poles, and that NOVEC and Comcast should be directed to resume good faith negotiations regarding a comprehensive pole attachment agreement to encompass terms and conditions in accordance with the findings and recommendations made in the Hearing Examiner's Report. We accept the Hearing Examiner's finding that the rate approved herein is just and reasonable and will have little impact on Comcast's ability or incentive to extend broadband service to areas currently without such service, and that customer density appears to be the overriding factor in broadband expansion. This finding, however, does not preclude Comcast from renewing such a claim in a future proceeding with a different record. Further, regarding the issue of the burden of proof raised in this proceeding, we find that NOVEC, as the applicant, has – and has met – the burden of proof regarding just and reasonable rates and terms and conditions approved herein.³⁵ Finally, as to the effect of this case on future proceedings, we agree with the Hearing Examiner and emphasize that the determination of just and reasonable rates and terms and conditions of service herein is limited to the facts of this case and applicable only to this proceeding involving attachments by Comcast to NOVEC's poles. Therefore, any findings adopted herein are not necessarily determinative of how just and reasonable rates and terms and conditions may be determined in future proceedings under § 56-466.1 F of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's Report hereby is adopted as set forth herein.
- (2) A just and reasonable annual pole attachment rate for Comcast's attachments to NOVEC's poles is set at \$20.60 in accordance with § 56-466.1 F of the Code.
- (3) NOVEC and Comcast are directed to resume good faith negotiations regarding a comprehensive pole attachment agreement to encompass terms and conditions in accordance with the findings adopted herein.
- (4) This case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

³² *Id.* at 12.

³³ Association Comments at 2.

³⁴ *Id.* at 3.

³⁵ To the extent the Hearing Examiner's prehearing ruling was partially in error, any such error was harmless for the purposes of this proceeding.

**CASE NO. PUE-2013-00056
OCTOBER 14, 2014**

APPLICATION OF
KESWICK ESTATES UTILITIES, LLC, and
KESWICK UTILITIES, INC.

For certificates of public convenience and necessity to provide water and sewerage services pursuant to the Utility Facilities Act and for approval of a transfer of utility assets pursuant to the Utility Transfers Act

FINAL ORDER GRANTING APPROVAL

On May 28, 2013, Keswick Estates Utilities, LLC ("Keswick Estates"), and Keswick Utilities, Inc. ("Keswick Utilities") (collectively, "Applicants"), filed with the State Corporation Commission ("Commission") a joint application pursuant to § 56-88 *et seq.* of Title 56 of the Code of Virginia ("Code") for a transfer of assets from Keswick Utilities to Keswick Estates ("Transfer Application").¹ On May 30, 2013, Keswick Estates filed with the Commission an application pursuant to § 56-265.1 *et seq.* of Title 56 of the Code for certificates of public convenience and necessity ("Certificates") to provide water and sewerage services in Albemarle County, Virginia ("CPCN Application").²

On August 23, 2013, the Commission issued an Order for Notice and Comment that, among other things, consolidated the Transfer Application and the CPCN Application ("Consolidated Application"); docketed the Consolidated Application as Case No. PUE-2013-00056; directed the Staff to review the Consolidated Application and submit a report presenting its findings and recommendations ("Staff Report"); allowed interested persons to file written comments and request a hearing in this proceeding; and provided the Applicants an opportunity to file a response to the Staff Report.

On January 10, 2014, the Staff filed its Staff Report and recommended that: (i) the Commission approve the Applicants³ request for a transfer of utility assets subject to certain requirements and conditions; and (ii) it is in the public interest for Keswick Inc. to be issued Certificates to provide water and wastewater services to Keswick Estates and Country Club in Albemarle County. In its Staff Report, the Staff recommended several accounting and ratemaking adjustments.⁴ Staff excluded the Company's acquisition premium from rate base because the acquisition premium did not benefit the Company's customers.⁵ Staff also recommended that the Commission adopt several regulatory, reporting, accounting, and ratemaking requirements for Keswick Inc. and proposed accounting entries to properly restate the Company's books on a regulatory basis as of June 30, 2013.⁶ Staff further recommended that the Commission approve the Company's proposed base and volumetric rates for residential and commercial customers.⁷ Finally, Staff presented several options for the Commission to consider with regard to the irrigation meter rate ("IMR"), connection fee, and capacity fee.⁸

On February 7, 2014, Keswick Inc. filed its comments in response to the Staff Report ("Comments"). In response to Staff's accounting analysis, the Company proposed a reduction to contributions in aid of construction ("CIAC") based on applying \$3,000 as the average connection cost prior to 2007. The Company considered Staff's calculation of \$2,400 as the average connection cost after 2007 to be reasonable. Keswick Inc. disagreed with Staff's recommendation to exclude the acquisition adjustment of \$1,012,279 for ratemaking purposes. In response to Staff's analysis of tariff issues, the Company also stated that it: (i) prefers Staff's option of establishing a connection fee of \$1,280 based on the average cost of connection; and (ii) disagrees with Staff's recommendation to reduce the capacity fee from \$15,500 to \$9,870.⁹

On April 4, 2014, Keswick Inc. filed a Motion to Amend the Comments on Staff Report coincident with additional comments ("Additional Comments") requesting the inclusion of \$1,054,387 of assets ("Plant Assets") "in the valuation of the plant and equipment for the purpose of calculation of the rate base."¹⁰ By Order entered April 28, 2014, the Commission granted Keswick Inc.'s motion to amend its Comments. The Commission's Order also directed Staff to file any comments in response to the Company's Additional Comments on or before May 30, 2014.

¹ The Transfer Application was docketed as Case No. PUE-2013-00056. On May 30, 2013, the Staff of the Commission ("Staff") found the Transfer Application to be incomplete. On August 1, 2013, Keswick Estates filed additional information. Staff found the Transfer Application to be complete as of August 1, 2013.

² The CPCN Application was docketed as Case No. PUE-2013-00058.

³ Pursuant to § 13.1-620 G of the Code, and effective December 1, 2013, Keswick Estates converted to a Virginia public service corporation named Keswick Estate Utilities, Inc. (hereinafter "Keswick Inc." or "Company").

⁴ Staff Report at 8-23.

⁵ *Id.* at 17. For the two-prong test regarding inclusion of an acquisition adjustment, see *Application of Virginia Electric and Power Company, For the approval of revised schedules of rates and charges for electric services*, Case No. 11788, 1954 S.C.C Ann. Rept. 59.

⁶ Staff Report at 24-25.

⁷ *Id.* at 41. In addition, Staff recommended that the Commission: (i) adopt the Company's proposed miscellaneous service charges, including the revised grinder pump fee; (ii) adopt Staff's recommended changes to the Company's proposed Rules and Regulations; and (iii) remove the Company's proposed availability fee from its tariff. *Id.* at 37, 41.

⁸ *Id.* at 28-36.

⁹ Comments to the Staff Report at 2-3.

¹⁰ Additional Comments at 2.

On May 30, 2014, Staff filed its comments in response to Keswick Inc.'s Additional Comments ("Response"). In its Response, Staff agreed that the Company holds legal title to the Plant Assets and that the \$1,054,387 amount should be recorded on the Company's books as Utility Plant in Service.¹¹ However, Staff did not find any evidence in the record that the Company incurred additional cash expenditures or borrowings to acquire the Plant Assets beyond the \$2.5 million purchase price and therefore believes that the entire \$1,054,387 in Plant Assets represents donated capital that was provided to the utility at no cost. Staff made several recommendations regarding the Plant Assets,¹² and indicated that it also continues to support its Utility Transfers Act recommendations;¹³ regulatory, reporting, accounting and ratemaking recommendations;¹⁴ and rates, charges, Rules and Regulations recommendations as set forth in the Staff Report.¹⁵

No one filed comments on the Company's Consolidated Application or requested a hearing in this proceeding.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that it is in the public interest for the Commission to grant Certificates to provide water and sewerage services in Albemarle County, Virginia to Keswick Inc. We further find that the transfer of assets from Keswick Utilities to Keswick Inc. 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 Staff Report and Response.

Accordingly, IT IS ORDERED THAT:

(1) As provided by the Utility Facilities Act, § 56-266.1 *et seq.* of the Code and related provisions of Title 56 of the Code, the Company's Consolidated Application for Certificates to provide water and sewerage services in Albemarle County, Virginia hereby is granted.

(2) Keswick Inc. shall be issued Certificate No. W-330, which authorizes the furnishing of water service in Albemarle County as shown on maps attached to, and made part of, the Certificate.

(3) Keswick Inc. shall be issued Certificate No. S-99, which authorizes the furnishing of sewerage service in Albemarle County as shown on maps attached to, and made part of, the Certificate.

(4) Keswick Inc.'s proposed base and volumetric rates for residential and commercial customers hereby are approved.

(5) Keswick Inc. shall continue to offer an IMR of \$9.98 per 1,000 gallons of water to current customers who have an irrigation meter. The Company shall not offer the IMR to other customers, including customers who purchase a property with an existing irrigation meter. Keswick Inc. shall add a section to its proposed tariff identifying who is responsible for the maintenance, repair and/or replacement of the irrigation meter, service connection line, and all applicable equipment.

(6) The Company shall charge one connection fee of \$1,280 for all connections.

(7) Keswick Inc. shall charge its proposed capacity fee of \$15,500.

(8) Keswick Inc. shall not charge an availability fee.

(9) The Company's miscellaneous service charges, including the revised grinder pump fee, hereby are approved.

(10) The Company's proposed Rules and Regulations, as modified by Staff in the Staff Report, hereby are approved.

(11) Pursuant to §§ 56-89 and 56-90 of the Code, Applicants hereby are granted approval of the transfer of assets from Keswick Utilities to Keswick Inc., as described herein.

(12) We reaffirm our decision in our Order Granting Approval in Case No. PUE-2011-00085 that the Plant Assets should be transferred to the Company at no cost.

(13) Keswick Inc. shall:

(a) Ensure that the quality of service to Keswick Inc. customers shall not deteriorate due to a lack of maintenance of capital investment;

(b) Ensure that the quality of service to Keswick Inc. customers shall not deteriorate due to reduction in the number of employees providing service;

¹¹ Staff Response at 4. Staff further believes that the Company's Accumulated Depreciation account should be restated to reflect the associated depreciation that should have been booked earlier. *Id.*

¹² *Id.* at 6. Staff recommended that (i) the Commission reaffirm its decision in the Order Granting Approval in Case No. PUE-2011-00085 that the Plant Assets should be transferred to the Company at no cost; (ii) the Company should make the listed journal entries reflecting the Plant Assets on its books; and (iii) the Company should provide updated utility plant asset information including the Plant Assets to the Commission's Division of Public Service Taxation. *Id.*

¹³ Staff Report at 5-7.

¹⁴ *Id.* at 24-25.

¹⁵ *Id.* at 41.

- (c) Maintain a high degree of cooperation with the Staff and should take all actions necessary to ensure Keswick Inc.'s timely response to Staff inquiries with regard to its provision of service;
- (d) Maintain separate records for its water and sewer operations;
- (e) Maintain its books and records in accordance with the USOAs of Class C Water and Wastewater Utilities;
- (f) Maintain timesheets to log the number of hours Historic Hotels of Albemarle staff is actually performing work related to the utility;
- (g) Restate its books as of June 30, 2013, in accordance with Staff's accounting entries;
- (h) Depreciate jurisdictional plant and amortize associated CIACs at a composite rate of 3%;
- (i) File Annual Financial and Operating Reports with the Commission's Division of Utility Accounting and Finance by April 1 of each calendar year on the previous calendar year's operations;
- (j) Book the Plant Assets using Staff's proposed accounting entries;
- (k) Provide utility plant asset information, including the Plant Assets, to the Commission's Division of Public Service Taxation within sixty (60) days of the date of this Order; and
- (l) Make the appropriate journal entries as set forth in the Staff Report and Staff Response.

(14) The Company shall not include an acquisition premium in rate base at this time, but may propose an adjustment at the time it requests approval from the Commission to adjust its rates.

(15) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2013-00060
MARCH 14, 2014**

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, 2014

FINAL ORDER

On June 14, 2013, 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 directive contained in Ordering Paragraph (6) of the Final Order issued by the State Corporation Commission ("Commission") on March 22, 2013,¹ filed its annual update ("Application") for its rate adjustment clause ("RAC"), Rider B, with the Commission. Through its Application, the Company seeks to recover costs associated with the major unit modifications of the Altavista, Hopewell, and Southampton power stations from coal-burning generating facilities to renewable biomass generating facilities (collectively, the "Biomass Conversions").² Dominion Virginia Power requests that the Commission approve the revised RAC, to be effective on and after April 1, 2014.³

On July 3, 2013, 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, directed the Commission Staff ("Staff") to investigate the Application, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. The Commission received notices of participation from the Virginia Committee for Fair Utility Rates and the Office of the Attorney General's Division of Consumer Counsel.

On November 26, 2013, the Commission issued its Final Order in Dominion Virginia Power's 2013 biennial review proceeding.⁴ Several of the Commission's findings in the 2013 Biennial Review Order impacted the Company's and the Staff's revenue requirements for Rider B in the instant case. In particular, the Commission concluded, among other things, that a base return on equity ("ROE") of 10.0% is applicable to the Company's RACs under §§ 56-585.1 A 5 and 6 of the Code, effective November 30, 2013.⁵ In addition, the Commission found that an equity ratio of 50% is reasonable for

¹Application 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. 130330134, Final Order (Mar. 22, 2013).

² Ex. 2 (Application) at 1, 4, 6, 14.

³ Id. at 4, 14.

⁴ 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, Case No. PUE-2013-00020, Doc. Con. Cen. No. 131130148, Final Order (Nov. 26, 2013) ("2013 Biennial Review Order").

⁵ Id. at 14-15, n. 42.

ratemaking.⁶ The Commission also found that for the Altavista, Hopewell and Southampton power stations, O&M expenses shall be allocated between "legacy" (base rates) and "major unit modification" (Rider B) facilities using the allocation methodology as presented by Staff in the 2013 biennial review proceeding.⁷ Finally, the Commission held that the Staff's modified labor-based methodology shall be used to capitalize generation overhead costs.⁸

On December 20, 2013, Staff filed supplemental direct testimony to reflect impacts of the aforementioned findings in the Commission's 2013 Biennial Review Final Order on the Rider B revenue requirement.

On January 7, 2014, the hearing was convened as scheduled. Four primary issues remained in dispute and were addressed at the hearing. The first concerned whether the Company's new proration methodology relative to accumulated deferred income taxes ("ADIT") associated with liberalized depreciation ("Liberalized Depreciation ADIT") balances should be used to calculate the updated Rider B revenue requirement.⁹ The second concerned the proper calculation of the Cash Working Capital ("CWC") allowance in rate base. The third issue in dispute concerned whether the 50% equity ratio should be used when calculating the Projected Cost Recovery Factor component of the Rider B revenue requirement for the rate year beginning April 1, 2014. The fourth concerned the appropriate cost of debt to use when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order.

On January 28, 2014, the Hearing Examiner issued the Report of A. Ann Berkebile, Hearing Examiner ("Report"). In her Report, the Hearing Examiner adopted the following Staff recommendations: (1) the Company's lead/lag study should be modified as recommended by Staff to include accounts payables related to the Biomass Conversions construction work in progress ("CWIP") in the balance sheet analysis portion; (2) an equity ratio of 50% should be used to calculate all components of the Rider B revenue requirement; (3) a cost of debt of 5.235% should be used when adjusting the Company's capital structure to comply with the Commission's findings in the 2013 Biennial Review Order; and (4) an ROE of 12.4% (base ROE of 10.4% approved in the Company's 2011 biennial review proceeding¹⁰ plus a 200 basis point adder pursuant to § 56-585.1 A 6 of the Code) should be used to calculate the Actual Cost True-Up Factor, and an ROE of 12% (base ROE of 10% approved in the Company's 2013 biennial review proceeding plus a 200 basis point statutory adder) should be used to calculate the Projected Cost Recovery Factor.¹¹

With regard to the Liberalized Depreciation ADIT issue, the Hearing Examiner found that the Company's proposed proration methodology should be used to calculate the Projected Cost Recovery Factor of Rider B.¹² The Hearing Examiner also recommended that the Company be required to request, with Staff's assistance, a Private Letter Ruling ("PLR") from the Internal Revenue Service ("IRS") specifically addressing the application of the tax normalization rules to RACs approved pursuant to § 56-585.1 A 6 of the Code.¹³ Finally, the Hearing Examiner recommended approval of a total Rider B annual revenue requirement of \$15.21 million for the rate year beginning April 1, 2014.¹⁴

On February 14, 2014, Dominion Virginia Power filed comments to the Hearing Examiner's Report, urging the Commission to adopt the Report's recommendation that the Company's proposed proration methodology be used to calculate the ADIT balance for purposes of the Rider B Projected Cost Recovery Factor.¹⁵ The Company also supported the Report's recommendation for the Company to request a PLR from the IRS, with Staff's assistance, to determine whether the normalization rules require application of the Company's ADIT-proration methodology to § 56-585.1 A 6 RACs, and whether Staff's proposed ADIT-related modification to the lead/lag study is permitted under the tax normalization rules.¹⁶ The Company did not oppose the Report's findings regarding the appropriate ROE to be used to calculate the Actual Cost True-Up Factor and Projected Cost Recovery Factor.¹⁷ The Company did, however, oppose the Report's recommendations regarding inclusion of accounts payable CWIP and the use of zero net lead/lag days for deferred tax expense

⁶ *Id.* at 23.

⁷ *Id.* at 17.

⁸ *Id.* at 5.

⁹ The Company asserted that its proposed proration methodology is required to comply with tax normalization rules. *See* Ex. 14 (Warren rebuttal).

¹⁰ *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), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012).

¹¹ Hearing Examiner's Report at 18.

¹² *Id.* The Hearing Examiner did not address whether the Company's proposed proration methodology should be applied to future Rider B Actual Cost True-Up Factors. *See* Hearing Examiner's Report at 15, n. 17.

¹³ Hearing Examiner's Report at 18. The Hearing Examiner also found that a future Rider B true-up should account for any potential over-recovery of revenue associated with a conclusion of the IRS that the Company's proposed Liberalized Depreciation ADIT-proration methodology is not required in order to comply with the IRS normalization rules. *Id.*

¹⁴ *Id.*

¹⁵ Dominion Virginia Power's Comments to the Hearing Examiner's Report (January 28, 2014) ("Dominion Virginia Power Comments") at 1, 4, 5-9.

¹⁶ *Id.* at 4-5, 9-12.

¹⁷ *Id.* at 5.

attributable to liberalized depreciation ADIT in the calculation of the CWC allowance,¹⁸ the use of a 50% equity ratio capital structure for the Projected Cost Recovery Factor,¹⁹ and the use of a 5.235% cost of debt when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order.²⁰

The Staff also filed comments on the Hearing Examiner's Report, generally supporting the Hearing Examiner's recommendations, but restating its position that prorated Liberalized Depreciation ADIT should not be used in future Actual Cost True-Up Factors.²¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Dominion Virginia Power's proposed ADIT-proration methodology should be used to calculate the Projected Cost Recovery Factor, pending a final determination by the IRS. The Company shall request, in a timely manner and with the assistance of Staff, a PLR from the IRS specifically addressing application of the tax normalization rules to RACs approved by the Commission pursuant to § 56-585.1 A 6 of the Code.²² If the PLR establishes that the ADIT-proration methodology approved herein is not required, we can revisit this issue in future Rider B proceedings.²³

Dominion Virginia Power's lead/lag study shall be modified in the manner specified by Staff to recognize the financial impact of accounts payable CWIP, which adjusts CWIP from an accrual to cash basis.²⁴ In addition, the Company shall continue to use a two-month rate base average to calculate financing costs in the Actual Cost True-up Factor.²⁵ Based on Staff's testimony in this case, we conclude that this finding does not result in duplicative rate base reductions, nor does it prevent the Company from fully recovering its actual costs.²⁶ Dominion Virginia Power's lead/lag study shall also be modified in the manner specified by Staff to eliminate any adjustment to Liberalized Depreciation ADIT balances.²⁷ As discussed in the Hearing Examiner's Report, this "merely recognizes the effect of prorating ADIT balances on CWC and...prevents the Company from collecting a windfall not mandated by the normalization rules."²⁸

As found in the Company's most recent biennial review, an equity ratio of 50% shall be used to calculate Dominion Virginia Power's actual costs of capital in Rider B for calendar year 2012. As explained in the 2013 Biennial Review Order, we find that this result is supported by the evidence and permitted by statute.²⁹

As also explained in the 2013 Biennial Review Order, "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."³⁰ Contrary to Dominion Virginia Power's assertion, however, this does not require a change to the actual cost of debt calculation for 2012. We find that the Company's proposed cost of its incremental debt (5.701%), which it used when adjusting its capital structure to comply with the Commission-directed equity ratio of 50%, is unreasonably high. Rather, we find that the Company's actual overall 2012 cost of debt (5.235%) is reasonable for this purpose.³¹

Finally, for purposes of the Projected Cost Recovery Factor, Dominion Virginia Power states that its "actual 2013 end-of-period capital structure is not yet known and will be subject to review in a future case."³² As a result, the Company seeks to use a "proxy" capital structure with a 51.8% equity ratio

¹⁸ *Id.* at 1, 4-5, 10-13. Although the Hearing Examiner did not include a specific finding regarding treatment of Liberalized Depreciation ADIT balances in the lead/lag studies used to calculate CWC, the Hearing Examiner did recommend in her discussion that the Commission approve Staff's proposal to eliminate from the lead/lag study any adjustment to Liberalized Depreciation ADIT balances when utilizing the Company's proposed proration methodology. Hearing Examiner's Report at 15. *See also* Ex. 9 (Myers supplemental direct) at 5.

¹⁹ Dominion Virginia Power Comments at 1-2, 5, 14-20.

²⁰ *Id.* at 2, 5, 20-21.

²¹ *See* Staff's Comments to the Hearing Examiner's Report (Feb. 14, 2014).

²² Issues regarding the application of the tax normalization rules have also been raised in Case No. PUE-2013-00065 (Rider W) and Case No. PUE-2013-00061 (Rider S). *See 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, 2014*, Case No. PUE-2013-00065 (May 31, 2013); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2013-00061 (June 14, 2013).

²³ As there was no Liberalized Depreciation ADIT on the Company's books during calendar year 2012, the Actual Cost True-Up Factor is not impacted by the Company's new proration methodology. Accordingly, we need not address the proration issue regarding future actual cost true-ups as part of the instant case.

²⁴ *See, e.g.*, Tr. at 29-34.

²⁵ *See, e.g.*, Hearing Examiner's Report at 16.

²⁶ *See, e.g.*, Tr. 31-35.

²⁷ In other words, the Company shall modify its lead/lag study to utilize zero net lead/lag days for liberalized depreciation deferred income tax expense. *See* Ex. 9 (Myers supplemental direct) at 4-5; Tr. 35-37.

²⁸ Hearing Examiner's Report at 15.

²⁹ *See* 2013 Biennial Review Order at 21-24.

³⁰ *Id.* at 21, n. 58.

³¹ *See, e.g.*, Ex. 12 (Oliver supplemental direct), Schedule 1; Tr. at 53; Hearing Examiner's Report at 17.

³² Dominion Virginia Power Comments at 16.

until the actual is known and subsequently reviewed by the Commission.³³ We reject, however, Dominion Virginia Power's request to use a quarter-end – as opposed to a year-end – capital structure for this purpose.³⁴ The Company acknowledges that its actual year-end 2013 capital structure is unknown and unable to be reviewed under the applicable statute.³⁵ In such instance, we find that it is reasonable for customers' rates to reflect the Company's most recently approved capital structure, which has an equity ratio of 50%.³⁶ Moreover, as this serves as a proxy until the projected factor is true-up, Dominion Virginia Power will not be prevented from recovering its reasonable costs under the statute.

This decision is consistent with our prior orders for Rider B. In ordering the most recent Projected Cost Recovery Factor for Rider B in 2013, we used (and the Company proposed) the most recent end-of-test period ratemaking capital structure and cost of capital.³⁷ That is, the Projected Cost Recovery Factor ordered in 2013 was based on the 2011 ratemaking capital structure.³⁸ Likewise, the projected factor ordered herein is based on the 2012 ratemaking capital structure.³⁹ The percentage of common equity in the capital structure is used in conjunction with the ROE in determining a cost of capital for the projected factor. In this manner, the cost of capital included in the projected factor reflects the most recently approved ROE and equity ratio.⁴⁰

We conclude, as we have in the past, that it is reasonable to use the most recently approved equity ratio as a proxy in setting the Projected Cost Recovery Factor. We continue to find that such proxy is reasonable and permitted by statute, and that the subsequent true-ups for Rider B enable Dominion Virginia Power to recover its reasonable costs under the statute.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval of a revision of its rate adjustment clause, designated as Rider B, is granted in part and denied in part as set forth herein.

(2) The Company shall forthwith file a revised Rider B 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>.

(3) Rider B, as approved herein, shall become effective for service rendered on and after April 1, 2014.

(4) On or before June 30, 2014, the Company shall file an application to revise Rider B effective April 1, 2015. Such application shall provide an update regarding the Company's request for a PLR from the IRS.

(5) This case is dismissed from the Commission's docket, and placed in closed status in the records maintained by the Clerk of the Commission.

³³ See, e.g., *id.* at 16-20; Ex. 15 (Stevens rebuttal) at 5-6.

³⁴ Dominion Virginia Power Comments at 16-20.

³⁵ *Id.* at 16, and 17, n. 58.

³⁶ Thus, the Projected Cost Recovery Factor shall reflect the capital structure approved herein for the Actual Cost True-Up Factor.

³⁷ Indeed, this has been common practice in similar RAC proceedings. See, e.g., *Application of Virginia Electric and Power Company, For approval of the annual filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of a rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia*, Case No. PUE-2010-00054, 2011 S.C.C. Ann. Rept. 333, 334, Order Approving Rate Adjustment Clause (Mar. 22, 2011) (the Commission used the end-of-period capital structure and cost of capital for determining the revenue requirement for Rider S); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station for 2011-2012*, Case No. PUE-2010-00055, 2011 S.C.C. Ann. Rept. 335, 336, Order Approving Rate Adjustment Clause (Mar. 22, 2011) (the Commission reached the same finding as in Case No. PUE-2010-00054 with regard to capital structure and cost of capital); *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, 2012 S.C.C. 298, 302, Order (Apr. 30, 2012) (the Commission held that the calculation of margins on operating expense were to be based on the December 31, 2010 year-end capital structure for the Rate Year Projected Revenue Requirement).

³⁸ 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, Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner, Doc. Con. Cen. No. 130210284 at 5, 13, 19, 21 (Feb. 19, 2013), approved by *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. 130330134, Final Order (Mar. 22, 2013).

³⁹ Unlike 2011, however, the approved 2012 capital structure is different from that originally proposed by Dominion Virginia Power. See 2013 Biennial Review Order at 22-24.

⁴⁰ Thus, there is a direct link between ROE and the equity ratio.

**CASE NO. PUE-2013-00061
MARCH 14, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

FINAL ORDER

On June 14, 2013, 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"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause ("RAC"), Rider S ("Application").¹ Through its Application, the Company seeks to recover costs associated with the Virginia City Hybrid Energy Center ("VCHC"), a 600 MW nominal coal-fueled generating plant and associated interconnection facilities located in Wise County, Virginia.

On June 28, 2013, 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 from the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Virginia Committee for Fair Utility Rates. The evidentiary hearing was convened on December 17, 2013. Counsel for Dominion Virginia Power, Consumer Counsel and the Staff of the Commission ("Staff") were present at the hearing.²

On November 26, 2013, the Commission issued its Final Order in the Company's 2013 biennial review proceeding.³ Several of the Commission's findings in the 2013 Biennial Review Order impacted the Company's and Staff's revenue requirements for Rider S in the instant case. In particular, the Commission held that a base return on equity ("ROE") of 10.0% is applicable to the Company's RACs under §§ 56-585.1 A 5 and 6 of the Code, effective November 30, 2013.⁴ In addition, the Commission held that Staff's modified labor-based methodology should be used to capitalize generation overhead costs.⁵

On December 11, 2013, and December 12, 2013, respectively, Staff and the Company filed supplemental direct testimony to reflect the aforementioned findings in the Commission's 2013 Biennial Review Order. Four primary issues remained in dispute in this proceeding. The first concerned the treatment of accumulated deferred income taxes ("ADIT") associated with liberalized depreciation ("Liberalized Depreciation ADIT") balances.⁶ The second concerned the proper calculation of the cash working capital ("CWC") allowance in rate base. The third issue in dispute concerned whether the 50% equity ratio should be used to calculate the Projected Cost Recovery Factor component of the Rider S revenue requirement for the rate year beginning April 1, 2014, as well as the appropriate cost of debt to be used when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order. The final issue concerned whether Dominion Virginia Power had exceeded the \$1.8 billion limit set by the Commission in its Final Order in Case No. PUE-2007-00066 for the construction of VCHC and, if so, whether the costs above the \$1.8 billion cap should be recovered from ratepayers.⁷

On January 31, 2014, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner found that the Company's lead/lag study should be modified as recommended by Staff to include accounts payables related to the VCHC construction work in progress ("CWIP") in the balance sheet analysis portion;⁸ an equity ratio of 50% should be used to calculate all components of the Rider S revenue requirement;⁹ a cost of debt of 5.235% should be used when adjusting the Company's capital structure to comply with the Commission's findings in the 2013 Biennial Review Order;¹⁰ and an ROE of 11.4% (base ROE of 10.4% approved in the Company's 2011 biennial review

¹ Ex. 2 (Application). On June 19, 2013, the Company supplemented its Application by filing Schedule 46C, Statement 4, which was inadvertently omitted from the original filing. See Ex. 5C (Schedule 46C, Statement 4).

² The evidentiary hearing was continued from the original date of December 11, 2013, when the Hearing Examiner granted the Staff's Motion for Continuance, filed December 9, 2013, wherein the Staff requested additional time to prepare and file supplemental testimony addressing issues that were resolved in the Commission's Final Order in the Company's 2013 biennial review proceeding.

³ *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*, Case No. PUE-2013-00020, Doc. Con. Cen. No. 131130148, Final Order (Nov. 26, 2013) ("2013 Biennial Review Order").

⁴ 2013 Biennial Review Order at 14-15, n. 42.

⁵ *Id.* at 5.

⁶ In this case the Company developed the Liberalized Depreciation ADIT balances using a certain "proration" procedure in calculating the Projected Cost Recovery Factor and Actual Cost True-Up Factor. The Company asserted that its proposed proration methodology is required in order to comply with tax normalization rules. See Ex. 29 (Warren Rebuttal) at 4.

⁷ See *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) ("VCHC Order").

⁸ Hearing Examiner's Report at 28-29.

⁹ *Id.* at 26-28.

¹⁰ *Id.* at 28.

proceeding¹¹ plus a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code) should be used to calculate the Actual Cost True-Up Factor, while an ROE of 11% (base ROE of 10% approved in the Company's 2013 biennial review proceeding plus a 100 basis point statutory adder) should be used to calculate the Projected Cost Recovery Factor.¹² With regard to the Liberalized Depreciation ADIT issue, the Hearing Examiner found that the Company's proposed proration methodology should be used to calculate the Projected Cost Recovery Factor of Rider S, while actual results should be used to calculate the Actual Cost True-Up Factor;¹³ that the Company be required to request, with Staff's assistance, a Private Letter Ruling ("PLR") from the IRS specifically addressing the application of the tax normalization rules to RACs approved pursuant to § 56-585.1 A 6 of the Code;¹⁴ and that Dominion Virginia Power's lead/lag study should be modified to eliminate any adjustment to Liberalized Depreciation ADIT balances, in order to prevent the Company's cash requirements from being overstated.¹⁵ Finally, the Hearing Examiner determined that, while Dominion Virginia Power exceeded the \$1.8 billion cap set by the Commission in the VCHEC Order, the Company demonstrated that the additional costs were reasonable and prudent.¹⁶

In sum, the Hearing Examiner recommended approval of a total Rider S annual revenue requirement of \$238.7 million for the rate year beginning April 1, 2014.¹⁷

The Company filed comments to the Hearing Examiner's Report, urging the Commission to adopt the Report's recommendation that the Company's proposed proration methodology be used to calculate the ADIT balance for purposes of the Rider S Projected Cost Recovery Factor.¹⁸ Dominion Virginia Power also supported the Report's recommendation for the Company to request a PLR from the IRS, with Staff's assistance, to determine whether the tax normalization rules require application of the Company's proration methodology to RACs approved pursuant to § 56-585.1 A 6 of the Code.¹⁹ The Company also stated that it supported the Report's finding that the additional costs incurred for VCHEC are reasonable and prudent.²⁰ Further, the Company did not oppose the Report's findings regarding the appropriate ROE to be used to calculate the Actual Cost True-Up Factor and Projected Cost Recovery Factor. The Company did, however oppose several of the Report's recommendations. Dominion Virginia Power opposed the finding that its proposed proration methodology should not be applied to the Actual Cost True-Up Factor;²¹ the inclusion of an accounts payable CWIP component in the CWC calculations;²² Staff's modification to liberalized depreciation deferred income taxes in the calculation of the CWC allowance when prorated ADIT balances are included in rate base;²³ the use of a 50% equity ratio capital structure for the Projected Cost Recovery Factor;²⁴ and the use of a 5.235% cost of debt when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order.²⁵

Consumer Counsel filed comments that supported the Hearing Examiner's finding with regard to the Liberalized Depreciation ADIT issue.²⁶ Consumer Counsel also supported the Hearing Examiner's findings that an equity ratio of 50% should be used to calculate all components of the Rider S revenue requirement and that a cost of debt of 5.235% should be used when adjusting the Company's capital structure to comply with the Commission's 2013 Biennial Review Order.²⁷ However, Consumer Counsel objected to the Hearing Examiner's recommendation of a revenue requirement that is designed to recover costs exceeding the \$1.8 billion cap set by the Commission in the VCHEC Order. Consumer Counsel stated that the Commission should limit the Company's recovery from ratepayers to the \$1.8 billion cap.²⁸

¹¹ *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), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012).

¹² Hearing Examiner's Report at 18-19, 29.

¹³ *Id.* at 21-25.

¹⁴ *Id.* at 21-24.

¹⁵ *Id.* at 26.

¹⁶ *Id.* at 21.

¹⁷ *Id.* at 29.

¹⁸ Dominion Virginia Power's Comments to the Hearing Examiner's Report (Feb. 21, 2014) at 1, 4-5.

¹⁹ *Id.* at 4.

²⁰ *Id.* at 5.

²¹ *Id.* at 4-10.

²² *Id.* at 12-14.

²³ *Id.* at 11-12.

²⁴ *Id.* at 14-20.

²⁵ *Id.* at 20-21.

²⁶ Consumer Counsel's Comments to the Hearing Examiner's Report (Feb. 21, 2014) at 3-4.

²⁷ *Id.*

²⁸ *Id.*

The Staff also filed comments to the Hearing Examiner's Report, in which Staff generally supported the Hearing Examiner's recommendations.²⁹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Dominion Virginia Power's proposed ADIT-proration methodology should be used to calculate the Projected Cost Recovery Factor and actual results should be used for the Actual Cost True-Up Factor, pending a final determination by the IRS. We concur with the Hearing Examiner that the Actual Cost True-Up Factor is based on actual costs determined in an historical, rather than a future period, and therefore use of the Company's proposed proration methodology for calculating the Actual Cost True-Up Factor is not required.³⁰ We further find that the Company shall request, in a timely manner and with the assistance of Staff, a PLR from the IRS specifically addressing the application of the tax normalization rules to RACs approved by the Commission pursuant to § 56-585.1 A 6 of the Code. If the PLR establishes the use of the proration methodology in a manner other than what we approved herein, this issue may be revisited in a future Rider S proceeding. Further, the CWC allowance for the Projected Cost Recovery Factor shall be modified in the manner specified by Staff to eliminate any adjustment to Liberalized Depreciation ADIT balances.³¹ As discussed in the Hearing Examiner's Report, this adjustment "is necessary to keep such factors from being counted twice, and overstated."³²

Dominion Virginia Power's lead/lag study shall be modified in the manner specified by Staff to recognize the financial impact of accounts payable CWIP, which adjusts CWIP from an accrual to a cash basis. In addition, the Company shall continue to use a two-month rate base average to calculate financing costs in the Actual Cost True-Up Factor.³³ Based on Staff's testimony in this case, we conclude that this finding does not result in duplicative rate base reductions, nor does it prevent the Company from fully recovering its actual costs.³⁴

As found in the Company's most recent biennial review, an equity ratio of 50% shall be used to calculate Dominion Virginia Power's actual costs of capital in Rider S for calendar year 2012. As explained in the 2013 Biennial Review Order, we find that this result is supported by the evidence and permitted by statute.³⁵

As also explained in the 2013 Biennial Review Order, "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."³⁶ Contrary to Dominion Virginia Power's assertion, however, this does not require a change to the actual cost of debt calculation for 2012. We find that the Company's proposed cost of its incremental debt (5.701%), which it used when adjusting its capital structure to comply with the Commission-directed equity ratio of 50%, is unreasonably high. Rather, we find that the Company's actual overall 2012 cost of debt (5.235%) is reasonable for this purpose.³⁷

Moreover, for purposes of the Projected Cost Recovery Factor, Dominion Virginia Power states that its "actual 2013 end-of-period capital structure is not yet known and will be subject to review in a future case."³⁸ As a result, the Company seeks to use a "proxy" capital structure with a 51.8% equity ratio until the actual is known and subsequently reviewed by the Commission.³⁹ We reject, however, Dominion Virginia Power's request to use a quarter-end – as opposed to a year-end – capital structure for this purpose. The Company acknowledges that its actual year-end 2013 capital structure is unknown and unable to be reviewed under the applicable statute.⁴⁰ In such instance, we find that it is reasonable for customers' rates to reflect the Company's most recently approved (*i.e.*, 2012 year-end) capital structure, which has an equity ratio of 50%.⁴¹ Moreover, as this serves as a proxy until the projected factor is trued-up, Dominion Virginia Power will not be prevented from recovering its reasonable costs under the statute.

This decision is consistent with our prior orders for Rider S.⁴² In fact, in ordering the most recent Projected Cost Recovery Factor for Rider S in 2013, we used (and the Company proposed) the most recent end-of-test period ratemaking capital structure and cost of capital. That is, the Projected Cost

²⁹ See Staff's Comments to the Hearing Examiner's Report (Feb. 21, 2014).

³⁰ See Hearing Examiner's Report at 21-25.

³¹ See Ex. 20 (McLeod Supp. Direct) at 5; Tr. 99-100. In other words, the Company shall modify its lead/lag study to utilize zero net lead/lag days for liberalized depreciation deferred income tax expense.

³² Hearing Examiner's Report at 26. The Hearing Examiner also noted that Dominion Virginia Power may include this issue when requesting its PLR. The Commission concurs with the Hearing Examiner that this issue may be included in the Company's request for a PLR.

³³ See Ex. 18 (McLeod Direct) at 23-25; Tr. 94-99; Hearing Examiner's Report at 28-29.

³⁴ See, *e.g.*, Tr. 94-99.

³⁵ See 2013 Biennial Review Order at 21-24.

³⁶ *Id.* at 21, n. 58.

³⁷ See Ex. 24 (Oliver Supp. Direct) at Schedule 1; Tr. 107-111; Hearing Examiner's Report at 28.

³⁸ Dominion Virginia Power's Comments to the Hearing Examiner's Report (Feb. 21, 2014) at 16.

³⁹ *Id.* at 14-20.

⁴⁰ *Id.* at 16, 18, n. 57.

⁴¹ Thus, the Projected Cost Recovery Factor shall reflect the capital structure approved herein for the Actual Cost True-Up Factor.

⁴² See, *e.g.*, *Application of Virginia Electric and Power Company, For approval of the annual filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of a rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia*, Case No. PUE-2010-00054, 2011 S.C.C. Ann. Rept. 333, 334, Order Approving

Recovery Factor ordered in 2013 was based on the 2011 ratemaking capital structure.⁴³ Likewise, the projected factor ordered herein is based on the 2012 ratemaking capital structure.⁴⁴ The percentage of common equity in the capital structure is used in conjunction with the ROE in determining a cost of capital for the projected factor. In this manner, the cost of capital included in the projected factor reflects the most recently approved ROE and equity ratio.⁴⁵

We conclude, as we have in the past, that it is reasonable to use the most recently approved equity ratio as a proxy in setting the Projected Cost Recovery Factor. We continue to find that such proxy is reasonable and permitted by statute, and that the subsequent true-ups for Rider S enable Dominion Virginia Power to recover its reasonable costs under the statute.

Finally, Dominion Virginia Power requests recovery of total project capital costs that exceed the \$1.8 billion cap established by the Commission in the VCHEC Order, and which the Company accepted and is bound by as a result of proceeding with this project under the terms of approval ordered by the Commission. In this regard, Consumer Counsel states that it "takes the Commission's act of setting the \$1.8 billion cap seriously" and objects to the Company's request herein to exceed such cap by approximately \$26 million.⁴⁶ We have considered Consumer Counsel's objections and agree that the cap was an integral component of the Commission's approval in the VCHEC Order. We also have considered the record in this matter regarding the Company's proposed extension of the cap, much of which has been designated confidential by the participants in this proceeding. We conclude that the extension of the cap is appropriate – in this instance – based on the unique factual situation presented. Specifically, based on the record, we agree with the Hearing Examiner and Staff that the increased costs will provide additional benefits to customers, and that these benefits will, over time, exceed such costs.

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 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>.
- (3) Rider S, as approved herein, shall become effective for service rendered on and after April 1, 2014.
- (4) On or before June 30, 2014, the Company shall file an application to revise Rider S effective April 1, 2015. Such application shall provide an update regarding the Company's request for a PLR from the IRS.
- (5) This case is dismissed from the Commission's docket, and placed in closed status in the records maintained by the Clerk of the Commission.

Rate Adjustment Clause (Mar. 22, 2011) (the Commission used the end-of-period capital structure and cost of capital for determining the revenue requirement for Rider S). Indeed, this has also been common practice in other similar RAC proceedings. *See, e.g., Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station for 2011-2012*, Case No. PUE-2010-00055, 2011 S.C.C. Ann. Rept. 335, 336, Order Approving Rate Adjustment Clause (Mar. 22, 2011) (the Commission used the end-of-period capital structure and cost of capital for determining the revenue requirement for Rider R); *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, 270, n. 72, Final Order (Feb. 2, 2012) (the Commission rejected the Company's request to use a quarter-end capital structure for calculation of AFUDC for ratemaking purposes); *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, 2012 S.C.C. 298, 302, Order (Apr. 30, 2012) (the Commission held that the calculation of margins on operating expense were to be based on the December 31, 2010 year-end capital structure for the Rate Year Projected Revenue Requirement).

⁴³ *See Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2012-00071, Doc. Con. Cen. No. 120650030, Application at 10 (June 29, 2012); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2012-00071, Doc. Con. Cen. No. 130320086, Final Order (Mar. 12, 2013).

⁴⁴ Unlike 2011, however, the approved 2012 capital structure is different from that originally proposed by Dominion Virginia Power. *See* 2013 Biennial Review Order at 21-24.

⁴⁵ Thus, there is a direct link between ROE and the equity ratio.

⁴⁶ Consumer Counsel's Comments to the Hearing Examiner's Report (Feb. 21, 2014) at 10.

**CASE NO. PUE-2013-00065
FEBRUARY 28, 2014**

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, 2014

FINAL ORDER

On May 31, 2013, 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") its application for approval of an annual revision of its rate adjustment clause ("RAC") Rider W ("Application").² The Company seeks to recover costs associated with the development of the Warren County Power Station, a 1,329-megawatt (nominal) natural gas-fired combined-cycle electric generating facility, and associated transmission interconnection facilities in Warren County, Virginia (the "Warren County Project").

On June 27, 2013, 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 from the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Virginia Committee for Fair Utility Rates. The hearing was convened on December 11, 2013. Counsel for Dominion Virginia Power, Consumer Counsel and the Staff of the Commission ("Staff") were present at the hearing.³

On November 26, 2013, the Commission issued its final order in the Company's 2013 biennial review proceeding.⁴ Several of the Commission's findings in the 2013 Biennial Review Order impacted the Company's and Staff's revenue requirements for Rider W in the instant case. In particular, the Commission held that a base return on equity ("ROE") of 10.0% is applicable to the Company's RACs under §§ 56-585.1 A 5 and 6 of the Code, effective November 30, 2013.⁵ In addition, the Commission found that an equity ratio of 50% is reasonable for ratemaking.⁶ With regard to the Company's request to remove costs associated with initial land and development for the Warren County Project from base rates and include them in the Rider W rate base, the Commission held that such change should take place at a time when base rates are adjusted, and base rates were not changed in the Company's 2013 biennial review.⁷ Finally, the Commission held that Staff's modified labor-based methodology should be used to capitalize generation overhead costs.⁸

On December 9, 2013, and December 10, 2013, respectively, the Company and Staff filed supplemental direct testimony to reflect the aforementioned findings in the Commission's 2013 Biennial Review Order. Three primary issues remained in dispute in this proceeding. The first concerned the treatment of accumulated deferred income taxes ("ADIT") associated with liberalized depreciation ("Liberalized Depreciation ADIT") balances.⁹ The second concerned the proper calculation of the cash working capital ("CWC") allowance in rate base. The third issue in dispute concerned whether the 50% equity ratio should be used to calculate the Projected Cost Recovery Factor component of the Rider W revenue requirement for the rate year beginning April 1, 2014, as well as the appropriate cost of debt to be used when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order.

On January 14, 2014, the Report of A. Ann Berkebile, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In her Report, the Hearing Examiner adopted the following Staff recommendations: (1) the Company's lead/lag study should be modified as recommended by Staff to include accounts payables related to the Warren County Project construction work in progress ("CWIP") in the balance sheet analysis portion; (2) an equity ratio of 50% should be used to calculate all components of the Rider W revenue requirement; (3) a cost of debt of 5.235% should be used when adjusting the Company's capital structure to comply with the Commission's findings in the 2013 Biennial Review Order; and (4) an ROE of 11.4% (base ROE of 10.4%

¹ 20 VAC 5-201-10 *et seq.*

² On June 14, 2013, the Company supplemented its Application by filing Schedule 46C, Statements 2-4, which it explained were inadvertently omitted from the original filing.

³ The evidentiary hearing was continued from the original date of December 10, 2013, when the Hearing Examiner granted the Staff's Motion for Continuance, filed December 9, 2013, wherein the Staff requested additional time to prepare and file supplemental testimony addressing issues that were resolved in the Commission's Final Order in the Company's 2013 biennial review proceeding.

⁴ *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*, Case No. PUE-2013-00020, Doc. Con. Cen. No. 131130148, Final Order (Nov. 26, 2013) ("2013 Biennial Review Order").

⁵ 2013 Biennial Review Order at 14-15, n. 42.

⁶ *Id.* at 23.

⁷ *Id.* at 18-19.

⁸ *Id.* at 5.

⁹ In this case the Company developed the Liberalized Depreciation ADIT balances using a certain "proration" procedure in calculating the Projected Recovery Factor. The Company asserted that its proposed proration methodology is required in order to comply with tax normalization rules. *See* Ex. 18 (Warren rebuttal).

approved in the Company's 2011 biennial review proceeding¹⁰ plus a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code) should be used to calculate the Actual Cost True-Up Factor, and an ROE of 11% (base ROE of 10% approved in the Company's 2013 biennial review proceeding plus a 100 basis point statutory adder) should be used to calculate the Projected Cost-Recovery Factors (pre- and post-commercial operations).¹¹ With regard to the Liberalized Depreciation ADIT issue, the Hearing Examiner found that the Company's proposed proration methodology should be used to calculate the Projected Cost Recovery Factor of Rider W.¹² The Hearing Examiner also recommended that the Company be required to request, with Staff's assistance, a Private Letter Ruling ("PLR") from the IRS specifically addressing the application of the tax normalization rules to RACs approved pursuant to § 56-585.1 A 6 of the Code.¹³ Finally, the Hearing Examiner recommended approval of a total Rider W annual revenue requirement of \$97.84 million for the Rate Year beginning April 1, 2014.¹⁴

The Company filed comments to the Hearing Examiner's Report, urging the Commission to adopt the Report's recommendation that the Company's proposed proration methodology be used to calculate the ADIT balance for purposes of the Rider W Projected Cost Recovery Factor.¹⁵ Dominion Virginia Power also supported the Report's recommendation for the Company to request a PLR from the IRS, with Staff's assistance, to determine whether the tax normalization rules require application of the Company's ADIT-proration methodology to § 56-585.1 A 6 RACs, and whether Staff's proposed ADIT-related modification to the lead/lag study is permitted under the tax normalization rules.¹⁶ The Company did not oppose the Report's findings regarding the appropriate ROE to be used to calculate the Actual Cost True-Up Factor and Projected Cost Recovery Factor.¹⁷ The Company did, however oppose the Report's recommendations regarding inclusion of accounts payable CWIP and the use of zero net lead/lag days for deferred tax expense attributable to liberalized depreciation ADIT in the calculation of the CWC allowance,¹⁸ the use of a 50% equity ratio capital structure for the Projected Cost Recovery Factor,¹⁹ and the use of a 5.235% cost of debt when adjusting the Company's capital structure to comply with the 2013 Biennial Review Order.²⁰

The Staff filed comments to the Hearing Examiner's Report, generally supporting the Hearing Examiner's recommendations, but restating its position that prorated Liberalized Depreciation ADIT should not be used in future Actual Cost True-up Factors.²¹ Consumer Counsel did not object to the recommendations contained in the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Dominion Virginia Power's proposed ADIT-proration methodology should be used to calculate the Projected Cost Recovery Factor, pending a final determination by the IRS. The Company shall request, in a timely manner and with the assistance of Staff, a PLR from the IRS specifically addressing application of the tax normalization rules to RACs approved by the Commission pursuant to § 56-585.1 A 6 of the Code.²² If the results of the PLR establish that the ADIT-proration methodology approved herein is not required, such decision can be reflected in a future true-up for Rider W.²³

¹⁰ *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), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012).

¹¹ Hearing Examiner's Report at 19.

¹² *Id.* The Hearing Examiner did not address whether the Company's proposed proration methodology should be applied to future Rider W Actual Cost True-Up Factors. *See* Hearing Examiner's Report at 16, n. 27.

¹³ *Id.* The Hearing Examiner also found that a future Rider W true-up should account for any potential over-recovery of revenue associated with a conclusion of the IRS that the Company's proposed Liberalized Depreciation ADIT proration methodology is not required in order to comply with the IRS normalization rules. *Id.*

¹⁴ *Id.*

¹⁵ Dominion Virginia Power's Comments to the Hearing Examiner's Report (Feb. 4, 2014) ("Dominion Virginia Power Comments") at 4, 6-9.

¹⁶ *Id.* at 5, 9-10. *See* Ex. 13 (McLeod supplemental direct) at 2-3.

¹⁷ *Id.* at 5.

¹⁸ *Id.* at 4-5, 10-13. Although the Hearing Examiner did not include a specific finding regarding treatment of liberalized depreciation ADIT balances in the lead/lag studies used to calculate CWC, the Hearing Examiner did recommend in her discussion that the Commission approve Staff's proposal to eliminate from the lead/lag study any adjustment to liberalized depreciation ADIT balances when utilizing the Company's proposed proration methodology. Hearing Examiner's Report at 16. *See also* Ex. 13 (McLeod supplemental direct) at 3.

¹⁹ *Id.* at 5, 13-19.

²⁰ *Id.* at 5, 19-20.

²¹ *See* Staff's Comments to the Hearing Examiner's Report (Feb. 4, 2014).

²² Issues regarding the application of the tax normalization rules have also been raised in Case No. PUE-2013-00060 (Rider B) and Case No. PUE-2013-00061 (Rider S). *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, 2014*, Case No. PUE-2013-00060 (June 14, 2013); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center for the rate year commencing April 1, 2014*, Case No. PUE-2013-00061 (June 14, 2013).

²³ As there was no Liberalized Depreciation ADIT on the Company's books during calendar year 2012, the Actual Cost True-up Factor is not impacted by the Company's new proration methodology. Accordingly, we need not address the proration issue regarding future actual cost true-ups as part of the instant case.

Dominion Virginia Power's lead/lag study shall be modified in the manner specified by Staff to recognize the financial impact of accounts payable CWIP, which adjusts CWIP from an accrual to cash basis.²⁴ In addition, the Company shall continue to use a two-month rate base average to calculate financing costs in the Actual Cost True-up Factor.²⁵ Based on Staff's testimony in this case, we conclude that this finding does not result in duplicative rate base reductions, nor does it prevent the Company from fully recovering its actual costs.²⁶ Dominion Virginia Power's lead/lag study shall also be modified in the manner specified by Staff to eliminate any adjustment to liberalized depreciation ADIT balances.²⁷ As discussed in the Hearing Examiner's Report, this "merely recognizes the effect of prorating ADIT balances on CWC and...prevents the Company from collecting a windfall not mandated by the normalization rules."²⁸

As found in the Company's most recent biennial review, an equity ratio of 50% shall be used to calculate Dominion Virginia Power's actual costs of capital in Rider W for calendar year 2012. As explained in the 2013 Biennial Review Order, we find that this result is supported by the evidence and permitted by statute.²⁹

As also explained in the 2013 Biennial Review Order, "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."³⁰ Contrary to Dominion Virginia Power's assertion, however, this does not require a change to the actual cost of debt calculation for 2012. We find that the Company's proposed cost on its incremental debt (5.701%), which it used when adjusting its capital structure to comply with the Commission-directed equity ratio of 50%, is unreasonably high. Rather, we find that the Company's actual overall 2012 cost of debt (5.235%) is reasonable for this purpose.³¹

Finally, for purposes of the Projected Cost Recovery Factor, Dominion Virginia Power states that its "actual 2013 end-of-period capital structure is not yet known and will be subject to review in a future case."³² As a result, the Company seeks to use a "proxy" capital structure with a 51.8% equity ratio until the actual is known and subsequently reviewed by the Commission.³³ We reject, however, Dominion Virginia Power's request to use a quarter-end – as opposed to a year-end – capital structure for this purpose.³⁴ The Company acknowledges that its actual year-end 2013 capital structure is unknown and unable to be reviewed under the applicable statute.³⁵ In such instance, we find that it is reasonable for customers' rates to reflect the Company's most recently approved (*i.e.*, 2012 year-end) capital structure, which has an equity ratio of 50%.³⁶ Moreover, as this serves as a proxy until the projected factor is trueed-up, Dominion Virginia Power will not be prevented from recovering its reasonable costs under the statute.

This decision is consistent with our prior orders for Rider W. In initially approving Rider W in 2012, we rejected the Company's request to use a quarter-end capital structure for calculation of AFUDC for ratemaking purposes.³⁷ In ordering the most recent Projected Cost Recovery Factor for Rider W in 2013, we used (and the Company proposed) the most recent end-of-test period ratemaking capital structure and cost of capital.³⁸ That is, the Projected

²⁴ Tr. 74:1-3.

²⁵ See Hearing Examiner's Report at 17.

²⁶ See, *e.g.*, Tr. 82:19-24.

²⁷ In other words, the Company shall modify its lead/lag study to utilize zero net lead/lag days for liberalized depreciation deferred income tax expense. See Ex. 13 (McLeod supplemental direct) at 2-3.

²⁸ Hearing Examiner's Report at 16.

²⁹ See 2013 Biennial Review Order at 21-23.

³⁰ *Id.* at 21, n. 58.

³¹ See Ex. 15 (Oliver supplemental direct), Schedule 1; Tr. 86:14 – 87:6; Hearing Examiner's Report at 18.

³² Dominion Virginia Power Comments at 15-16.

³³ *Id.* at 16-19; Ex. 6 (Propst supplemental direct) at 4.

³⁴ Dominion Virginia Power Comments at 16-19.

³⁵ *Id.* at 15-16, and 17, n.54.

³⁶ Thus, the Projected Cost Recovery Factor shall reflect the capital structure approved herein for the Actual Cost True-up Factor.

³⁷ See *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, 270, n. 72, Final Order (Feb. 2, 2012) ("2012 Rider W Order").

³⁸ Indeed, this has been common practice in similar RAC proceedings. See, *e.g.*, *Application of Virginia Electric and Power Company, For approval of the annual filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of a rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia*, Case No. PUE-2010-00054, 2011 S.C.C. Ann. Rept. 333, 334, Order Approving Rate Adjustment Clause (Mar. 22, 2011) (the Commission used the end-of-period capital structure and cost of capital for determining the revenue requirement for Rider S); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station for 2011-2012*, Case No. PUE-2010-00055, 2011 S.C.C. Ann. Rept. 335, 336, Order Approving Rate Adjustment Clause (Mar. 22, 2011) (the Commission reached the same finding as in Case. No. PUE-2010-00054 with regard to capital structure and cost of capital); *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, 2012 S.C.C. 298,

Cost Recovery Factor ordered in 2013 was based on the 2011 ratemaking capital structure.³⁹ Likewise, the projected factor ordered herein is based on the 2012 ratemaking capital structure.⁴⁰ The percentage of common equity in the capital structure is used in conjunction with the ROE in determining a cost of capital for the projected factor. In this manner, the cost of capital included in the projected factor reflects the most recently approved ROE and equity ratio.⁴¹

We conclude, as we have in the past, that it is reasonable to use the most recently approved equity ratio as a proxy in setting the Projected Cost Recovery Factor. We continue to find that such proxy is reasonable and permitted by statute, and that the subsequent true-ups for Rider W enable Dominion Virginia Power to recover its reasonable costs under the statute.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval of a revision of its rate adjustment clause, designated as Rider W, is granted in part and denied in part as set forth herein.

(2) The Company shall forthwith file a revised Rider W 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>.

(3) Rider W, as approved herein, shall become effective for service rendered on and after April 1, 2014.

(4) On or before June 1, 2014, the Company shall file an application to revise Rider W effective April 1, 2015. Such application shall provide an update regarding the Company's request for a PLR from the IRS.

(5) This case is dismissed from the Commission's docket, and placed in closed status in the records maintained by the Clerk of the Commission.

302, Order (Apr. 30, 2012) (the Commission held that the calculation of margins on operating expense were to be based on the December 31, 2010 year-end capital structure for the Rate Year Projected Revenue Requirement).

³⁹ See *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, Report of A. Ann Berkebile, Hearing Examiner, Doc. Con. Cen. No. 130110041 at 9, 17 (Jan. 4, 2013), approved by *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, Doc. Con. Cen. No. 130210293, Final Order (Feb. 19, 2013).

⁴⁰ Unlike 2011, however, the approved 2012 capital structure is different from that originally proposed by Dominion. See 2013 Biennial Review Order at 22-23.

⁴¹ Thus, there is a direct link between ROE and the equity ratio.

CASE NO. PUE-2013-00072 APRIL 29, 2014

PETITION 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

FINAL ORDER

On August 30, 2013, 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 Filings¹ 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 ("DSM") Programs,³ and the Commission's April 19, 2013 Order in Case No. PUE-2012-00100,⁴ filed with the Commission its petition for approval to implement new demand-side management programs and for approval of updates to its rate adjustment clauses ("RACs") C1A and C2A ("Petition").

¹ 20 VAC 5-201-10 *et seq.*

² 20 VAC 5-303-10 *et seq.*

³ 20 VAC 5-304-10 *et seq.*

⁴ *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*, Case No. PUE-2012-00100, Doc. Con. Cen. No. 130440014, Order (April 19, 2013) ("2012 DSM Proceeding").

In its Petition, the Company seeks approval to enhance its Non-residential Energy Audit Program ("Audit Program"), which was initially approved in Case No. PUE-2011-00093,⁵ by adding certain lighting and cooling measures in order to make that program more attractive to a wider range of customers. The Company states that the previously-approved Audit Program focused on refrigeration measures that would be of interest primarily to non-residential customers in the food services industry.⁶ The Company seeks approval to add lighting and cooling measures to this program, to address customer needs and offer measures that target the building systems that use the most energy in non-residential facilities, as well as to achieve the Audit Program's savings goals.⁷ The Company states that the proposed enhancements can be achieved within the operation and maintenance ("O&M") portion of the spending caps established by the Commission in the 2011 DSM Proceeding, is cost-effective, and more likely to be implemented by customers who have an energy audit performed.⁸

The Company also seeks approval to implement three new DSM programs ("Phase III Programs").⁹ Specifically, the Company requests that the Commission permit the Company to implement the following proposed DSM programs, all to be marketed as part of the Non-residential Bundle, for a five-year period of May 1, 2014 through April 30, 2019:¹⁰

- Non-residential Lighting Systems & Controls Program;
- Non-residential Heating & Cooling Efficiency Program; and
- Non-residential Solar Window Film Program.

According to the Company, all of its proposed programs are "energy efficiency programs" as defined by § 56-576 of the Code.¹¹ The Company proposes a spending cap for the proposed Phase III Programs in the amount of \$114,439,906, which is inclusive of operating costs, estimated revenue reductions related to energy efficiency programs ("lost revenues"), common costs, return on capital expenditures, margins on O&M, and evaluation, measurement and verification ("EM&V") costs.¹² 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%.¹³

Additionally, the Company requests approval of an annual update to continue two RACs, Riders C1A and C2A, for the May 1, 2014, through April 30, 2015 rate year ("Rate Year") for recovery of (i) Rate Year costs associated with (a) the Company's programs previously approved by the Commission in the 2011 DSM Proceeding ("Phase II Programs"), (b) the proposed Phase III Programs, and (c) the Electric Vehicle Pilot Program ("EV Pilot Program");¹⁴ and (ii) the calendar year 2012 true-up of costs associated with (a) the Phase II Programs and (b) the EV Pilot Program.¹⁵

The Company's proposed revenue requirement of \$36,277,706 includes a true-up of 2012 calendar year costs associated with the Phase II Programs and EV Pilot Program through a Monthly True-Up Adjustment.¹⁶ The Company states that, for purposes of the margin authorized to be recovered for qualifying expenditures during the 2012 calendar year, the margin was calculated using the Company's overall Commission-approved cost of capital

⁵ *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, 2012 S.C.C. Ann. Rept. 298, Order (April 30, 2012) ("2011 DSM Proceeding"). The Company stated in its current Petition that, going forward, it will refer to the previously-designated "commercial" DSM programs as "non-residential" to reflect that these programs are also available to customers that are not typically considered "commercial" customers, such as churches and governmental customers that follow jurisdictional rates. *See* Ex. 2 (Petition) at 2 (n. 2).

⁶ Ex. 2 (Petition) at 5.

⁷ *Id.*

⁸ *Id.* at 5-6.

⁹ *Id.* at 2, 6-8.

¹⁰ *Id.* at 6, 7.

¹¹ *Id.* at 6.

¹² *Id.* at 8. The Company states that it is not seeking recovery of lost revenues related to energy efficiency programs at this time; however, the Company is not waiving any right to seek recovery of lost revenues in future proceedings. *See* Ex. 2 (Petition) at 12; Ex. 3 (Stites Direct) at 19-20.

¹³ Ex. 2 (Petition) at 8.

¹⁴ *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).

¹⁵ Ex. 2 (Petition) at 2, 10, 13; Ex. 3 (Stites Direct) at 18.

¹⁶ Ex. 2 (Petition) at 13-14. In rebuttal testimony, the Company reduced its proposed revenue requirement to \$35,728,782. *See* Ex. 36 (Givens Rebuttal) at 5. At the hearing, the Company accepted a revised revenue requirement proposed by the Commission Staff ("Staff") of \$35,695,035. *See* Ex. 22 (Reconciliation of Staff Revised Revenue Requirement); Tr. 597.

according to the terms of the Stipulation and Recommendation and supplemental Addendum approved in, among other cases, Case No. PUE-2009-00081,¹⁷ based on the Company's 2012 year-end capital structure and cost of capital using a 10.4% return on equity ("ROE").¹⁸

On September 26, 2013, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition, required Dominion Virginia Power to publish notice of its Petition, gave interested persons the opportunity to comment on or participate in the proceeding, and scheduled a public hearing. 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 28, 2014, the Environmental Respondents filed the testimony and exhibits of its expert witness.¹⁹ On February 24, 2014, the Staff filed testimonies and exhibits of its witnesses. The Company subsequently filed its rebuttal testimony. The Commission held a public and evidentiary hearing on March 18-19, 2014. The Commission received testimony from witnesses on behalf of the participants and also received testimony from nine public witnesses.

Concurrent with its Petition, the Company filed a Motion for Entry of a Protective Order and Additional Protective Treatment. On October 16, 2013, the Hearing Examiner issued a Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling"). On December 16, 2013, Consumer Counsel filed a Motion to Modify Protective Ruling ("Motion to Modify").²⁰ Consumer Counsel sought the following modifications: (1) elimination of the three-day notice provision in Paragraphs 15(a) and 20 of the Protective Ruling, on the basis that the notice requirement is unreasonable, burdensome, unnecessary, and prejudicial to case participants;²¹ (2) elimination of the requirements that documents containing confidential or extraordinarily sensitive information must be returned to the Company or destroyed at the conclusion of the proceeding, on the basis that these requirements are unduly burdensome and would "impair Consumer Counsel's ability to fulfill its statutory charge to 'represent the interests of the people as consumers . . . before governmental commissions, agencies and departments, including the State Corporation Commission,'"²² (3) an amendment to allow parties to use protected data from this proceeding in related future cases, subject to certain conditions;²³ and (4) elimination of the designation of DSM Contracts and Prices Information as extraordinarily sensitive, on the basis that the protections afforded to information designated as confidential are significant and adequate to protect information designated by the Company as extraordinarily sensitive, and the Company has not demonstrated otherwise.²⁴

Pursuant to the Hearing Examiner's December 17, 2013 ruling with an abbreviated schedule for filing responses and any reply, on January 3, 2014, the Environmental Respondents and VCFUR filed responses in support of the Motion to Modify, and the Company filed a response requesting that the Commission deny Consumer Counsel's Motion to Modify. Consumer Counsel filed its reply in support of the Motion to Modify on January 10, 2014.

The Hearing Examiner issued a ruling on January 29, 2014, granting, in part, and denying, in part, the Motion to Modify.²⁵ On February 12, 2014, Consumer Counsel filed an Objection to the Hearing Examiner's Ruling and Motion to Certify Material Issues to the Commission, and the Environmental Respondents filed a Joint Objection and Motion for Certification of the Hearing Examiner's Ruling (collectively, "Motions to Certify"). Pursuant to the Hearing Examiner's February 18, 2014 ruling with an abbreviated schedule for filing responses and any replies, on March 4, 2014, VCFUR filed a response in support of the Motions to Certify, Staff filed a response in support of Consumer Counsel's Motion to Certify, and the Company filed a response opposing the Motions to Certify and requesting that they be denied. On March 14, 2014, Consumer Counsel and the Environmental Respondents

¹⁷ Ex. 2 (Petition) at 13. See *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. 301, Order Approving Stipulation and Addendum (Mar. 11, 2010).

¹⁸ Ex. 2 (Petition) at 13. The 10.4% ROE was approved in the Company's 2011 biennial review proceeding. See *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), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012).

¹⁹ The Environmental Respondents generally support the Company's Petition, with some concerns related to contribution towards energy reduction goals. The Environmental Respondents also suggested possible improvements to the programs and asked the Commission to direct the Company to include a more comprehensive evaluation of potential DSM programs in future DSM filings. See Ex. 19 (Loiter) at 11-21; Tr. 141, 146.

²⁰ We note that Consumer Counsel filed a similar motion in Case No. PUE-2013-00088. See *In re: Virginia Electric and Power Company's Integrated Resource Plan Filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, Motion to Modify Protective Ruling of Office of the Attorney General, Division of Consumer Counsel (Dec. 16, 2013).

²¹ Motion to Modify at 3-5.

²² *Id.* at 5-9.

²³ *Id.* at 9-11.

²⁴ *Id.* at 11-16.

²⁵ Specifically, the Hearing Examiner ruled as follows: (1) the three-day notice requirements in Paragraphs 15 and 20(b) of the Protective Ruling are unnecessary and should be eliminated from the Protective Ruling; (2) Paragraph 18 of the Protective Ruling is revised to remove the Company's option of requiring the return of confidential information at the conclusion of this case; (3) Paragraph 20(d) of the Protective Ruling is revised to add the option of destroying extraordinarily sensitive information at the conclusion of this case; (4) it is appropriate to require respondents to destroy documents containing confidential or extraordinarily sensitive information at the conclusion of this case; and (5) it is appropriate to prohibit the use of confidential or extraordinarily sensitive information filed or produced in this case in future proceedings, unless such information is re-obtained in a future proceeding.

filed replies in support of the Motions to Certify. The Commission set this matter for oral argument on March 18, 2014, before commencement of the evidentiary hearing on the Company's Application.²⁶

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 rate adjustment clause for the timely and current recovery from customers of the following costs:

- 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.

Section 56-576 of the Code defines "in the public interest" as follows:

"In the public interest," for purposes of assessing energy efficiency programs, describes an energy efficiency program if, among other factors, the net present value of the benefits exceeds the net present value of the costs as determined by the Commission upon consideration of the following four tests: (i) the Total Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program Administrator Test); (iii) the Participant Test; and (iv) 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. In addition, an energy efficiency program may be deemed to be "in the public interest" if the program provides measurable and verifiable energy savings to low-income customers or elderly customers.

Phase III Programs

Consistent with our decision in Dominion Virginia Power's 2011 DSM Proceeding, we evaluated the Company's Petition to determine whether the proposed Phase III Programs are "in the public interest" under § 56-585.1 A 5 of the Code, by considering the four tests discussed in § 56-576 of the Code (Total Resource Cost Test, Utility Cost Test, Participant Test, and Ratepayer Impact Measure Test), as well as other relevant factors, one being the impact on customers' bills, particularly the bills of customers not participating in the programs ("non-participants"). While we approve the proposed Phase III Programs subject to specific requirements, as discussed below, we remain concerned about the impact of the total costs of the programs on the Company's customers, particularly non-participants, who make up the majority of the Company's customers.

The Commission finds the proposed Non-residential Heating & Cooling Efficiency Program and the proposed Non-residential Solar Window Film Program to be in the public interest. However, the Commission shares certain concerns raised by participants in this proceeding with regard to the proposed Non-residential Lighting Systems & Controls Program. Specifically, in its prefiled testimony and during the hearing, Staff recommended that certain measures be excluded from the Non-residential Lighting Systems & Controls Program.²⁷ Consumer Counsel agreed with Staff's concerns.²⁸ We note, in particular, Staff's expressed concerns related to using Standard T12 (115 W) fluorescent fixtures as baseline measures ("T12 baseline measures"), given that the manufacture of these requisite lamps was prohibited by federal regulation as of July 14, 2012.²⁹ Staff also expressed a related concern as to whether it is appropriate to use ratepayer money to fund the replacement of fixtures that are being phased out as a result of federal energy efficiency standards that are currently in place, specifically with regard to the T12 baseline measures.³⁰

We have considered the reasonableness of certain assumptions underlying the T12 baseline measures, which are characterized by significant uncertainties, such as the length of time that the T12 fixtures at issue will be available in the market or stockpiled by potential participants,³¹ the levels of

²⁶ On March 18, 2014, the Hearing Examiner issued a ruling denying the certification requests as unnecessary with the understanding that Consumer Counsel's and the Environmental Respondents' Objections were before the Commission as of that date.

²⁷ See Ex. 24 (Carsley) at 12-15; Tr. 421-22 (Carsley).

²⁸ Tr. 152.

²⁹ See Ex. 24 (Carsley) at 13-14; Tr. 423 (Carsley). See 10 C.F.R. § 430.32(n)(3).

³⁰ See Tr. 423-24 (Carsley). This concern is made even more significant by the fact that the incentives for the T12 baseline measures are approximately 22% of the total incentive costs budgeted for the five years of the proposed Non-residential Lighting Systems & Controls Program (and 41% of total incentive costs in years 2014, 2015 and 2016). See Ex. 32; Tr. 425 (Carsley); and Tr. 553 (Pickles).

³¹ Tr. 435-37 (Carsley).

participation in this program,³² and the energy savings that will be produced.³³ Accordingly, we share Staff's concerns that the Company may have overestimated the energy savings that will result from including Standard T12 (115 W) fixtures as baseline measures in this proposed Phase III DSM program.³⁴

While we do not reject any particular measures in the Company's proposed Phase III Programs, we find that in order for the Non-Residential Lighting Systems & Controls Program to be in the public interest, the five-year cost cap proposed by the Company for the Phase III Programs should be reduced by an amount equal to 50 percent of the Company's planned O&M expenses for the Non-Residential Lighting Systems & Controls Program.³⁵ In addition, the amount of common costs and potential lost revenues in the cost cap shall be reduced accordingly. This does not affect the O&M expenses for the other Phase III Programs in the Company's proposed cost cap. Accordingly, we approve the proposed Phase III Programs, subject to a total cost cap of \$71,610,689 for the five-year period.³⁶ We approve a Rate Year revenue requirement of \$995,687 for Rider C1A and \$29,903,474 for Rider C2A, for a total of \$30,899,161.

DSM Design Costs

At the hearing, Staff expressed concerns with the method by which the Company tracks and codes its DSM-related costs, particularly design costs related to future programs.³⁷ While the Company has proposed to track design costs, going forward, by phase,³⁸ Staff believes that it is more appropriate to track design costs by program.³⁹ We adopt Staff's proposal to require the Company to track design costs by program, to the extent possible.⁴⁰ We share Staff's concern that without the ability to allocate design costs to a specific program, it is not possible to say with certainty that only the design costs related to approved DSM programs are included in the RACs.⁴¹

Non-residential Energy Audit Program

We approve the Company's proposed enhancements to the Non-residential Energy Audit Program.

Riders C1A and C2A

As stated above, we approve a total revenue requirement of \$30,899,161 for Riders C1A and C2A for the Rate Year associated with the Proposed Phase III Programs, the Phase II Programs, the EV Pilot Program, and the calendar year 2012 true-up of costs. Consistent with the Commission's findings in Dominion Virginia Power's 2013 biennial review proceeding⁴² and the Commission's orders in the Company's most recent RAC updates pursuant to § 56-585.1 A 6 of the Code,⁴³ the calculation of margins on operating expenses attributable to the energy efficiency programs, projected to be incurred during the

³² The Staff noted that the Company performed no sensitivity analysis on varying levels of participation. See Ex. 24 (Carsley) at 12; Tr. 272-73 (Newcomb).

³³ The Staff noted that, according to the Mid-Atlantic Technical Reference Manual ("Mid-Atlantic TRM"), energy savings attributed to retrofits of Standard T12 fluorescent lamps with T8 fluorescent lamps should be assumed for a period of only 5 years for a retrofit occurring in 2014. Ex. 24 (Carsley) at 14. The Staff noted further that the Mid-Atlantic TRM recommends attributing no energy savings for the same retrofits in 2017 and beyond. *Id.* The Staff expressed related concerns regarding the Company's weighted average assumptions modeled in its cost/benefit analysis for the Non-residential Lighting Systems & Controls Program over the entire 25-year planning period, particularly with regard to the T12 baseline measures. Staff specifically stated that one problem that arises from the T12 baseline measures is that the energy and demand savings that would occur on a short, one-time basis (as described above) are attributed to the program for a weighted average measure life of nine years and are also assumed to reoccur throughout the entire 25-year planning period of the model. *Id.* at 15. See also Tr. 472-73.

³⁴ See Ex. 24 (Carsley) at 14-15.

³⁵ In so doing, we also have taken into consideration Staff's testimony that Staff was not able to determine if the Non-residential Lighting Systems & Controls Program, without the T12 baseline measures, would be cost-effective, as well as Consumer Counsel's inability to support the proposed Non-residential Lighting Systems & Controls Program as a whole. See Ex. 24 (Carsley) at 17; Tr. 421 (Carsley); Tr. 604-05.

³⁶ 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, as discussed in our Orders in the 2011 and 2012 DSM Proceedings, Dominion Virginia Power must provide support to establish the reasonableness of actual expenditures in subsequent cases involving its DSM Programs, and Dominion Virginia Power has not requested herein – nor have we approved – recovery of any lost revenues for this program. Furthermore, this cap may be exceeded by a maximum of 5% without being in violation of this Order. As we stated in our Order in the 2011 DSM Proceeding, we do not guarantee recovery by Dominion Virginia Power of the total amount of the approved cost cap. See 2012 S.C.C. Ann. Rept. at 301, n. 20. Finally, Dominion Virginia Power represented at the hearing that the Company will not seek recovery of lost revenues for the years prior to, and including, the test years considered in the Company's most recent biennial review. See Tr. 182-83.

³⁷ Tr. 404-5 (Ellis).

³⁸ Ex. 35 (Turner Rebuttal) at 8.

³⁹ Tr. 406 (Ellis).

⁴⁰ See Tr. 414, 416 (Ellis).

⁴¹ See Tr. 405 (Ellis).

⁴² See *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*, Case No. PUE-2013-00020, Doc. Con. Cen. No. 131130148, Final Order (Nov. 26, 2013).

Rate Year, shall be based on an ROE of 10.0%, and the true-up portion of the Rate Year revenue requirement shall reflect an overall cost of capital of 7.653% for the margin on operating expenses. Finally, we approve the Company's proposed cost allocation and rate design.⁴⁴

Protective Ruling

After considering the pleadings and argument received on this matter, the Commission finds that the following paragraphs in the Protective Ruling in this case shall be modified as follows:

(5) Confidential Information from this proceeding that is retained by an attorney pursuant to Paragraph (18) (a), below, is not precluded from use in a subsequent Commission proceeding (if otherwise relevant and admissible), but shall remain subject to this Protective Ruling and any future order or ruling related thereto. Otherwise, All Confidential Information filed or produced by a party shall be used solely for the purpose of this proceeding (including any appeals).

(6) Access to Confidential Information shall be provided and specifically limited to Staff and any party, their counsel and expert witnesses, and to support personnel working on this case or a future case, subject to the conditions in Paragraphs (5), (18)(a), and (18)(b), under the supervision of said counsel or expert witnesses and to whom it is necessary that the Confidential Information be shown for the purpose of this or a future proceeding, provided each such person granted access has previously executed an Agreement to Adhere to Protective Ruling ("Agreement"), which is set forth as Attachment A to this Protective Ruling. Staff and Staff counsel are not required to sign the Agreement, but are hereby ordered to preserve the confidentiality of the Confidential Information. All Agreements shall be promptly forwarded to the producing party and Staff counsel, and filed with the Clerk of the Commission upon execution.

* * *

(18) (a) Attorneys may retain Confidential Information contained in their notes, other work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders), provided that Confidential Information contained therein must continue to be treated as directed by this Protective Ruling.

(b) If not covered by (a), above, At the conclusion of this proceeding (including any appeals), any originals or reproductions of any Confidential Information produced pursuant to this Protective Ruling shall be returned to the producing party, if requested by the producing party, or destroyed. In addition, at such time, any notes, analysis or other documents prepared containing Confidential Information shall be destroyed. At such time, any originals or reproductions of any Confidential Information, or any notes, analysis or other documents prepared containing Confidential Information in Staff's possession, will be returned to the producing party, destroyed or kept with Staff's permanent work papers in a manner that will preserve the confidentiality of the Confidential Information. The producing party shall also retain all Confidential Information for a period of at least five (5) years after the conclusion of this proceeding (including any appeals). Insofar as the provisions of this Protective Ruling restrict the communications and use of the Confidential Information produced thereunder, such restrictions shall continue to be binding after the conclusion of this proceeding (including any appeals) as to the Confidential Information.

(19) Any party or person who obtains Confidential Information and thereafter fails to reasonably protect or misuses it in any way shall be subject to sanctions as the Commission may deem appropriate, including the penalties provided for in § 12.1-33 of the Code of Virginia. This provision is not intended to limit the producing party's rights to pursue any other legal or equitable remedies that may otherwise exist.

* * *

(20) (d) The party shall return or destroy a All documents containing extraordinarily sensitive information shall be returned, destroyed, or retained pursuant to the same requirements set forth for Confidential Information, upon conclusion of the proceeding, and any appeal thereof.

We find that the above modifications will, at this time, provide for reasonable treatment, use, and protection of confidential information. As directed above, retention of confidential information is limited to attorneys, who have continuing responsibilities as officers of the court.⁴⁵ The modifications do not preclude confidential information from being used in subsequent Commission proceedings – if otherwise relevant and admissible – and such information remains subject to this Protective Ruling, as well as any future order or ruling related thereto. The modifications also require the producing party to retain confidential information for at least five years so that such information, for example, would be reasonably available for subsequent discovery purposes. In addition, along with modifying the retention and use of confidential information, we find that it is reasonable to modify the penalty provision, as set forth above, which is included as part of the Protective Ruling. The Commission may, in the future, adopt new procedures as circumstances warrant.

⁴³ See *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, 2014*, Case No. PUE-2013-00065, Doc. Con. Cen. No. 140230053, Final Order (Feb. 28, 2014); *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, 2014*, Case No. PUE-2013-00060, Doc. Con. Cen. No. 140310403, Final Order (Mar. 14, 2014); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center for the rate year commencing April 1, 2014*, Case No. PUE-2013-00061, Doc. Con. Cen. No. 140320001, Final Order (Mar. 14, 2014).

⁴⁴ See Exs. 18 (Rice Direct) and 37 (Crouch Rebuttal).

⁴⁵ See, e.g., Rules of the Supreme Court of Virginia, Pt. 6, § II.

Finally, the above changes also require conforming modifications to the two Agreements to Adhere to Protective Ruling in this case:

**AGREEMENT TO ADHERE TO PROTECTIVE RULING
PROVIDING FOR CONFIDENTIAL TREATMENT**

I, _____, on behalf of and representing _____, hereby acknowledge having read and understood the terms of the Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling") entered in this proceeding on October 16, 2013, and revised on January 29, 2014, and as further modified by the Commission's Final Order in this case, and agree to treat all Confidential Information that I receive in connection with Case No. PUE-2013-00072 as set forth in that Protective Ruling and the Commission's order. Such treatment shall include, but not be limited to: (1) not disseminating, communicating or revealing any Confidential Information to any person, other than Staff, not specifically authorized to receive Confidential Information under that Protective Ruling; and (2) if an attorney licensed to practice law in Virginia, admitted *pro hac vice* in this case, or employed as corporate counsel, returning or destroying all Confidential Information produced pursuant to that Protective Ruling except for the attorney's notes and work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders); and (3) if not covered by (2), above, returning or destroying all Confidential Information produced pursuant to that Protective Ruling.

* * *

**AGREEMENT TO ADHERE TO THE PROTECTIVE RULING
AND ADDITIONAL PROTECTIVE TREATMENT FOR
EXTRAORDINARILY SENSITIVE DSM CONTRACTS
AND PRICES INFORMATION**

I, _____, on behalf of and representing _____, hereby acknowledge having read and understood the terms of the Commission's Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling"), entered in this proceeding on October 16, 2013, and revised on January 29, 2014, and further modified by the Commission's order in this case, and agree to treat all extraordinarily sensitive information that I receive in connection with Case No. PUE-2013-00072 as set forth in that Protective Ruling and the Commission's Final Order. The persons signing this Agreement attest that they are (a) in-house counsel, and/or parties who are not engaged in the business of providing services related to DSM programs or the equipment required to implement such programs within Virginia or the Company's service territory; (b) outside retained counsel; or (c) individual outside consultants who have been retained by a party for the purpose of providing consulting services and/or expert testimony in this proceeding. The treatment shall include, but not be limited to: (1) not disseminating, communicating, or revealing any extraordinarily sensitive information to any person, other than Staff, not specifically authorized to receive extraordinarily sensitive information under that Ruling; (2) oral testimony concerning the extraordinarily sensitive information will be taken *in camera*; (3) if an attorney licensed to practice law in Virginia, admitted *pro hac vice* in this case, or employed as corporate counsel, returning or destroying all documents containing extraordinarily sensitive information upon conclusion of the proceedings, and any appeal thereof except for the attorney's notes and work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders); (4) if not covered by (3) above, returning or destroying all extraordinarily sensitive information produced pursuant to that Protective Ruling; and (45) no party or consultant may use the extraordinarily sensitive information to give any party or any competitor of any participant a commercial advantage; provided, however, that nothing in this agreement shall prevent any person signing this agreement from using the extraordinarily sensitive information in this proceeding consistent with the terms of this agreement and the Protective Ruling.

As a result, any party wishing to retain information under the Protective Ruling, as modified herein, must complete the appropriate modified Agreement to Adhere to Protective Ruling as set forth above.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition is hereby granted in part and denied in part as set forth herein.
- (2) The Company shall forthwith file revised tariffs, designed to recover a revenue requirement of \$995,687 for Rider C1A and \$29,903,474 for Rider C2A, 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.
- (3) Riders C1A and C2A as approved herein shall become effective, for service rendered on and after May 1, 2014, and for billing purposes, 15 calendar days following the issuance of this Order.
- (4) On or before September 1, 2014, the Company shall file its application to continue Riders C1A and C2A.
- (5) The Company is directed to submit, with every DSM filing going forward, an exhibit similar to Exhibit 5, which the Company filed subsequent to the hearing in this case at the Commission's direction. The Company shall work with Staff in preparing this pre-filed exhibit, which shall, at a

minimum, contain the same categories of information included in Exhibit 5 for all DSM programs proposed by the Company as of the date of each subsequent DSM filing.

(6) The Protective Ruling shall be modified as directed herein, and any party wishing to retain information under the Protective Ruling, as modified herein, must complete the appropriate modified Agreement to Adhere to Protective Ruling.

(7) This matter is continued.

**CASE NO. PUE-2013-00076
MAY 9, 2014**

APPLICATION OF
ROANOKE GAS COMPANY

For an expedited increase in rates

FINAL ORDER

On September 13, 2013, 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 revenues by \$1,664,131, or approximately 2.8%.¹ Non-gas base rates would increase by approximately 6.6%.² 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 services rendered on and after November 1, 2013.³

On October 10, 2013, 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, 2013, subject to refund.

No respondents filed notices of participation in this case.

On March 25, 2014, the public hearing was convened as scheduled. At the hearing, Roanoke Gas and Staff presented a Joint Motion to Accept Stipulation along with a Stipulation resolving all issues in the case ("Stipulation"). Among other things, the Stipulation provided for an annual increase in non-gas base rate revenues of \$887,062; established a 9.75% return on equity; and proposed revised rate design, terms and conditions, and revenue allocation 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 16, 2014, Howard P. Anderson, Jr., Hearing Examiner, filed his report in this case ("Hearing Examiner's Report"). The Hearing Examiner recommended that the Commission accept the Stipulation; grant the Company an increase in annual rates of \$887,062; and direct the Company to refund the amounts charged in excess of the rates set forth in the Stipulation. Accordingly, the Hearing Examiner found that it was not necessary for the Company and Staff to file comments on the Hearing Examiner's Report.⁴

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the record supports the adoption of the proposed Stipulation, including an increase in annual non-gas base rate revenues of \$887,062. 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.

Specifically, we accept the Stipulation and find as follows:

- (1) The use of a test year ending June 30, 2013, is proper in this proceeding.
- (2) Roanoke Gas's test year operating revenues from Virginia jurisdictional business, after adjustments, were \$59,629,758.
- (3) Roanoke Gas's test year Virginia jurisdictional operating income and adjusted operating income were \$5,125,735 and \$5,092,650, respectively.
- (4) Roanoke Gas's adjusted Virginia jurisdictional test year rate base is \$65,974,939.
- (5) Roanoke Gas's current rates produce a return on adjusted rate base of 7.72% and a return on equity of 8.45%.

¹ Exhibit 3 (D'Orazio Direct) at 2.

² Exhibit 4 (Lee Direct) at 2.

³ Application at 2.

⁴ Hearing Examiner's Report at 3.

(6) For purposes of establishing rates in this proceeding, a return on equity of 9.75% is appropriate and is 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% 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 \$887,062 in additional Virginia jurisdictional non-gas base rate revenues to have an opportunity to earn a reasonable return on equity.

(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 allocation 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 are hereby adopted.

(2) The Company's Application for an expedited increase in rates is granted as modified 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, 2013, effective for service rendered on and after November 1, 2013.

(4) On or before June 30, 2014, 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, 2013. 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 5, 2014, 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 hereby dismissed.

**CASE NO. PUE-2013-00079
JUNE 27, 2014**

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)

FINAL ORDER

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, approval of a new Schedule PCA-1 that would replace its Wholesale Power Cost Adjustment clause, and approval to add a new, voluntary tariff for Prepaid Electric Service, Schedule A-P ("Application").

On December 16, 2013, the Commission entered an Order for Notice and Hearing in which the Commission, among other things, established a procedural schedule, directed SEC to provide notice of its Application to the public, provided interested persons an opportunity to comment on the Application or participate in the proceeding as a respondent by filing a notice of participation, scheduled an evidentiary hearing, and assigned a Hearing Examiner to conduct all further proceedings.

The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation in this case on March 4, 2014.

The hearing commenced as scheduled on June 3, 2014. Counsel for SEC, Consumer Counsel, and the Commission Staff ("Staff") were present at the hearing. At the hearing, SEC and Staff presented a stipulation resolving all outstanding issues between them ("Stipulation"). Consumer Counsel did not join the Stipulation, but represented, by counsel, that it did not object to the proposed Stipulation.¹ The Cooperative's prefiled testimony and Staff's prefiled testimony were received into the record without cross-examination.² No public witnesses appeared at the hearing.

On June 12, 2014, the Report of Michael D. Thomas, Hearing Examiner ("Report") was issued. In the Report, the Hearing Examiner stated that he had reviewed the terms of the Stipulation and considered SEC's financial condition and determined that the Stipulation was fair, reasonable, in the public interest, and complied with the applicable provisions of the Code.³ Accordingly, the Hearing Examiner recommended that the Commission issue a final order that: (i) adopts the findings and recommendations contained in the Report; (ii) adopts the Stipulation; (iii) approves SEC's rates as set forth in Exhibit A of the Stipulation; (iv) approves Schedule PCA-1 as provided for in the Stipulation; (v) approves Schedule A-TOU as provided for in the Stipulation; (vi) approves Schedule A-P as provided for in the Stipulation; and (vii) closes the case.⁴

On June 17, 2014, Staff submitted a letter to the Clerk of the Commission indicating that it did not intend to file comments on the Report. Also on June 17, 2014, the Cooperative submitted a letter to the Clerk stating that it accepts and supports the recommendations contained in the Report and will not be filing any further comments on the Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Report and the Stipulation should be adopted, that SEC's rates as set forth in Exhibit A of the Stipulation should be approved, and that Schedule PCA-1, Schedule A-TOU, and Schedule A-P should be approved as provided for in the Stipulation.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the June 12, 2014 Report hereby are adopted as provided for herein.
- (2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted, and its terms are incorporated herein.
- (3) Within thirty (30) days of the issuance of this Final Order, the Cooperative shall file revised tariffs, schedules, and terms and conditions of service that reflect the rates and charges approved herein.
- (4) This case hereby is dismissed, and the papers herein are 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.

¹ See Joint Motion to Approve Stipulation at 2.

² Consumer Counsel, on March 25, 2014, filed a letter notifying the Commission that it would not file testimony in this case.

³ Report at 27-28.

⁴ *Id.* at 28.

**CASE NO. PUE-2013-00081
JANUARY 24, 2014**

JOINT PETITION OF
AQUA PRESIDENTIAL, INC.,
and
PRESIDENTIAL SERVICE COMPANY TIER II, INC.

For approval of a transfer of utility assets

ORDER GRANTING APPROVAL

On July 24, 2013, Aqua Presidential, Inc. ("Aqua Presidential"), a wholly owned subsidiary of Aqua Virginia, Inc., and Presidential Service Company Tier II, Inc. ("Presidential Service") (collectively, "Petitioners"), filed a joint petition ("Joint Petition") with the State Corporation Commission ("Commission") seeking approval of the acquisition and disposition of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹ The Petitioners also request, pursuant to § 56-265.3 D of the Code, approval to transfer Presidential Service's certificate of public convenience and necessity ("CPCN") to Aqua Presidential. The Petitioners state that they also will seek Commission approval of affiliates arrangements among Aqua Presidential, Aqua Virginia, Inc., and other affiliates as necessary to permit Aqua Presidential "to receive operations and back-office services from Aqua affiliates."²

¹ Va. Code §§ 56-88 *et seq.* ("Transfers Act").

² Joint Petition at 2. On August 9, 2013, Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc., Aqua Presidential ("Aqua Utilities Companies") and Aqua Virginia, Inc., filed a joint application with the Commission seeking approval of a services agreement between the Aqua Utilities Companies and

According to the Petitioners, Aqua Presidential and Presidential Service have entered into agreements whereby Presidential Service agrees to sell and Aqua Presidential agrees to purchase the utility assets used to serve Presidential Service's customers ("Utility Assets"). The Joint Petition states that Presidential Service will be responsible for servicing its customers until the transfer is completed. Following the transfer, Aqua Presidential will be assigned the acquired assets and serve the Presidential Service customers.

Presidential Service is a small water and sewer company that serves a 343-lot subdivision in King George County, Virginia, via a private water system ("Water System") and sewer system ("Sewer System") (collectively, the "Systems"). The Petitioners state that "Aqua [Presidential] will acquire the [Water System Utility] Assets for a base purchase price of One Hundred Fifty Thousand Dollars (\$150,000.00) and the [Sewer System Utility] Assets for a base purchase price of One Dollar (\$1.00)."³ Presidential Service customers are currently being charged \$30 per month for water, which includes 7,000 gallons and is billed bi-monthly. The Petitioners state that:

[s]ince the meters have not been read, effectively the minimum rate is the current flat rate according to the seller [Presidential Service]. Aqua [Presidential] proposes to continue to bill the water customers the \$30.00 per month billed monthly after closing and to begin reading meters once the [radio frequency] meters are installed. Aqua [Presidential] would install the meters as soon as practical after closing. After one year of ownership, an appropriate metered rate would be proposed by notice to customers and the Commission Staff based on the data collected from the meters.⁴

The Petitioners also propose to "raise the sewer rate from the currently billed \$45.00 per month to \$77.50 per month at closing in order to support the required capital upgrades and expenses to operate the expanded sewer plant, subject to refund."⁵ The Petitioners do not propose to change the current connection fees of \$6,500 for water service and \$7,500 for sewer service.

On October 1, 2013, the Commission entered an Order for Notice and Comment that, among other things, directed the Petitioners to provide notice of the Joint Petition to appropriate persons, established a procedural schedule to review the Joint Petition, and provided interested persons an opportunity to file written comments and request a hearing on the Joint Petition. No comments or requests for hearing were filed in this proceeding.

On December 12, 2013, the Commission Staff ("Staff") filed its Staff Report in which it analyzed the proposed transaction including the post-transfer rates and impacts. The Staff Report noted three concerns. First, the Staff stated that Presidential Service appears to have failed to segregate its books between its Water System and its Sewer System as directed by the Commission in Case No. PUE-2008-00018.⁶ Second, the Staff stated that it is concerned "with recommending approval of the proposed transfer and rate increase without first having an opportunity to evaluate the Systems' cost of service."⁷ The Staff Report contained certain recommendations to address this concern, and we adopt them herein. Third, the Staff stated that Aqua Presidential's proposed 50%-50% utility plant allocation between the Water System and the Sewer System may not be appropriate because sewer systems typically have a larger utility plant base than water systems. The Staff stated that it would "review the proposed allocation and make appropriate recommendations regarding the booked plant amounts for the Water and Sewer Systems on Aqua Presidential's books"⁸ during an investigation of the Systems' cost of service. The Staff Report concluded that "[g]iven these precautions, Staff believes that the proposed transfer of the Systems to Aqua Presidential will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, meets the standard of the Transfers Act and should be approved, subject to certain requirements."⁹ The Staff further concluded that "pursuant to § 56-265.3 D of the Code, Presidential Service's [CPCN] should be transferred to Aqua Presidential so that it may serve the transferred Systems."¹⁰ Finally, the Staff Report recommended that approval of the Joint Petition should be subject to the following requirements:

- (1) Within ninety (90) days of completing the proposed transfers, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of the transfers, the actual total sales price, and the actual accounting entries on Aqua Presidential's books to reflect the transfers. 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 net book value of the Utility Assets as an acquisition adjustment to Account 114.

Aqua Virginia, Inc. See *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*, Case No. PUE-2013-00087, Doc. Con. Cen. No. 130810374, Application (Aug. 9, 2013). We granted the authority sought by the Petitioners in Case No. PUE-2013-00087 by Order entered November 4, 2013. Our approval therein was conditioned upon approval of the Joint Petition filed in this docket, which we approve herein subject to the requirements described below.

³ *Id.* at 5.

⁴ *Id.* at 8-9.

⁵ *Id.* at 9.

⁶ See *Application of Presidential Service Company Tier II, Inc., For certificates of public convenience and necessity to provide water and sewerage service*, Case No. PUE-2008-00018, 2011 S.C.C. Ann. Rept. 294, Final Order (Mar. 22, 2011).

⁷ Staff Report at 9.

⁸ *Id.* at 9-10.

⁹ *Id.* at 11.

¹⁰ *Id.*

- (2) Presidential Service should be directed to provide all records, including any source documentation supporting the original cost of the Utility Assets and connection fees, related to the transferred Utility Assets to Aqua Presidential at closing, which should be directed to maintain them henceforth in accordance with the USOA.
- (3) Upon closing of the proposed transfer of the Systems, Aqua Presidential should be allowed to implement its proposed flat rates for the Sewer System on an interim basis subject to refund with interest. Aqua Presidential should also be required to keep separate accounting records for each of the Systems, and file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and, if available, a federal tax return for each System within ninety (90) days following the first full year of Aqua Presidential's ownership of the Systems. Upon receiving such filing, Staff should plan and conduct an investigation of: (i) the Systems' cost of service; (ii) the reasonableness of the proposed rates for the Sewer System; and (iii) the utility plant allocation methodology for the Water and Sewer Systems on Aqua Presidential's books. Staff should then summarize its findings of such investigation in a report filed with the Commission.
- (4) The Commission's Transfers Act approval should have no ratemaking implications. Specifically, it should not guarantee the recovery of any costs directly or indirectly related to the proposed transfers.
- (5) The Commission should direct Aqua Presidential that:
 - (a) The quality of service in the Presidential Service service territory should not deteriorate due to a lack of maintenance or capital investment;
 - (b) The quality of service in the Presidential Service service territory should not deteriorate due to a reduction in the number of employees providing services; and
 - (c) Aqua Presidential should maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Aqua Presidential's timely response to Staff inquiries with regard to its provision of water and sewer services in Virginia.

On December 20, 2013, the Petitioners submitted a letter to the Clerk of the Commission ("Response") in which they stated that they intend "to comply with the recommendation of the Staff that it segregate its books between water and wastewater functions, including appropriate allocations of contributions in aid of construction, but reserves the right to make any appropriate argument in future Commission proceedings concerning the allocation of revenues and costs between water and wastewater."¹¹ The Petitioners also noted that they recognize the Staff's concerns about the proposed utility plant allocation method and stated that they prefer "to allocate 100% of the remaining net plant on the seller's books (\$45,137 as of 2011) toward the water system, with the remaining purchase price being booked as [Utility Plant Acquisition Adjustment]."¹²

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 Joint Petition should be granted subject to the requirements set forth below. We further find that Presidential Service's CPCN should be transferred to Aqua Presidential pursuant to § 56-265.3 D of the Code. Finally, we find that Aqua Presidential should be allowed to implement its proposed flat rates for the Sewer System on an interim basis, subject to refund with interest. Following a year of operation and the filing of data by Aqua Presidential, Staff should plan and conduct an investigation of Aqua Presidential's cost of service and the reasonableness of its proposed rates and file a report summarizing its findings.

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 Presidential Service's Utility Assets.
- (2) The Petitioners hereby are authorized to transfer Presidential Service's CPCN to Aqua Presidential pursuant to § 56-265.3 D of the Code.
- (3) Within ninety (90) days of completing the proposed transfer, the Petitioners shall file a Report of Action ("Report") with the Commission including the date of the transfers, the actual total sales price, and the actual accounting entries on Aqua Presidential's books to reflect the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes booking any difference between the purchase price and the net book value of the Utility Assets as an acquisition adjustment to Account 114.
- (4) Presidential Service shall provide all records, including any source documentation supporting the original cost of the Utility Assets and connection fees, related to the transferred Utility Assets at closing, and Aqua Presidential shall henceforth maintain them in accordance with the USOA.
- (5) Upon closing of the proposed transfer, Aqua Presidential may implement its proposed flat rates for the Sewer System on an interim basis subject to refund with interest. Aqua Presidential shall keep separate accounting records for each of the Systems, and shall file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and, if available, a federal tax return for each System within ninety (90) days following the first full year of Aqua Presidential's ownership of the Systems. Upon receiving such information, the Staff shall conduct an investigation of: (i) the Systems' cost of service; (ii) the reasonableness of the proposed rates for the Sewer System; and (iii) the utility plant allocation methodology for the Water System and Sewer System on Aqua Presidential's books. The Staff shall 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 proposed transfer.

¹¹ Response at 1.

¹² *Id.*

(7) Aqua Presidential shall ensure that:

- (a) The quality of service in the Presidential Service service territory shall not deteriorate due to lack of maintenance or capital investment;
- (b) The quality of service in the Presidential Service service territory 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 Commission Staff and that it takes all actions necessary to ensure Aqua Presidential's timely response to Staff inquiries with regard to its provision of water and sewer services in Virginia.

(8) Aqua Presidential, upon completing the proposed transfer, shall promptly file its proposed tariffs and terms and conditions of service, in accordance with the findings above, with the Division of Energy Regulation. Contemporaneous with the filing of Aqua Presidential's tariffs, Presidential Service shall cancel all tariffs and terms and conditions of service.

(9) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2013-00088
AUGUST 27, 2014**

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

In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 *et seq.* of the Code of Virginia

FINAL ORDER

On August 30, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed its Integrated Resource Plan ("IRP") with the State Corporation Commission ("Commission") as required by § 56-599 C of the Code of Virginia ("Code"). Pursuant to § 56-599 E of the Code, the Commission must, after giving notice and an opportunity to be heard, determine whether Dominion Virginia Power's IRP is reasonable and is in the public interest.

In its IRP, Dominion Virginia Power presented a Base Plan that, according to the Company, represents the least-cost option for meeting increasing demand, but relies almost exclusively on natural gas for major expansions of generating capacity in the future. Dominion Virginia Power also presented a Fuel Diversity Plan, which contains additional zero and low-emission options, including the construction of an additional nuclear unit at the Company's North Anna Power Station ("North Anna 3"), and does not rely as heavily on natural gas.¹

The Company claims the most appropriate course of action would be to follow the resource expansion of the Base Plan, while concurrently continuing forward with reasonable development efforts of additional resources included in the Fuel Diversity Plan. Dominion Virginia Power believes that these continued development activities, particularly for nuclear and renewable energy, would preserve the Company's ability to implement these alternatives should future conditions warrant.²

On October 3, 2013, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, established a procedural schedule, set an evidentiary hearing date, directed Dominion Virginia Power to provide public notice of its IRP, and provided any interested person an opportunity to file comments on the Company's IRP or to participate in the case as a respondent by filing a notice of participation. Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Virginia Committee for Fair Utility Rates ("Committee"), the Mid-Atlantic Renewable Energy Coalition ("MAREC"), and Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"). Numerous comments related to the Company's IRP also were received.

The Commission's Order for Notice and Hearing also provided for the prefiling of testimony and exhibits by Dominion Virginia Power, respondents, and the Staff of the State Corporation Commission ("Staff"). The Company, Consumer Counsel, MAREC, Environmental Respondents, and Staff prefiled testimony in this proceeding.

Beginning on April 23, 2014, the Commission convened an evidentiary hearing on the Company's IRP. Counsel for the Company, the Committee, Consumer Counsel, MAREC, the Environmental Respondents, and Staff were present at the hearing. At the outset of the hearing, the Commission received public testimony. Thereafter, the Commission received testimony and exhibits from Dominion Virginia Power, the respondents, and Staff. At the conclusion of the evidentiary hearing on April 24, 2014, the Commission directed that any interested person may file post-hearing briefs on the legal issues relevant to this case.³ On July 3, 2014, the Company, Staff, Environmental Respondents, MAREC, the Committee, and Consumer Counsel filed post-hearing briefs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds, subject to the requirements and limitations discussed below, that Dominion Virginia Power's IRP is reasonable and in the public interest for the specific purpose of filing the planning document as mandated by §§ 56-597 *et seq.* of the Code.

¹ Exhibit ("Ex.") 2 (IRP) at xv, 6. In addition, the Company presented a Renewable Plan, a Coal Plan, a Climate Action Plan, and an Offshore Wind Plan. *See id.* at 112-115.

² *Id.* at xv.

³ In an Order dated June 5, 2014, the Commission directed that all post-hearing briefs be filed on or before July 3, 2014.

Although we find that Dominion Virginia Power's IRP is reasonable and in the public interest as described by §§ 56-597 *et seq.* of the Code, as we have noted in the Company's prior IRP cases, the IRP is a planning document, not a document that will determine future decisions on specific resources. Thus, we have characterized the IRP proceeding in the following manner:

As such, the Commission's determination in this proceeding does not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor does the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource, including generation construction projects, generation from non-utility generators, conservation or other options.⁴

Accordingly, the reasonableness and prudence of any actual or projected expenditures toward one or more specific demand- or supply-side resource options is not an issue in an IRP proceeding. Indeed, the Commission has previously held:

that actual expenditures incurred toward any specific resource option that has not been approved by this Commission in an applicable formal proceeding are incurred solely at the risk of [the Company's] stockholders. Further . . . finding that an IRP is reasonable and in the public interest under § 56-599 E of the Code in no manner represents – *and should not be characterized as representing* – explicit or implicit approval for construction or cost recovery of any specific resource option contained in the IRP.⁵

Further, while the Commission finds that Dominion Virginia Power's IRP is reasonable and in the public interest, we also find that additional analysis in several areas shall be required in future IRP filings.

First, several participants have noted that there are certain operating cost risks associated with the Company's proposed Base Plan, and that there are project development cost risks associated with the Company's proposed Fuel Diversity Plan. However, the participants claimed that they were unable to determine whether the Base Plan contains too much operating cost risk, or whether the project development cost risk associated with the Fuel Diversity Plan is greater than or less than the reduction in operating cost risk the Fuel Diversity Plan would achieve, because the Company did not perform an analysis of this risk trade-off in its IRP.⁶ In its 2015 IRP filing, Dominion Virginia Power shall include an analysis of the trade-off between operating cost risk and project development cost risk associated with the Base Plan and the Fuel Diversity Plan. In developing this analysis, the Company shall identify the levels of natural gas-fired generation where operating cost risks may become excessive.

Next, we find that in future IRP filings, the Company shall provide further analysis related to the construction of North Anna 3 and the future of Surry Unit 1, Surry Unit 2, North Anna Unit 1, and North Anna Unit 2, all of which have licenses that are scheduled to expire within the next thirty years. As several parties have noted, there are significant costs associated with the construction of a new nuclear facility.⁷ Given these significant costs, the Commission directs the Company to conduct an optimum timing analysis for North Anna 3 in its next IRP. This timing analysis should examine the impact of delaying the construction of North Anna 3 from the 2025 date the Company proposed in this IRP and should take into consideration the trade-off between operating cost risks that may be increased and the cost savings that may be realized by delaying the construction of North Anna 3.⁸ Further, several parties have suggested that given the high costs of constructing a nuclear unit today, Dominion Virginia Power should investigate the feasibility and cost of extending the lives and operating licenses of the four existing nuclear units that are currently scheduled to be retired.⁹ The Commission directs the Company to include the results of such an investigation in its next IRP filing. As part of this investigation, the Company should compare the cost of constructing North Anna 3 to the cost of renewing the licenses of the four existing nuclear units, and should also compare the cost of retiring the four existing nuclear units to the cost of renewing the licenses for those units.¹⁰ The Company shall also provide status updates on any discussions it engages in with the United States Nuclear Regulatory Commission on a possible extension for the operating licenses for Surry Unit 1, Surry Unit 2, North Anna Unit 1, and North Anna Unit 2, in its future IRP and IRP update filings.¹¹

Next, we conclude that rate design issues may be considered in IRPs as well as other proceedings and that further analyses with regard to rate design issues should be presented in future IRPs. In its next IRP, Dominion Virginia Power shall continue to model and refine alternative rate design

⁴ See *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, Final Order (Aug. 6, 2010).

⁵ *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, Doc. Con. Cen. No. 120320147, Order on Certified Question at 4 (Mar. 19, 2012) (emphasis added).

⁶ See Ex. 17 (Abbott Direct) at 27-28, 36-37; Post-Hearing Brief of the Virginia Committee for Fair Utility Rates at 9-18.

⁷ See Post-Hearing Brief of the Staff of the State Corporation Commission at 6; Post-Hearing Brief of the Virginia Committee for Fair Utility Rates at 20.

⁸ See Post-Hearing Brief of the Staff of the State Corporation Commission at 5-6; Post-Hearing Brief of the Virginia Committee for Fair Utility Rates at 21-22.

⁹ See Post-Hearing Brief of the Virginia Committee for Fair Utility Rates at 20.

¹⁰ See Post-Hearing Brief of the Staff of the State Corporation Commission at 6-9. As necessary, the Company should work with Staff to develop this analysis.

¹¹ See Post-Hearing Brief of the Staff of the State Corporation Commission at 8.

proposals, including alternative rate designs for customer classes in addition to the residential class.¹² The Company shall also specifically examine the appropriateness of its residential winter declining block rate and present other potential rate design alternatives for the residential winter declining block rate.¹³ Finally, the Company shall analyze how alternative rate designs may impact demand and the Company's resource planning process.¹⁴

We also find that Dominion Virginia Power should adequately consider third-party market alternatives as capacity resources. We continue to believe that third-party alternatives, including purchased power and new construction, would be "relevant evidence in an application proceeding [for a self-build option for new generation]"¹⁵ and that the language of § 56-585.1 A 6 of the Code now requires a utility seeking approval to construct a generating facility to demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in the actual proceedings where the utility is seeking such approval.¹⁶ However, while an IRP is not a request for approval of a specific project, the Company's current IRP relies almost entirely on new, Company-owned generation facilities and provides little analysis of third-party market alternatives.¹⁷ While the Company may submit its preferred models and plans, we find that future IRP filings should not be so limited. Accordingly, Dominion Virginia Power's future IRP filings shall include a more detailed analysis of market alternatives, especially third-party purchases that may provide long-term price stability.¹⁸ The Company's analysis of market alternatives shall also include, but not be limited to, wind and solar resources, and this analysis should examine wind and solar purchases at prices (including prices available through long-term purchase power agreements) and in quantities that are being seen in the market at the time the Company prepares its IRP filings.¹⁹ In particular, Dominion shall provide a comparison of the cost of purchasing power from wind and solar resources from third-party vendors versus self-build options, including off-shore and on-shore wind.

Next, Consumer Counsel notes that the Environmental Protection Agency's proposed Clean Power Plan, promulgated pursuant to Section 111(d) of the Clean Air Act, may have significant and unknown impacts on future energy development in the Commonwealth.²⁰ Given the potential future impacts of the proposed rule, the Commission finds that Dominion Virginia Power's future planning should take into account the requirements of the Clean Power Plan as necessary.

Next, the Commission finds that in future IRP filings, Dominion Virginia Power should compare the cost of its demand-side management proposals to the cost of new generating resource alternatives. Specifically, Staff has suggested that it would be informative to compare the Company's expected demand-side management costs per megawatt hour saved to its expected supply side costs per megawatt hour.²¹ We agree and direct the Company to evaluate demand-side management alternatives using this methodology.

Further, we direct Dominion Virginia Power to include a broad band of prices used in future forecasting assumptions, such as forecasting assumptions related to fuel prices, effluent prices, market prices and renewable energy credit costs, in order to continue to set reasonable boundaries around the modeling assumptions, and to continue to refine the specific assumptions and sensitivity adjustments of its modeling data in future IRP filings.²²

Finally, on July 3, 2014, Consumer Counsel filed a motion for ruling on confidentiality of information ("Motion"). In its Motion, Consumer Counsel seeks a determination from the Commission that Dominion Virginia Power has unnecessarily designated portions of Exhibit 24 ES as "extraordinarily sensitive." On July 11, 2014, the Environmental Respondents and the Committee filed a joint response in support of the Motion, and Dominion Virginia Power filed a response opposing the Motion. On July 16, 2014, Consumer Counsel filed a reply to the Company's Response ("Reply").

Consumer Counsel argues that the Commission "must apply the standard outlined by Rule 170 [of the Commission's Rules of Practice and Procedure ("Rules of Practice")], which requires a ruling that reaches the merits" of its Motion.²³ Consumer Counsel is not correct. Rule 10 of the Rules of Practice states that "[w]hen necessary to serve the ends of justice in a particular case, the [C]ommission may grant, upon motion or its own initiative, a waiver or modification of any of the provisions of these rules, except [Rule 220], under terms and conditions and to the extent it deems appropriate." Based on the particular circumstances of this matter - including but not limited to the prior proceedings herein attendant to this issue, that the Motion has no bearing

¹² See Post-Hearing Brief of the Staff of the State Corporation Commission at 11-12.

¹³ See Post-Hearing Brief of Office of the Attorney General, Division of Consumer Counsel, at 4-5; Ex. 15 (Norwood Direct) at 5-9.

¹⁴ See Post-Hearing Brief of Environmental Respondents at 28-29.

¹⁵ *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).

¹⁶ Va. Code § 56-585.1 A 6 ("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."). See also *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, 2013 S.C.C. Ann. Rept. 302, Final Order (Aug. 2, 2013).

¹⁷ See Post-Hearing Brief of Office of the Attorney General, Division of Consumer Counsel at 3.

¹⁸ See Post-Hearing Brief of the Mid-Atlantic Renewable Energy Coalition at 10-12.

¹⁹ See *id.*, Post-Hearing Brief of Environmental Respondents at 7-13.

²⁰ See Post-Hearing Brief of Office of the Attorney General, Division of Consumer Counsel at 5.

²¹ See Post-Hearing Brief of the Staff of the State Corporation Commission at 12-13.

²² See *id.* at 13-14.

²³ Reply at 6 (emphasis added).

on this Final Order, that this matter may be addressed in any subsequent case in which it becomes relevant, that this proceeding has concluded, and that no party is prejudiced in the current proceeding by denying the Motion - the Commission finds that a waiver or modification of Rule 170 of the Rules of Practice is appropriate to serve the ends of justice in this particular case. Consumer Counsel's Motion is denied.

Accordingly, IT IS SO ORDERED, AND this matter is dismissed.

**CASE NO. PUE-2013-00093
JANUARY 7, 2014**

APPLICATION OF
RESTON RELAC LLC
and
MARK WADDELL,
CRAIG NYMAN, and
MICHAEL COLEMAN

For approval of Affiliate Agreement

ORDER GRANTING APPROVAL

On October 10, 2013, Reston RELAC LLC ("RELAC"), Mark Waddell, Craig Nyman, and Michael Coleman (collectively, the "Applicants") filed a complete application ("Application") with the State Corporation Commission ("Commission") to request approval of an affiliate arrangement pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

Reston Lake Anne Air Conditioning Corporation ("Reston Lake Anne") is a Virginia public service corporation that provides cooling services via chilled water to approximately 325 customers in Reston, Virginia. Reston Lake Anne is a direct, wholly owned subsidiary of RELAC. RELAC acquired Reston Lake Anne on May 30, 2013, as approved in Case No. PUE-2012-00131.²

Mark Waddell ("Mr. Waddell"), Craig Nyman ("Mr. Nyman"), and Michael Coleman ("Mr. Coleman") (collectively, the "Owners") each owns one third of the membership interests in RELAC and, therefore, are the ultimate Owners of Reston Lake Anne. Mr. Waddell serves as RELAC's President, Mr. Coleman serves as RELAC's Vice President, and Mr. Nyman serves as RELAC's Vice President and Secretary.

The Applicants propose to enter into an affiliate arrangement whereby the Owners will provide management and operations services to Reston Lake Anne in return for an annual salary of \$60,000 each, and receive reimbursement for reasonable business expenses not otherwise paid for by the utility. The Applicants represent that Mr. Waddell will be responsible for the overall operation of Reston Lake Anne. His duties will include: compliance with legal and regulatory requirements; customer relations including billing, invoicing, and collections; maintaining the books and records of the utility; performing all accounting and banking functions; staffing the customer call center; and scheduling service calls. Mr. Coleman and Mr. Nyman will be responsible for the daily operations of the system. The duties of Mr. Coleman and Mr. Nyman will be similar and will include: performing service calls to customers; maintaining required temperatures and pressure for the cooling system; regular inspections and monitoring of the cooling plant equipment; daily recording of pressure and temperature readings and lake water levels; daily maintenance of cooling plant equipment; preventative maintenance and repairs to cooling plant equipment; seasonal startup and shutdown; and preparation and implementation of an annual capital expenditures budget.

The Applicants represent that the services are necessary for the operation of the utility. Without these services, Reston Lake Anne would be required to hire outside employees to perform these essential services. The Applicants represent that the pay and benefit packages that would be required to attract and retain non-affiliated employees to perform the management and operations services described above would be significantly higher than the salaries paid to the Owners.

NOW THE COMMISSION, upon consideration of the Application and the representations and comments of the Applicants, and having been advised by its Staff, is of the opinion and finds that the above-described affiliate arrangement is in the public interest and should, therefore, be approved subject to the requirements recommended in the Staff Action Brief filed contemporaneously with this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the proposed affiliate arrangement, subject to the requirements set forth herein.

(2) The approval granted herein shall extend for a period of five (5) years from the date of this Order Granting Approval. Should the Applicants wish to continue operating under the affiliate arrangement after this period, separate Commission approval shall be required.

(3) 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 affiliate arrangement.

(4) The approval granted herein shall be limited to the specific services identified in the Application and described above. Should Reston Lake Anne wish to receive additional services from the Owners, separate Commission approval shall be required.

¹ Va. Code § 56-76 *et seq.*

² *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*, Case No PUE-2012-00131, Doc. Con. Cen. No. 130440262, Order (Apr. 30, 2013).

(5) Separate Affiliates Act approval shall be required for the Owners to provide services to Reston Lake Anne 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 affiliate arrangement as approved herein, including changes in compensation, successors, or assigns.

(7) The approval granted herein shall not preclude the Commission from exercising 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 in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(9) Reston Lake Anne shall develop and maintain records to demonstrate that the affiliate arrangement with the Owners remains cost beneficial to Virginia ratepayers. Such records shall be made available for Staff's review upon request. Reston Lake Anne shall bear the burden of proving, in any annual informational filing or rate case proceeding, that it paid the lower of cost or market for services provided under the affiliate arrangement.

(10) Reston Lake Anne shall submit a Report of Affiliate Transactions ("ARAT") 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. All transactions under the affiliate arrangement approved herein should 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 the Owners for each transaction per month.

(11) In the event that rate filings are not based on a calendar year, then Reston Lake Anne shall include the affiliate information contained in its ARAT in such filings.

(12) 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-2013-00097
NOVEMBER 26, 2014**

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

In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On August 30, 2013, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Integrated Resource Plan ("IRP") pursuant to § 56-599 of the Code of Virginia ("Code"). By Order issued on October 3, 2013, the Commission directed APCo to file a revised, updated IRP and deferred further Commission action until such filing by the Company. Pursuant to this directive, APCo filed a revised, updated IRP on March 11, 2014 ("Updated IRP").

The Updated IRP is the first such filing by the Company since the AEP-East Interconnection Agreement terminated, effective January 1, 2014. As a result of this termination, APCo indicates that the Company is now "responsible for planning to meet its own load requirements for capacity and energy, including any required reserve margin."¹

In its Updated IRP, APCo presented three resource plans for meeting its capacity and energy requirements projected over the 15-year planning period evaluated by the Company. The Company's "Supply Side," "Optimized," and "Preferred" plans identify varying potential resource additions over this planning period.² APCo projects, among other things, that its current generation portfolio is sufficient to meet the Company's capacity requirements through 2025.³

On March 24, 2014, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, established a procedural schedule, set an evidentiary hearing date, directed APCo to provide public notice of its Updated IRP, and provided any interested person an opportunity to file comments on the Updated IRP or to participate in the case as a respondent by filing a notice of participation.⁴ Notices of participation were filed by the

¹ Ex. 2 at 2.

² None of these plans include a merger with Wheeling Power Company ("Wheeling") or any interest in the Mitchell generation facility. Ex. 2 at 15. The Company testified that it was unaware of any plans for APCo to merge with Wheeling or seek Commission approval to acquire the Mitchell generation facility. *See, e.g.*, Tr. 92-93.

³ *See, e.g.*, Ex. 2 at 5-6; Tr. 65-66.

⁴ The Order for Notice and Hearing also consolidated and closed Case No. PUE-2011-00100.

Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); the Virginia Committee for Fair Utility Rates ("Committee"); and the Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"). Numerous comments related to the Company's Updated IRP also were received.

The Commission's Order for Notice and Hearing also provided the opportunity for APCo, respondents, and the Commission's Staff ("Staff") to file testimony on the Updated IRP. The Environmental Respondents and Staff filed testimony on August 15, 2014, and September 10, 2014, respectively. APCo filed rebuttal testimony on October 10, 2014.

During the evidentiary hearing convened on October 28, 2014, the following participated: APCo, Consumer Counsel, Committee, Environmental Respondents, and Staff. Four public witnesses also provided testimony. At the conclusion of the hearing, the case participants presented closing arguments.

A primary focus of participants during the hearing was the proposed Clean Power Plan, promulgated by the Environmental Protection Agency ("EPA") pursuant to Section 111(d) of the Clean Air Act.⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds, subject to the requirements and limitations discussed below, that APCo's Updated IRP is reasonable and in the public interest for the specific purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code.

Although we find that APCo's Updated IRP is reasonable and in the public interest as described by § 56-597 *et seq.* of the Code, as we have noted in prior IRP cases, the IRP is a planning document, not a document that will determine future decisions on specific resources. Thus, we have characterized the IRP proceeding in the following manner:

As such, the Commission's determination in this proceeding does not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor does the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.⁶

Accordingly, the reasonableness and prudence of any actual or projected expenditures toward one or more specific demand- or supply-side resource option is not an issue in an IRP proceeding. Indeed, the Commission has previously held that:

actual expenditures incurred toward any specific resource option that has not been approved by this Commission in an applicable formal proceeding are incurred solely at the risk of . . . stockholders. Further, . . . finding that an IRP is reasonable and in the public interest under § 56-599 E of the Code in no manner represents - and should not be characterized as representing - explicit or implicit approval for construction or cost recovery of any specific resource option contained in the IRP.⁷

With regard to the EPA's proposed Clean Power Plan, Environmental Respondents ask that APCo be directed to model a variety of compliance options in its next IRP, due in 2015.⁸ We agree with Environmental Respondents to the extent that APCo should monitor the development of this proposed regulation and should continually consider and update various compliance options, not only for its next IRP in 2015, but also potentially for IRPs beyond 2015. This issue will be an ongoing one and it is conceivable that the EPA proposal will evolve as it passes through the various stages of the regulatory, legal, and legislative processes yet to come. We note that the final form of this regulation is unknown at this time and State-specific compliance plans are unlikely to be known by the time APCo files its 2015 IRP. Thus, APCo's ability to model options for compliance in Virginia and other States will, by necessity, require some degree of speculation until all stages of the various processes are complete.⁹

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

⁵ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generation Units*, 79 Fed. Reg. 34830, Proposed Rule (June 18, 2014).

⁶ *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00097, 2010 S.C.C. Ann. Rept. 387, 389, Final Order (Aug. 6, 2010).

⁷ *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, Doc. Con. Cen. No. 120320147, Order on Certified Question at 4 (Mar. 19, 2012).

⁸ *See, e.g.*, Tr. 39-41; Tr. 111-16.

⁹ EPA plans to issue its Final Rule in June 2015. Assuming the Final Rule remains intact after inevitable litigation, each State will have until June 2016, with the possibility of extensions to 2017 or 2018, to submit a proposed State Implementation Plan ("SIP") to EPA. Depending on the nature of compliance, State SIPs could include proposals that would require legislative enactment before they can take effect. The EPA must then approve, or order changes to, a State's submitted SIP. *See, e.g.*, Ex. 8 at 4-5; Ex. 11 at 7.

**CASE NO. PUE-2013-00100
FEBRUARY 11, 2014**

JOINT PETITION OF
CCA RESORT HOLDCO, LLC
and
OMNI HOMESTEAD, INC.

For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On September 17, 2013, CCA Resort Holdco, LLC ("CCA"), and Omni Homestead, Inc. ("Omni") (collectively, "Petitioners"), completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission") for approval of a transfer of The Homestead Water Company, Inc. (the "Homestead Water Company"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹

According to the Petition, CCA and Omni entered into a Purchase and Sale Agreement that would transfer 100% of the stock in the Homestead Water Company from CCA to Omni ("Proposed Transaction"). The Homestead Water Company would then become a wholly owned subsidiary of Omni. According to the Petitioners, the Homestead Water Company supplies water services to The Homestead Resort and the surrounding area. Specifically, "[t]he Homestead Water Company serves approximately 450 customers with water services, with the primary user of such water being the Omni Homestead Resort facility."² The area served by the Homestead Water Company that surrounds The Homestead Resort includes various privately owned cottages and residences.

The Petitioners state that "[t]he Homestead Water Company will adhere to the rates on file with the Commission and will continue to honor its obligations"³ and that Omni "is not seeking to recover from the Homestead Water Company's customers any transaction costs or acquisition premiums related to the proposed transaction."⁴ The Petitioners further state that "[t]he transaction will not impair just and reasonable rates as the acquisition of the Homestead Water Company by [Omni] will not involve any increase in the rates of the Homestead Water Company."⁵

On October 31, 2013, the Commission issued an Order for Notice and Comment in this proceeding which, among other things, docketed the matter, required the Petitioners to serve notice of the Petition on appropriate persons, directed the Commission Staff ("Staff") to conduct an investigation into the reasonableness of the Petition and present its findings in a Staff Report, provided interested persons an opportunity to comment on the Petition, and allowed the Petitioners to file a response to the Staff Report and any comments filed with the Commission. No comments were filed in this proceeding.

On January 10, 2014, the Staff filed its Staff Report in which it concluded that "the Proposed Transaction will neither impair nor jeopardize the provision of adequate service at just and reasonable rates."⁶ The Staff recommended approval of the authority sought by the Petition subject to the following requirements:

- Within ninety (90) days of completing the Proposed Transaction, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date the Proposed Transaction took place, the actual total purchase price, and any accounting entries on the Homestead Water Company's books to reflect the Proposed Transaction. Such accounting entries should be in accordance with the Uniform System of Accounts ("USOA").
- CCA should be directed to provide all records and documents related to the Homestead Water Company to Omni at closing, which should be directed to maintain them henceforth in accordance with the USOA.
- Upon completion of the Proposed Transaction, the Homestead Water Company should continue to comply with the accounting and recordkeeping requirements of the Final Order in Case No. PUE-2007-00110.⁷
- The Commission's Transfers Act approval should have no ratemaking implications. Specifically, it should not guarantee the recovery of any costs directly or indirectly related to the Proposed Transaction.

¹ Code § 56-88 *et seq.* ("Transfers Act").

² Petition at 2.

³ *Id.* at 3.

⁴ *Id.*

⁵ *Id.*

⁶ Staff Report at 6.

⁷ See *Joint Petition and Applications of Fillmore CCA Holdings, Inc., and Homestead Water Company, L.C., For a Declaration of non-jurisdiction, or in the alternative, Application for Authorization to transfer water utility assets out of time pursuant to § 56-88; Application for issuance of a Certificate of Public Convenience and Necessity pursuant to § 56-265.3; for approval of articles of entity conversion pursuant to § 13.1-722.12; for approval of articles of incorporation and for approval of proposed rates, rules, and regulations of service*, Case No. PUE-2007-00110, 2009 S.C.C. Ann. Rept. 281, Final Order (Feb. 18, 2009) ("PUE-2007-00110 Order").

- The Commission should direct Omni and the Homestead Water Company that:
 - a) The quality of service in the Homestead Water Company service territory should not deteriorate due to a lack of maintenance or capital investment;
 - b) The quality of service in the Homestead Water Company service territory should not deteriorate due to a reduction in the number of employees providing services; and
 - c) Omni and the Homestead Water Company should maintain a high degree of cooperation with the Staff and should take all actions necessary to ensure their timely response to Staff inquiries with regard to the Homestead Water Company's provision of water services in Virginia.

The Petitioners did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the 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 subject to the requirements set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Petitioners are hereby granted approval to transfer control of the Homestead Water Company from CCA to Omni, as described herein.

(2) Within ninety (90) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission. The Report shall include the date the Proposed Transaction took place, the actual total purchase price, and any accounting entries on the Homestead Water Company's books to reflect the Proposed Transaction. Such accounting entries should be in accordance with the USOA.

(3) CCA shall provide all records and documents related to the Homestead Water Company to Omni at closing, which shall maintain them henceforth in accordance with the USOA.

(4) Upon completion of the Proposed Transaction, the Homestead Water Company shall continue to comply with the accounting and recordkeeping requirements of the PUE-2007-00110 Order.

(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 Proposed Transaction.

(6) The quality of service in the Homestead Water Company service territory shall not deteriorate due to a lack of maintenance or capital investment.

(7) The quality of service in the Homestead Water Company service territory shall not deteriorate due to a reduction in the number of employees providing service.

(8) Omni and the Homestead Water Company shall maintain a high degree of cooperation with Staff and shall take all actions necessary to ensure their timely response to Staff inquiries with regard to the Homestead Water Company's provision of water services in Virginia.

(9) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2013-00103
JANUARY 31, 2014**

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 ("Affiliates Act").¹ The Transactions for which the Applicants requested approval included a Sporn Plant Operating Agreement between APCo, AEP Generation Resources, Inc., and American Electric Power Service Corporation ("Sporn Agreement").

On December 16, 2013, the Commission, upon consideration of the Application, the response of the Applicants, and the applicable law, and having been advised by its Staff, issued an Order Granting Approval ("Order"). Among other things, the Order: (1) approved the Transactions, including the Sporn Agreement, subject to certain requirements; (2) required separate Affiliates Act approval for any changes in the terms and conditions of any of the

¹ Va. Code § 56-76 *et seq.*

Transactions approved in the case; (3) directed APCo to file a signed and executed copy of each approved Transaction within 90 days of the Order; and (4) dismissed the case.

On January 23, 2014, APCo, by counsel, filed the Sporn Agreement with revisions that APCo indicates are required to comply with an order of the Federal Energy Regulatory Commission ("FERC") issued on December 23, 2013.² APCo indicates that the revisions to the Sporn Agreement involve a small portion of the overall costs governed by the agreement and that the revisions serve as a refinement that protects against subsidization between regulated and unregulated operations.

NOW THE COMMISSION, having considered this matter, finds that this docket should be reopened for the limited purpose of addressing the revisions to the Sporn Agreement included in APCo's January 23, 2014 filing. Upon consideration of APCo's filing and the applicable law, and having been advised by its Staff, the Commission finds that the revised Sporn Agreement is in the public interest and should be approved subject to the same requirements upon which the Commission granted approval of the Sporn Agreement in the December 16, 2013 Order.

Accordingly, IT IS ORDERED THAT:

- (1) Case No. PUE-2013-00103 is reopened for purposes of this Order.
- (2) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Sporn Agreement, as filed with the Commission on January 23, 2014, subject to the applicable requirements set forth in the Commission's December 16, 2013 Order.
- (3) There appearing nothing further to be done in this matter, it is hereby dismissed.

² *Appalachian Power Company*, 145 FERC ¶ 61,270 (2013). APCo included this FERC order as an attachment to its January 23, 2014 filing with the Commission.

**CASE NO. PUE-2013-00104
MAY 13, 2014**

APPLICATION OF
GREEN ENERGY PARTNERS/STONEWALL LLC

For a certificate of public convenience and necessity for a 750 MW electric generating facility in Loudoun County

FINAL ORDER

On September 20, 2013, Green Energy Partners/Stonewall LLC ("Stonewall" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity to construct and operate a 750 megawatt natural gas-fired, combined-cycle electric generating facility in Loudoun County, Virginia ("Project"). The Application was filed pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.¹

According to the Application, Stonewall proposes to build the Project on a 101-acre site located south-southeast of the Leesburg Executive Airport and north of the Dulles Greenway at 20077 Gant Lane, Leesburg, Virginia ("Site").² The Site is approximately four miles south-southeast of Leesburg, directly north of the Sycolin Road (SR 643)/Dulles Greenway (SR 267) overpass, and approximately 1.2 miles west-southwest of the Luck Stone quarry.³ The Site is immediately surrounded on the south and west by 200 acres of land zoned for industrial use.⁴ The property east of the Site is owned by Luck Stone Corporation and is zoned for mineral extraction.⁵ North of the Site is the floodplain of Sycolin Creek and a Loudoun County-owned open space recreational area.⁶

As proposed, the facility would include two combustion turbines, two heat recovery steam generators with duct burners, and one steam turbine generator.⁷ According to the Applicant, the combustion turbines will use low-NOx combustion technology and will be equipped with selective catalytic reduction systems to control NOx emissions.⁸ The Applicant represents that high-efficiency combustion design, together with an oxidation catalyst, will be

¹ 20 VAC 5-302-10 *et seq.*

² Ex. 2 (Application) at 4; (Appendix) at 2.

³ Ex. 2 (Appendix) at 2.

⁴ Ex. 2 (Application) at 4; (Appendix) at 2.

⁵ *Id.* Stonewall represents that the Site is within the quarry notification overlay area. Ex. 2 (Appendix) at 2.

⁶ Ex. 2 (Application) at 4; (Appendix) at 2.

⁷ Ex. 2 (Application) at 4.

⁸ *Id.* "NOx" refers to nitrous oxide.

employed to control CO and VOC emissions.⁹ The Applicant also represents that the exclusive use of pipeline-quality natural gas will minimize particulate matter, SO₂, and sulfuric acid air emissions.¹⁰ According to Stonewall, the proposed facility will be a zero liquid discharge facility using reclaimed water from the Town of Leesburg waste water treatment facility.¹¹

Stonewall represents that the proposed facility would be fueled by pipeline-quality natural gas from gas supplier(s) that own or control firm transportation service on either or both of the Dominion Transmission, Inc., and Columbia Gas Transmission Company interstate pipelines that traverse the Site.¹² As such, Stonewall represents that no new off-Site pipelines would be constructed to serve the proposed Project.¹³

The Applicant represents that the proposed facility would interconnect to the Pleasant View – Brambleton 230 kilovolt ("kV") TL201 transmission line that also traverses the property.¹⁴ As such, the Applicant also represents that no additional transmission lines would be necessary to serve the proposed Project.¹⁵ Stonewall expects the proposed facility to begin commercial operation in March 2017 and estimates the capital cost of the facility to be approximately \$500 million, excluding certain owner and financing costs.¹⁶

According to the Applicant, Stonewall is a special purpose entity organized solely to develop, construct, own, and operate the proposed Project.¹⁷ Stonewall is controlled by three members: GEP/S Holdings LLC, Bechtel Development Company, and Panda Midatlantic Development, LLC.¹⁸ Stonewall asserts that its members possess extensive experience in project development as well as in building and operating generating facilities such as the proposed Project.¹⁹ In addition, Stonewall represents that, through its members, it is well capitalized to support the development of the proposed Project.²⁰ Stonewall also states that because it is not a regulated utility, any business risk associated with the proposed Project would be borne solely by the Applicant, with no impact on the rates paid by ratepayers in Virginia.²¹

The Applicant asserts that the proposed Project would help support reliability in the Northern Virginia area by providing additional generation in a congested region of the Commonwealth.²² Stonewall asserts that the proposed Project is in the public interest because it would provide significant economic benefits to the local area and add to the competitive market for wholesale electricity in the region.²³ Further, Stonewall represents that the proposed Project would displace older, more costly generators and benefit the competitive market for wholesale electricity by offering generation in the region that would not be owned by an incumbent electric utility.²⁴ In addition, according to the Applicant, the proposed Project would advance the goals set out in the 2010 Virginia Energy Plan by providing in-state generating capacity in the Commonwealth.²⁵ Stonewall also asserts that the proposed Project would create jobs in Loudoun County, generate millions of dollars in direct and indirect spending in the area, generate revenue to the Town of Leesburg through its purchase of reclaimed waste water, and provide several million dollars per year in tax revenue to Loudoun County and the Commonwealth.²⁶

Stonewall states in its Application that, based on the permits it has received and other reviews that have been conducted, there will be minimal adverse environmental impacts from the proposed Project.²⁷ Stonewall further asserts that it will comply with all necessary conditions imposed by the

⁹ Ex. 2 (Application) at 4. "CO" and "VOC" refer, respectively, to carbon monoxide and volatile organic compounds.

¹⁰ Ex. 2 (Application) at 4. "SO₂" refers to sulfur dioxide.

¹¹ Ex. 2 (Application) at 6.

¹² Ex. 3 (Metersky Direct) at 4-5.

¹³ Ex. 2 (Appendix) at 8. According to the Applicant, natural gas pipeline laterals connecting the proposed Project's on-Site regulation and metering station to Dominion Transmission, Inc., and Columbia Gas Transmission Company would be constructed on Site. *Id.*

¹⁴ Ex. 3 (Metersky Direct) at 5. According to the Applicant, each generator would have its own 230 kV breaker connected to a 230 kV radial into a three-breaker 230 kV ring bus on the Site at Cochran Mill. The Cochran Mill ring bus would loop into the Pleasant View - Brambleton 230 kV transmission line TL201. Ex. 2 (Appendix) at 11.

¹⁵ Ex. 2 (Application) at 7.

¹⁶ Ex. 2 (Appendix) at 7. These costs are projected to be incurred from 2014 through 2017. *Id.*

¹⁷ Ex. 2 (Application) at 1.

¹⁸ *Id.*

¹⁹ *Id.* at 5.

²⁰ *Id.*

²¹ *Id.* at 7.

²² *Id.* at 8.

²³ *Id.* at 9.

²⁴ *Id.* at 7.

²⁵ *Id.*

²⁶ *Id.* at 6.

²⁷ *Id.* Stonewall included an Environmental Assessment in its filing. *See* Ex. 2 (Exhibit 8 to the Application).

regulatory agencies with oversight responsibilities for all environmental aspects of the proposed Project to ensure protection of the public health and the environment.²⁸

On November 8, 2013, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things, assigned a Hearing Examiner to conduct further proceedings in this matter, required Stonewall to publish notice of its Application, established a procedural schedule, permitted any interested person an opportunity to comment or participate in this proceeding as a respondent, and scheduled an evidentiary hearing. Washington Gas Light Company ("WGL") filed the sole notice of participation in this proceeding.

The Procedural Order noted that the Commission's Staff ("Staff") requested the Department of Environmental Quality ("DEQ") coordinate an environmental review of the Project.²⁹ DEQ filed a report ("DEQ Report") on the proposed Project on December 20, 2013.³⁰ The DEQ Report summarizes the proposed Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Applicant's responsibilities for compliance with legal requirements governing environmental protection. The DEQ Report contained the following ten recommendations:

1. Coordinate with DEQ regarding its recommendation to ensure compliance with the Virginia Water Protection Permit Program if the Project changes;
2. Coordinate with DEQ regarding its recommendation for development of a contingency plan in coordination with the downstream water supplies to reduce or eliminate its overall consumptive loss during times of low flow;
3. 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;
4. Coordinate with DEQ on its recommendation of consideration for secondary aboveground storage tank containment to protect water quality;
5. Coordinate with the Department of Conservation and Recreation ("DCR") Division of Natural Heritage regarding its recommendations, including coordination on updates to the Biotics Data System database if a significant amount of time passes before the Project is implemented;
6. Coordinate with the Department of Game and Inland Fisheries ("DGIF") regarding its recommendations for wildlife protection;
7. Coordinate with the Department of Forestry ("DOF") regarding its recommendations on mitigation of forest loss (approximately 36.4 acres);
8. Coordinate with the Department of Aviation ("DOAv"), the Federal Aviation Administration ("FAA"), and the Town of Leesburg with respect to DOAv's recommendations addressing air navigation issues;
9. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
10. Limit the use of pesticides and herbicides to the extent practicable.³¹

On January 22, 2014, WGL filed comments on the Application,³² noting that it owns the franchise certificate for the section of Loudoun County where the proposed Project would be located. WGL stated that it values its franchise service certificate and would like the opportunity to provide service to all customers requesting natural gas distribution service in the company's certificated service territory.³³ WGL states that it is "ready, willing, and able to provide service" to the Project proposed by Stonewall. WGL also asserted that it is best positioned to construct and maintain any facilities required to connect to the interstate pipeline. As such, WGL requested "consideration to be given the opportunity to evaluate and make an offer to provide service to the proposed generating facility."³⁴

Pursuant to the Procedural Order, Staff filed its testimony in this case on February 11, 2014. In its testimony, Staff concluded that, based on the information provided by the Applicant in its Application as well as Stonewall's responses to Staff's interrogatories, the proposed Project would provide several notable benefits while imposing little or no negative economic impact on Loudoun County or the Commonwealth.³⁵ The Staff further concluded that

²⁸ Ex. 2 (Application) at 5.

²⁹ Procedural Order at 5-6.

³⁰ Ex. 8 (DEQ Report). The DEQ Report is dated December 19, 2013.

³¹ *Id.* at 6-7.

³² Comments of Washington Gas Light Company filed January 22, 2014 ("Comments").

³³ Comments at 2.

³⁴ *Id.*

³⁵ Ex. 7 (Pratt) at 5.

the proposed Project is not contrary to the public interest.³⁶ The Staff, however, noted that the Applicant should further address the following six recommendations contained in the DEQ Report:

1. Coordination with downstream users during low flow;
2. Coordination with DEQ for the consideration of secondary containment associated with aboveground storage;
3. Conducting a survey of natural heritage resources when determining the route for the water pipeline used by the Project;
4. Coordination with DGIF regarding its recommendations for wildlife protection including time-of-use restrictions;
5. Coordination with the DOF regarding its recommendations on the mitigation of forest loss; and
6. Coordination with DOAv regarding its recommendations pertaining to air turbulence.³⁷

Stonewall filed its rebuttal testimony on February 25, 2014. In its rebuttal testimony, Stonewall addressed the six DEQ recommendations listed above.³⁸ Stonewall also responded to the Comments filed by WGL in this proceeding, stating that the Project would use pipeline-quality natural gas that would be delivered via one or both of the natural gas interstate pipelines that currently traverse the Site. Stonewall further noted that WGL had not approached the Applicant with any proposals to provide gas service to the Project.³⁹

The hearing convened and concluded on March 11, 2014. Stonewall and the Staff participated in the hearing.⁴⁰ The Commission also received several written public comments in this case, along with testimony from several public witnesses at the hearing.

On April 10, 2014, A. Ann Berkebile, Hearing Examiner, issued her Report in this matter ("Report" or "Hearing Examiner's Report"). The Hearing Examiner found: (1) the Project will have no material adverse effect upon the reliability of electric service provided by any regulated public utility; (2) the Project is not contrary to the public interest; (3) the Commission should issue a certificate to Stonewall authorizing the construction and operation of the Project; and (4) that certain recommendations from the DEQ Report should be adopted by the Commission as conditions of approval.⁴¹ Specifically, the recommendations cited by the Hearing Examiner are as follows:

- a. Coordinate with the DEQ regarding its recommendation to ensure compliance with the Virginia Water Protection Program if the Project changes;
- b. Reduce solid waste at the source, reusing and recycling it to the maximum extent practicable, and follow DEQ recommendations to manage waste;
- c. Coordinate with DEQ on its recommendation for consideration of secondary aboveground storage tank containment, which is consistent with Loudoun County's zoning requirements;
- d. Coordinate with DCR's Division of Natural Heritage regarding its recommendations including the updating of the Biotics Data System database if a significant time passes before the Project is implemented;
- e. Coordinate with DGIF regarding its recommendations for wildlife protection except for DGIF's recommendation for time-of-year restrictions relative to the Project's development;
- f. Request that the FAA amend the Airport Facility Directory, Approach Plates, and Aeronautical Charts to identify the location of the Project;
- g. Coordinate with the Town of Leesburg to issue a Notice to Airman ("NOTAM") advising flight crews operating in the vicinity of the Leesburg Executive Airport of potential plumes that may be emitted from the Project;
- h. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
- i. Limit the use of pesticides and herbicides to the extent practicable.⁴²

³⁶ Ex. 6 (Tufaro) at 11.

³⁷ *See, id.* at 10.

³⁸ *See* Ex. 4 (Metersky Rebuttal).

³⁹ *Id.* at 13.

⁴⁰ By letter of counsel filed on March 6, 2014, WGL advised it would not participate in the hearing.

⁴¹ Hearing Examiner's Report at 15-16.

⁴² *Id.* at 16.

The Hearing Examiner recommended that the Commission adopt the findings in her Report and approve the Application subject to the recommendations therein.⁴³

On April 14, 2014, Staff filed a letter stating that it would not file comments on the Hearing Examiner's Report. Further, WGL did not file comments on the Hearing Examiner's Report. On April 16, 2014, the Applicant filed its comments on the Hearing Examiner's Report, stating that while Stonewall opposed some recommendations in the DEQ Report, Stonewall does not take exception to the findings and recommendations of the Hearing Examiner as they pertain to those recommendations.⁴⁴ Stonewall requested that the Commission adopt the Hearing Examiner's findings and recommendations and approve the Application.⁴⁵

In its comments to the Hearing Examiner's Report, Stonewall took exception only to the Hearing Examiner's consideration of comments filed after the deadline for such comments set forth in the Procedural Order and after the record was closed in this case. Specifically, Stonewall asserted that the procedural schedule established by the Commission provided ample opportunity for the public to submit comments in this proceeding and that consideration of comments filed after the deadline and after the record closed in this proceeding is inappropriate.⁴⁶

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

While we encourage the participation of interested persons and entities 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 Procedural Order in this case, adequate notice was provided and interested persons were afforded an opportunity to file written comments on Stonewall's Application in a timely manner, to become parties to the case, or to appear as public witnesses. Accordingly, we will not consider comments filed after the deadline (March 4, 2014) set forth in the Procedural Order in this case.

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, ... 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:

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.

Section 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.

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:

⁴³ *Id.*

⁴⁴ Stonewall Comments at 2-3.

⁴⁵ *Id.* at 4.

⁴⁶ *Id.* at 2, fn. 2.

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."

Reliability

We agree with the Hearing Examiner and find that the record reflects that construction of the Project will have no adverse effect on the reliability of electric service provided by regulated public utilities in Virginia.⁴⁷ The record in this case reflects that the construction of an additional electric generation facility such as the Project within the Commonwealth is likely to enhance local reliability and the competitive market.⁴⁸

Economic Development

We find that the Project will provide economic benefits to Loudoun County, the Town of Leesburg, and the Commonwealth. No party disputed this.⁴⁹ As noted by Staff, Loudoun County will receive a substantial increase in real property taxes associated with the Project and Stonewall will pay corporate income taxes to the Commonwealth.⁵⁰ In addition, the Project is projected to create approximately 600 construction jobs in Loudoun County during the peak of construction, and thereafter approximately 30 long-term jobs at the facility.⁵¹ The Town of Leesburg is projected to benefit fiscally from the payments associated with Stonewall's purchase of reclaimed water.⁵² Stonewall also projects the Project will generate direct and indirect spending in the area.⁵³

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."⁵⁴

As noted above, the DEQ coordinated an environmental review of the proposed Project and submitted a DEQ Report that among other things, set forth recommendations for the proposed Project.⁵⁵ Upon consideration of this record, we find that Stonewall shall be required to comply with the DEQ Report recommendations as recommended by the Hearing Examiner.⁵⁶

As part of this finding, we agree with the Hearing Examiner that the Project should not be conditioned on Stonewall's compliance with DOF's recommendations for the mitigation of forest loss.⁵⁷ According to the Applicant, Loudoun County has already approved Stonewall's plans for the mitigation of forest loss associated with the Project, thereby reflecting compliance with Loudoun County's requirements.⁵⁸ We also find DOF's recommendation for mitigation measures reflecting "the value of forestland as defined by Loudoun County's Green Infrastructure Plan" to be overly vague.⁵⁹

In addition, we note that testimony and the DEQ Report addressed various issues related to aviation. We cannot, however, deny the Application based upon the aviation issues developed in this record. No representative from the Leesburg Executive Airport or Town of Leesburg has contested the

⁴⁷ Hearing Examiner's Report at 10.

⁴⁸ See, e.g., *id.*; Ex. 6 (Tufaro) at 11; Ex. 7 (Pratt) at 5.

⁴⁹ See, e.g., Ex. 7 (Pratt) at 2-5.

⁵⁰ See, e.g., *id.* at 2, 4-5.

⁵¹ See, e.g., Ex. 3 (Metersky Direct) at 7; Ex. 7 (Pratt) at 2, 4.

⁵² See, e.g., Ex. 3 (Metersky Direct) at 7; Ex. 7 (Pratt) at 2, 5.

⁵³ See, e.g., Ex. 3 (Metersky Direct) at 7; Ex. 7 (Pratt) at 2, 4.

⁵⁴ Va. Code § 56-46.1 A (2012). See also Va. Code § 56-580 D (2012) (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....").

⁵⁵ Ex. 8 (DEQ Report).

⁵⁶ Hearing Examiner's Report at 16.

⁵⁷ See, e.g., *id.* at 12.

⁵⁸ See, e.g., *id.*, Ex. 4 (Metersky Rebuttal) at 9.

⁵⁹ See, e.g., Ex. 8 (DEQ Report) at 19; Hearing Examiner's Report at 12.

Project's location in this proceeding. Furthermore, the DOAv, the Virginia agency with planning authority relative to the Commonwealth's aviation system, does not oppose the Project.

The DOAv, however, recommended in the DEQ Report that the Applicant be required to take certain actions in connection with the Project:

1. Provide the Town of Leesburg the time and opportunity to ask questions from Stonewall and the FAA with respect to the information from the September 2012 study that was sponsored by the FAA;
2. Identify, mark, and light the facility's stacks;
3. Request the FAA to amend the Airport Facility Directory, Approach Plates, and Aeronautical Charts to identify the location of the proposed Project;
4. Coordinate with the Town of Leesburg as necessary to issue a NOTAM if the facility is constructed to advise properly all flight crews operating in the vicinity of the Leesburg Executive Airport of potential plumes and turbulence that may be emitted from the power plant;
5. Install monitoring equipment and have a detailed reporting scheduled as it relates to the creation of vertical plumes as part of the operation of the facility to measure the output and effluent to provide data to determine if any hazardous conditions are created by operation of the plant;
6. Coordinate with the Town of Leesburg and the DOAv to establish agreed upon performance thresholds that will determine the level of output as it relates to vertical plumes and the creation of turbulence in order to evaluate the level of safety risk to aircraft operations; and
7. Outline potential corrective actions if the plumes and turbulence exceed agreed upon thresholds.⁶⁰

We agree with the Hearing Examiner that several of DOAv's recommendations are reasonable and do not conflict with the FAA's Determinations of No Hazard to Air Navigation ("Determinations") or the FAA's overall jurisdiction with respect to the airspace of the United States.⁶¹ Specifically, we find that the Applicant should be required to: (1) request the FAA amend the Airport Facility Directory, Approach Plates, and Aeronautical Charts to identify the location of the Project; and (2) coordinate with the Town of Leesburg to issue a NOTAM advising flight crews operating in the vicinity of the Leesburg Executive Airport of potential plumes that may be emitted from the power plant and cause turbulence.⁶² We also agree with the Hearing Examiner that the remaining DOAv recommendations are inappropriate.⁶³ Several of these recommendations contemplate the installation of unknown or unproven technology for the monitoring of thermal plumes.⁶⁴ Additionally, the Town of Leesburg has had sufficient time to make inquiries of the FAA or the Applicant regarding thermal plumes and the FAA has already directed the Applicant to mark and light the Project's stacks.⁶⁵ We do recognize, however, that it may be necessary for the Applicant to reapply to the FAA for the extension of certain Determinations depending on when Stonewall commences construction of the Project.⁶⁶

Public Interest

We agree with the Hearing Examiner that the record does not support a conclusion that the Project is "contrary to the public interest" as contemplated by § 56-580 D of the Code.⁶⁷ As discussed above, the Project is likely to produce significant economic benefits in terms of jobs, taxes, and revenues. Moreover, environmental concerns have been addressed within the authority of other governmental entities that have already approved construction of the new generation facility in Loudoun County. For example, Loudoun County has already issued a conditional use permit pertaining to the Site of the Project.⁶⁸ DEQ has issued a Prevention of Significant Deterioration and Non-Attainment New Source Review permit for the Project, which addresses air emission issues associated with the proposed generation facility.⁶⁹

⁶⁰ Ex. 8 (DEQ Report) at 22-23.

⁶¹ See, e.g., Hearing Examiner's Report at 13-14.

⁶² See, e.g., *id.* at 14.

⁶³ See, e.g., *id.*

⁶⁴ See Hearing Examiner's Report at 14; Ex. 8 (DEQ Report) at 23; Ex. 4 (Metersky Rebuttal) at 12.

⁶⁵ See, e.g., Hearing Examiner's Report at 14. Ex. 2 (Determinations dated June 7, 2013, included within Exhibit 7 of the Application).

⁶⁶ See, e.g., Ex. 8 (DEQ Report) at 23.

⁶⁷ Hearing Examiner's Report at 15.

⁶⁸ Ex. 2 (Exhibit 6 to the Application); Hearing Examiner's Report at 15.

⁶⁹ Ex. 3 (Metersky Direct) at 6; Hearing Examiner's Report at 15.

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 Project has not commenced, though Stonewall may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Upon filing the appropriate USGS topographical maps detailing the location of the proposed facilities with the Division of Energy Regulation, subject to the findings and requirements set forth in this Final Order, pursuant to § 56-580 D of the Code of Virginia, and in accordance with the record developed herein, Stonewall is hereby granted authority and the following certificate of public convenience and necessity to construct and operate the Project described in this proceeding:

Certificate No. ET-204 which authorizes Stonewall under § 56-580 D to construct and operate a 750 megawatt natural gas-fired, combined-cycle electric generating facility in Loudoun County, Virginia.

(2) The authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Project has not commenced, though Stonewall may subsequently petition the Commission for an extension of this sunset provision for good cause shown.

(3) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

**CASE NO. PUE-2013-00107
AUGUST 7, 2014**

APPLICATION OF
SOMMERSBY WATER COMPANY, INC.

To amend its certificate to furnish water service

FINAL ORDER

On September 30, 2013, Sommersby Water Company, Inc. ("Sommersby" or "Company"), filed its application with the State Corporation Commission ("Commission") requesting authorization to expand water service into additional territory in Botetourt County, Virginia ("Application"). By Final Order dated April 16, 2002,¹ the Commission granted the Company's application for a certificate of public convenience and necessity ("CPCN") authorizing it to furnish water service. Certificate No. W-308 authorized the Company to provide water service to a territory in Botetourt County, as shown on the map attached to, and made a part of, the certificate. The Company proposes to expand its territory into a contiguous portion of Botetourt County.

On November 25, 2013, the Commission issued an Order for Notice and Comment ("Procedural Order"),² which directed the Company to publish notice of its Application and to serve a copy of the Procedural Order on certain government officials in Botetourt County. The Procedural Order also directed the Commission Staff ("Staff") to review the Application and to file a report presenting its findings and recommendations and provided the Company an opportunity to respond to the Staff's report. No interested persons filed comments or sought to participate as a respondent in this proceeding.

On May 13, 2014, the Staff filed its report ("Staff Report") stating that "Staff believes that it is in the public interest for Sommersby, pursuant to § 56-265.3 D of the Code, to be issued an amended certificate of public convenience and necessity to provide water service."³ The Staff noted that the Company is currently in good standing with the Commission's Division of Energy Regulation and that "Staff believes that the Company is providing adequate and reliable service based upon a review of the Company's operating history since it was issued a certificate."⁴ Therefore, the Staff recommended that the Commission approve Sommersby's Application to expand its service territory to six residential building lots contiguous to the residential subdivision to which Sommersby currently provides water service. Sommersby did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, is of the opinion and finds that Sommersby's Application should be granted and that the Company's CPCN should be amended to include six additional residential building lots contiguous to the residential subdivision to which the Company currently provides water service in Botetourt County.

¹ *Application of Sommersby Water Company, Inc., For a certificate of public convenience and necessity pursuant to Section 56-265.3 of the Code of Virginia*, Case No. PUE-2001-00012, 2002 S.C.C. Ann. Rept. 369, Final Order (Apr. 16, 2002).

² The Procedural Order was subsequently amended by Order entered February 12, 2014, granting the Company's Motion to Extend Procedural Schedule seeking modification of certain filing dates established by the Procedural Order.

³ Staff Report at 3.

⁴ *Id.*

Accordingly, IT IS ORDERED THAT:

- (1) Sommersby's Application is hereby granted.
- (2) Sommersby's Certificate No. W-308 is amended as set forth herein.
- (3) Sommersby is granted amended Certificate No. W-308a to furnish water service in its existing service territory as well as the additional territory in Botetourt County, all as shown on the map attached to the certificate.
- (4) The Division of Energy Regulation forthwith shall provide Sommersby a copy of the certificate issued in Ordering Paragraph (3) with the detailed map attached.
- (5) This case is dismissed.

**CASE NO. PUE-2013-00108
FEBRUARY 25, 2014**

APPLICATION OF
HESS ENERGY MARKETING, LLC

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

ORDER GRANTING APPROVAL

On September 30, 2013, Hess Energy Marketing, LLC ("Hess" or "Company"), filed an application with the State Corporation Commission ("Commission") for approval of demand response programs to be offered to retail customers in the service territory of Appalachian Power Company ("APCo") ("Application"). The Company filed its Application pursuant to § 3 of Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly ("Section 3"), which provides:

That the State Corporation Commission, for the service area of a generating electric utility that has elected to meet its capacity obligations of a regional transmission entity through a fixed capacity resource requirement as an alternative to other capacity mechanisms, shall approve any demand response program proposed to be offered to retail customers by the generating electric utility or any other qualified nonutility provider, if following notice and the opportunity for a hearing, the State Corporation Commission finds (i) any nonutility provider to be qualified, (ii) the program to be effective, reliable, and verifiable as a capacity resource, and (iii) such program to be in the public interest. A State Corporation Commission order issued pursuant to this section shall not affect any contract between a retail customer and a curtailment service provider executed prior to July 1, 2009.

In its Application, the Company seeks authority to market and provide demand response programs through individual customer contracts in the service territory of APCo. Among other things, Hess represents that it: (i) is an active curtailment service provider ("CSP") in the demand response programs of PJM Interconnection LLC ("PJM"); (ii) "contracts with commercial and industrial end-users who are willing and able to curtail their electric consumption in accordance with PJM's program requirements"; and (iii) "installs metering and control equipment to enable the customer to curtail, aggregate[s] its customers' load to meet its obligations to PJM, submit[s] verification of demand reductions for payment by PJM, and receive[s] payments from PJM on behalf of its customers."¹

On October 28, 2013, the Commission issued an Order Inviting Comments ("Order") that, among other things, provided interested persons an opportunity to participate as respondents in this proceeding and to file comments and request a hearing on the Company's Application. On January 8, 2014, the Company filed a motion to extend two dates set forth in the Order ("Motion"). On January 10, 2014, the Commission issued an Order Modifying Procedural Schedule granting the Company's Motion. The Commission did not receive any notices of participation, comments, or requests for hearing in this proceeding.

On January 28, 2014, the Staff of the Commission ("Staff") filed its report on the Application ("Staff Report") concluding that Hess: (i) "appears technically qualified as a nonutility response provider and has the necessary resources for providing such services"; (ii) "has the financial resources necessary to provide the proposed services"; and (iii) "appears to offer programs that are effective, reliable, and verifiable as a capacity resource."² The Staff further concluded that, when considered from a PJM regional perspective, demand response programs provided by nonutility demand response providers are in the public interest. However, the Staff cautioned that any public interest consideration should include a careful consideration of Hess's qualifications as a nonutility demand response provider. The Staff recommends that Commission approval of the Application be conditioned on Hess providing an annual report demonstrating its continued qualifications and provides specific recommendations in its Staff Report for inclusion in such a reporting requirement.³

Hess did not file a response to the Staff Report.

¹ Application at 1-2.

² Staff Report at 11.

³ *Id.* at 11-12.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that, by enacting Section 3, the Virginia General Assembly has specifically directed the Commission to evaluate any application for the provision of demand response programs within a specific area of the Commonwealth.⁴ We have evaluated Hess's Application and find that we should approve it, subject to the conditions set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Hess's Application to continue offering the demand response programs it currently provides within the service territory of APCo hereby is approved, subject to the Company's full compliance with all of the Staff's recommendations, as set forth herein, which hereby are accepted and approved.

(2) Hess shall be required to file the following information annually:

- (a) A list of states in which Hess, or an affiliate of the Company, conducts business related to curtailment services;
- (b) Disclosure of any affiliate relationship with a local electric distribution company or other CSP that conducts business in Virginia;
- (c) A copy of Hess's audited balance sheet and income statement for the most recent fiscal year. If not available, other financial information that demonstrates the Company's financial ability to continue to provide demand response services in Virginia;
- (d) Demonstration that Hess has adequate commercial liability insurance commensurate with the business being conducted in Virginia;
- (e) Disclosure of any: (i) civil, criminal, or regulatory sanctions or penalties imposed or in place within the previous five (5) years against Hess, any of its affiliates, or an officer, director, partner, or member pursuant to any state or federal consumer protection law or regulation; and (ii) felony convictions within the previous five (5) years, which relate to the business of the Company or to an affiliate thereof, of any officer, director, partner, or member;
- (f) Disclosure of whether Hess has ever been denied authority to provide demand response services and whether any authority issued to it or to an affiliate has ever been suspended or revoked and whether other sanctions have been imposed; and
- (g) Disclosure of any incurrence of penalties from PJM, curtailment test failures or failures to meet committed curtailments during curtailment events.

(3) Hess shall submit its first annual report no later than June 30, 2015, to the Commission's Division of Energy Regulation. Subsequent reports shall be submitted no later than June 30 for each year in which Hess continues to provide demand response programs to retail customers in the service territory of APCo.

(4) The Staff shall monitor the Company's annual reports and advise the Commission of any information that materially affects the qualifications of Hess or its programs under the standards of Section 3.

(5) This case hereby is dismissed.

⁴ No party has challenged the fact that APCo's service territory is the "service area of a generating electric utility that has elected to meet its capacity obligations of a regional transmission entity through a fixed capacity resource requirement . . .," as set forth in Section 3.

**CASE NO. PUE-2013-00110
APRIL 28, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Loudoun-Pleasant View 500 kV Transmission Line #558 Rebuild pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia

FINAL ORDER

On October 15, 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 and supporting documents ("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 rebuild, entirely within existing rights-of-way, its 500 kilovolt ("kV") Loudoun-Pleasant View Line #558 ("Line #558") in Loudoun County ("Rebuild Project"). Prior to the Rebuild Project, the Company will split Line #558 at Brambleton Station, creating the 500 kV Brambleton-Pleasant View Line #558, and the 500 kV Brambleton-Loudoun Line #590.¹ Thus, at the time of the Rebuild Project, #558 and #590 will be the associated line numbers. The Rebuild Project also includes associated modifications at the Company's Loudoun Substation.²

¹ Application at 2.

² *Id.* at 4.

Dominion Virginia Power maintains that these changes are necessary because contingency power flow studies it conducted along with PJM Interconnection, L.L.C., forecast that Line #558 will violate mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards in the summer of 2016.³ The Company asserts that failure to address these projected NERC violations could lead to service interruptions and could potentially damage its electrical facilities in the area of the Rebuild Project.⁴

The Company states that the in-service date for the proposed Rebuild Project is June 1, 2016.⁵ According to Dominion Virginia Power, the estimated cost for the proposed Rebuild Project is approximately \$31.3 million, of which approximately \$28.9 million would be spent on transmission line construction and approximately \$2.4 million would be spent on modifications at the Loudoun Substation.⁶

On November 21, 2013, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; granted an opportunity for interested persons to request a hearing on the Application; granted an opportunity for interested persons to comment on the Application or participate in this proceeding; and directed the Commission Staff ("Staff") to investigate the Application and file a report thereon ("Staff Report"). The Commission received several public comments on the Application. No one filed a notice of participation in this proceeding, and there were no requests for a hearing.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate a review of the proposed Rebuild Project by state and local agencies and to file a report on the review. DEQ filed its report ("DEQ Report") on January 13, 2014. The DEQ Report provides 13 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 Rebuild Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Rebuild Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the 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 sites, 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 Rebuild Project is implemented;
- Coordinate with the Department of Mines, Minerals and Energy regarding the quarry located in the vicinity of the Rebuild Project site, as necessary;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect state-listed threatened mussels and wildlife resources;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendation to preserve the scenic quality of Goose Creek;
- Coordinate with the Department of Forestry to ensure the conservation of forestland, as applicable and as stated in the Company's December [18], 2013, letter;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Department of Aviation regarding its recommendation to protect airspace near airports;
- 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; and
- Coordinate with Loudoun County regarding its recommendations.⁷

Pursuant to the Procedural Order, on February 26, 2014, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. In the Staff Report, the Staff concluded that the Company sufficiently demonstrated the need for the proposed Rebuild Project as based on identified potential violations of reliability planning standards.⁸

³ *Id.* at 2.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.*

⁷ DEQ Report at 6-7.

⁸ Staff Report at 17.

On March 5, 2014, Dominion Virginia Power filed comments ("Comments") with the Clerk of the Commission stating that the Company supports the recommendations set forth in the Staff Report concerning the need for the Rebuild Project. In addition, the Company provided two clarifications to the Staff Report. First, the Company indicates in its Comments that the correct designations for the new 500 kV lines are as follows: 500 kV Brambleton-Goose Creek Line #558 and 500 kV Brambleton-Mosby Line #590.⁹ Second, the Company maintains that the 230 kV circuit rearrangements (which the Staff Report referred to as proposed 230 kV line relocations and the Comments referred to as "rearrangement of existing 230 kV lines" done as "operating adjustments") should "be included within the category of 'ordinary extensions or improvements in the usual course of business' for which Va. Code § 56-265.2 A does not require Commission approval."¹⁰

In its Comments, the Company indicated that it had no objections to the summary of recommendations in the DEQ Report. In addition, the Company indicated it would continue to adhere to vegetation and erosion management policies and to coordinate with Loudoun County.¹¹

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 Rebuild Project as proposed in its Application and that the Commission should issue a certificate of public convenience and necessity authorizing the Rebuild 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 the Commission to 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 Rebuild Project. The need for the Rebuild Project has not been questioned.¹² Thus, the uncontroverted evidence in this case indicates that the proposed construction is necessary to ensure that reliable service is maintained.¹³ We therefore find that the proposed Rebuild Project will meet the Company's long-term transmission reliability needs effectively.

Routing and Right of Way

The Company did not consider any routing alternatives for its proposed transmission lines because, if approved, the lines would be located entirely on existing rights-of-way.¹⁴ 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 Rebuild Project.

⁹ Comments at 3.

¹⁰ Staff Report at 7; Comments at 3-4.

¹¹ Comments at 4. The Company explained that it had submitted a response to the recommendations of Loudoun County, which is included as the last page of the DEQ Report.

¹² See, e.g., Staff Report 12-14, 17; Comments at 2.

¹³ See, e.g., Transmission Appendix at 1-18; Prefiled Direct Testimony of Peter Nedwick at 7-10; Staff Report at 12-14.

¹⁴ Prefiled Direct Testimony of Stefan R. Brooks at 3.

Economic Development

We find that the proposed Rebuild Project will promote economic development in the area of the Rebuild Project as well as in the Commonwealth of Virginia by maintaining the reliability of the electric transmission system and, in turn, continuing to provide for the delivery of sufficient supplies of electrical power.¹⁵

Scenic Assets, Historic Districts, and Existing Rights-of-Way

We find that the Rebuild Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that the proposed Rebuild Project will be located in 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.¹⁶

Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Rebuild 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 Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.¹⁷ We therefore find that, as a condition to our approval herein, Dominion Virginia Power must comply with all of the DEQ's recommendations as provided in the DEQ Report.

HB 1319

We find that the evidence demonstrates that the proposed Rebuild Project does not meet the criteria set forth in HB 1319 for inclusion as a pilot program. Further, the proposed tower design will reasonably mitigate the visual impact of the proposed Rebuild Project as required by HB 1319.¹⁸

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to wreck existing single-circuit 500 kV Loudoun-Pleasant View Line #558 and replace it with the proposed double-circuit 500/230 kV transmission lines; the Company is also authorized to perform the associated work at Loudoun Substation 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 Application for a certificate of public convenience and necessity to construct and operate the Rebuild Project is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificate of public convenience and necessity to the Company:

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-2013-00110, cancels Certificate No. ET-91u, issued to Virginia Electric and Power Company on December 28, 2012, in Case No. PUE-2011-00129.

(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 transmission lines and associated substation work approved herein must be constructed and 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, and the papers filed herein shall be placed in the file for ended causes.

¹⁵ See, e.g., Prefiled Direct Testimony of Peter Nedwick at 7; Staff Report at 14.

¹⁶ See, e.g., Prefiled Direct Testimony of Stefan R. Brooks at 3-5.

¹⁷ The DEQ recommendations are set forth above and are discussed in the DEQ Report.

¹⁸ See, e.g., Prefiled Direct Testimony of Robert J. Shevenock, II at 5-6; Staff Report at 11-12.

**CASE NO. PUE-2013-00111
MARCH 18, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

FINAL ORDER

On December 18, 2013, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), filed an Application with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T-R.A.C. ("T-RAC"). Subsection A 4 allows an investor-owned electric utility to recover, with Commission approval, certain costs through a rate adjustment clause. Subsection A 4 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, as determined under applicable rates, terms and conditions approved by the Federal Energy Regulatory Commission [(FERC)]" and "costs charged to the utility that are associated with demand response programs approved by the [FERC] and administered by the regional transmission entity of which the utility is a member."

Specifically, the Company's Application proposed a total T-RAC revenue requirement of \$154.5 million projected for the rate year May 1, 2014, through April 30, 2015 ("Rate Year").¹ This total revenue requirement consists of three parts: (1) \$103.6 million of costs that APCo projects will be incurred during the Rate Year; (2) an under-recovery balance of \$45.6 million of costs that APCo indicates it has incurred, but has not collected, during January 2009 through October 2013; and (3) an additional under-recovery balance of \$5.3 million that APCo, at the time of the Application, projected would accumulate during November 2013 through April 2014.²

APCo proposes to recover its Subsection A 4 costs through a combination of base rates and the proposed T-RAC. In 2009, the Commission approved APCo's request for a rate adjustment clause pursuant to Subsection A 4.³ This rate adjustment clause was subsequently combined with the Company's base rates as a result of APCo's first biennial review proceeding, Case No. PUE-2011-00037.⁴ The Application proposes to retain APCo's transmission base surcharge rates currently in place, and to use the proposed T-RAC for recovery of the incremental difference between APCo's total T-RAC revenue requirement and the T-RAC revenues being recovered in the Company's base transmission rates.⁵

A one-year recovery of the total revenue requirement of \$154.5 million proposed in APCo's Application would result in a revenue increase of approximately \$68.6 million over the Company's forecast of approximately \$85.9 million produced by continuing the current T-RAC revenue requirement level in APCo's base rates.⁶ Rather than recovering the total revenue requirement over one year, however, APCo proposes to recover the under-recovery portion of the proposed T-RAC over 19 months.⁷ Under this proposal, the annual revenue requirement for the Rate Year, if approved, would be approximately \$135.8 million, a revenue increase of approximately \$49.9 million.⁸ The Company does not propose to modify the currently approved jurisdictional and customer class allocation methods.⁹

On December 20, 2013, the Commission issued an Order for Notice and Hearing that established a procedural schedule for this case, provided interested persons an opportunity to comment or participate in this proceeding by filing a notice of participation, scheduled an evidentiary hearing, directed the Company to provide public notice of its Application, and directed the Commission's Staff ("Staff") to investigate the Application and file testimony presenting its findings to the Commission. This Order also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed in this proceeding by the following: the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Steel Dynamics, Inc. ("Steel Dynamics"); VML/VACo APCo Steering Committee ("Steering Committee"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). These participants did not file testimony in this proceeding.

On January 30, 2014, the Staff filed testimony recommending a total transmission revenue requirement of \$152.5 million and an annual revenue requirement of \$134.5 million, using APCo's proposal for a 19-month recovery of the under-recovery portion of the proposed T-RAC.¹⁰ Staff's

¹ Ex. 2 at 3.

² *Id.*

³ *Petition of Appalachian Power Company, For approval of rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia*, Case No. PUE-2009-00031, 2009 S.C.C. Ann. Rep. 450, Final Order (Oct. 6, 2009).

⁴ Ex. 2 at 4; *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, 490-91, Final Order (Nov. 30, 2011).

⁵ Ex. 2 at 4; Ex. 3 at 13.

⁶ Ex. 3 at 12.

⁷ Ex. 2 at 4.

⁸ *Id.*

⁹ Ex. 6 at 7.

¹⁰ Ex. 7 at 8-9.

recommendation incorporates updated under-recovery data provided by the Company for November and December 2013, which is approximately \$2.0 million lower than the projections in the Company's Application for those two months.¹¹ Additionally, Staff's testimony identified plans for an upcoming audit by Staff of APCo's Subsection A 4 costs and projections.¹² On February 6, 2014, APCo filed its rebuttal testimony.

On February 20, 2014, a hearing was conducted for the purpose of receiving public witness testimony and evidence offered by the Company, respondents, and Staff.¹³

Hearing participants included the Company, Consumer Counsel, Steering Committee, Committee and Staff. While no public witnesses appeared at the hearing, the Commission received more than 80 written public comments on the Application.¹⁴

At the hearing, APCo presented a Stipulation as a proposed resolution of all issues in this proceeding.¹⁵ The Company and Staff are signatories to Stipulation, which no party opposed.¹⁶ The Stipulation proposes Commission approval of Staff's recommended total transmission revenue requirement and Staff's recommended annual revenue requirement, which uses a 19-month recovery of the Company's under-recovery balance.¹⁷ Additionally, the Stipulation includes, among other things, commitments: (1) for APCo to file its next T-RAC application in August 2015; and (2) for Staff to report, no later than in Staff's testimony filed in the 2015 T-RAC proceeding, the results of Staff's audit of the Company's Subsection A 4 under-recovery balance and projections.¹⁸

On February 27, 2014, Senior Hearing Examiner Alexander F. Skirpan, Jr., entered a report ("Hearing Examiner's Report") that explains the procedural history of this case, summarizes the record, analyzes evidence and issues in this proceeding, and makes certain findings and recommendations. The Hearing Examiner concludes, among other things, that APCo's proposal, as modified by the Stipulation, is consistent with Subsection A 4 of the Code. Based on his findings, the Hearing Examiner recommends Commission adoption of the Stipulation.¹⁹

On March 13, 2014, APCo, Consumer Counsel, and the Steering Committee filed comments that supported, or did not take exception to, the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable provisions of the Code, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report are in the public interest and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application is granted in part and denied in part.
- (2) The Stipulation attached hereto as Attachment A is adopted and its terms are incorporated herein.
- (3) 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 T-RAC as approved herein.
- (4) This matter is dismissed and the papers herein shall be passed to the file for ended causes.

¹¹ *Id.* at 8.

¹² *Id.* at 9.

¹³ This hearing was rescheduled from February 13, 2014, due to a winter storm.

¹⁴ These comments include resolutions filed by the Boards of Supervisors of Scott, Russell, and Buchanan Counties.

¹⁵ Ex. 10.

¹⁶ Tr. 11-17. As noted by the Hearing Examiner, Steel Dynamics did not appear at the hearing or otherwise object to the Stipulation. Hearing Examiner's Report at 11.

¹⁷ Ex. 10 at 1-2.

¹⁸ *Id.* at 2-3.

¹⁹ Hearing Examiner's Report at 11.

**CASE NO. PUE-2013-00112
FEBRUARY 5, 2014**

JOINT PETITION OF
AQUA VIRGINIA, INC.,
and
ROGER LEE CRAWFORD, JR.

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 3, 2013, Aqua Virginia, Inc. ("Aqua"), and the owner of the Stagecoach Hills Public Water System, Roger Lee Crawford, Jr. (herein "Stagecoach") (collectively, the "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 ("Certificate") pursuant to § 56-265.3 D of the Code ("Petition").

Aqua, a wholly owned subsidiary of Aqua America, Inc., is a Virginia public service company that owns and operates water and sewer systems in Virginia that are regulated by the Commission with respect to their rates and services. In Virginia, Aqua and its affiliates serve approximately 28,743 customers as of June 2013.

Stagecoach owns, maintains, and operates a water production and distribution system known as the Stagecoach Hills Public Water System (PWSID 2065781) (the "System"), which serves approximately 27 active residential customers in the Stagecoach Hills Subdivision located in Fluvanna County, Virginia. Stagecoach does not own any other water systems.

Pursuant to an Assets Purchase Agreement ("Agreement") between the Petitioners signed July 12, 2013, Aqua will purchase from Stagecoach all of the assets that comprise the System, as defined in Section 1 of the Agreement.² Aqua will pay Stagecoach a base purchase price of \$25,000 for the assets.³ In connection with the transfer of utility assets, Aqua seeks to amend its Certificate to add the area served by the System to its certificated service territory.

The Petitioners state that the current rates for Stagecoach customers are flat at \$45 per month, and the Petitioners do not plan to change the rates in the System as part of the proposed transfer. However, the Petitioners represent that Aqua plans to install new radio frequency meters in the System in 2015 and evaluate customer usage for a period of time until Aqua can request Commission approval to migrate the Stagecoach customers to an appropriate metered rate during its next rate case in which consumption data may be available to determine the appropriate metered rate.

After the proposed transfer, Aqua will own and operate the System and will be the new service provider. Stagecoach 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. Stagecoach customers were provided notice of the proposed transfer on November 19, 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 Stagecoach 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 Certificate should be amended to allow it to serve the Stagecoach Hills Subdivision pursuant to § 56-265.3 D of the Code.

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 Certificate 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) Stagecoach 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 shall not guarantee the recovery of any costs or income directly or indirectly related to the transfer.

¹ Va. Code § 56-88 *et seq.*

² Petition at Exhibit A, pages 1-2.

³ According to the Petition, there are no records available for the original cost of the System or its current net book value, and no recent appraisal of the System has been performed. Therefore, Aqua states that it will account for the transfer by recording the initial purchase price of \$25,000 (plus closing costs) as a Utility Plant Acquisition Adjustment on its books. Any approved capital improvements which occur during the period of the Agreement until closing of the transaction will be reimbursed by Aqua at closing in accordance with the Agreement and will be recorded as Utility Plant in Service. Petition at Exhibit B, page 2.

- (6) 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.
- (7) 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. PUE-2013-00113
MARCH 7, 2014**

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For a certificate of public convenience and necessity pursuant to Virginia Code § 56-265.3

ORDER GRANTING CERTIFICATE

On October 7, 2013, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed its application ("Application") with the State Corporation Commission ("Commission") requesting approval of a certificate of public convenience and necessity ("CPCN"), pursuant to § 56-265.3 of the Code of Virginia ("Code"). According to its Application, ANGD is a Virginia public service corporation engaged in the business of providing natural gas distribution service to approximately 1,500 residential, commercial, and industrial customers located in the Virginia counties of Russell, Buchanan, Dickenson, Wise, and Tazewell. In its Application, ANGD requests a CPCN to provide natural gas distribution service in Lee County, Virginia, which is currently not certificated for natural gas service.

On November 4, 2013, the Commission entered an Order for Notice and Comment, which, among other things, docketed this proceeding; required the Company to publish notice of its Application; provided an opportunity for interested parties to file with the Commission comments and/or request a hearing on the Application; and instructed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report") on its findings.

On December 19, 2013, the Company filed its proof of notice and publication. The Commission received one comment in support of the Application and no requests for hearing.

On February 4, 2014, the Staff filed its Report wherein it recommended that the Commission approve the Company's Application for a CPCN subject to a five-year sunset provision whereby the CPCN would expire if the Company failed to commence natural gas distribution service to Lee County within five years of the Commission's order approving the Application.

The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that issuance of a CPCN to ANGD for the development of natural gas distribution service in Lee County is in the public interest pursuant to § 56-265.3 of the Code. We will, therefore, approve the Company's Application and issue the requested CPCN to ANGD. Furthermore, we find that the public interest requires that if ANGD does not provide natural gas distribution service in Lee County within five years of the date of this Order, the authority granted herein should be terminated, and the CPCN should be voided.

Accordingly, IT IS ORDERED THAT:

- (1) ANGD's Application for a CPCN to provide natural gas distribution service to Lee County, Virginia, hereby is found to be in the public interest and is granted, subject to the findings herein.
- (2) Certificate of Public Convenience and Necessity No. G-180 shall be issued to ANGD, authorizing it to furnish natural gas distribution service to Lee County, Virginia, subject to the conditions specified herein. Specifically, if ANGD fails to provide natural gas distribution service to Lee County within five (5) years of the date of this Order, the authority granted herein shall be terminated by operation of law and the CPCN voided.
- (3) Within sixty (60) days of the date of this Order, ANGD shall file with the Commission's Division of Energy Regulation maps of the service territory certificated herein.
- (4) This case is dismissed.

**CASE NO. PUE-2013-00114
APRIL 10, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to amend its natural gas conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia

FINAL ORDER

On December 11, 2013, Columbia Gas of Virginia, Inc. ("Columbia Gas" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to § 56-600 *et seq.* of the Code of Virginia ("Code") requesting authority to amend its natural gas conservation and ratemaking efficiency plan ("Current CARE Plan") approved by the Commission in Case No. PUE-2012-00013.¹ The Commission approved the Company's Current CARE Plan for the three-year period beginning January 1, 2013, through December 31, 2015. The Company's initial CARE Plan ("Initial CARE Plan") was approved by the Commission in Case No. PUE-2009-00051 for a three-year period that ended December 31, 2012.²

Columbia Gas's Application requests authority to amend its Current CARE Plan to add a high-efficiency gas storage water heater measure and a high-efficiency tankless water heater measure to the Home Savings Program and to increase the approved customer rebate amounts for the existing high-efficiency natural gas furnace with an average fuel utilization rate efficiency $\geq 90\%$ measure ("high-efficiency furnace measure") and the attic insulation measure, both of which are measures currently included in the Home Savings Program (collectively, the "Home Savings Program Amendments"). The Application requests authority to implement the Home Savings Program Amendments effective April 30, 2014, for the remainder of the Current CARE Plan through December 31, 2015, and to incorporate the Home Savings Program Amendments into the previously approved Revenue Normalization Adjustment ("RNA"), CARE Program Adjustment ("CPA") and Program Performance Incentive ("PPI") mechanisms of the Current CARE Plan.

The Application states that year-over-year participation under the Current CARE Plan has declined compared to participation under the Initial CARE Plan and that during 2013, 31% fewer projects were completed as part of the Current CARE Plan as compared to 2012, the last year of the Initial CARE Plan.³ The Application states that the high-efficiency gas storage water heater and high-efficiency tankless water heater measures were part of the Company's Initial CARE Plan, but that they were not included in the Current CARE Plan.⁴ Columbia Gas further states that the rebate amounts for the high-efficiency furnace and attic insulation measures were also reduced in the Current CARE Plan compared to the Initial CARE Plan.⁵ The Company asserts that these changes from the Initial CARE Plan correlate to the reduced rate of customer participation experienced under the Current CARE Plan and that the changes to the Current CARE Plan proposed by the Application are being requested to expand available options for residential customers and increase customer participation.⁶

Specifically, Columbia Gas proposes that the high-efficiency gas storage water heater measure include a customer rebate of \$50 per qualifying unit, which it states is equivalent to the rebate offered under the Initial CARE Plan.⁷ For the proposed high-efficiency tankless water heater measure, the Company requests the customer rebate be approved in the amount of \$200 per qualifying unit.⁸ Columbia Gas proposes to increase the high-efficiency furnace measure rebate from \$200 per qualifying unit to \$300 per qualifying unit and to increase the rebate for the attic insulation measure from \$0.18 per square foot to \$0.30 per square foot for qualifying insulation installed, both of which it states are consistent with the Initial CARE Plan rebates for these measures.⁹ The Company proposes to add \$25,000 each year to the Home Savings Program portion of the Education and Outreach Program budget for the remaining two years of the Current CARE Plan in order to increase customer awareness of the proposed changes to the Home Savings Program and to increase participation.¹⁰ The Application indicates that this increase can be made within the overall approved budget for the Current CARE Plan.¹¹

The Company states that the impact of the Home Savings Program Amendments is a slight decrease of \$6,000 from the Commission-approved budget and that the Company proposes to invest a total of \$5.7 million, inclusive of the Home Savings Program Amendments, over the period of the Current CARE Plan, to be recovered under the previously approved CPA tracking mechanism.¹² The CPA, inclusive of the Home Savings Program Amendments,

¹ *Application of Columbia Gas of Virginia, Inc., For authority to extend and amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00013, 2012 S.C.C. Ann. Rept. 395, Final Order (Aug. 6, 2012).

² *Application of Columbia Gas of Virginia, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism*, Case No. PUE-2009-00051, 2009 S.C.C. Ann. Rept. 484, Final Order (Dec. 4, 2009).

³ Application at 5-6.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 6.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 13.

¹¹ *Id.*

¹² *Id.* at 7; Pre-filed Testimony of Charles Griffin at 9.

will cost the average residential customer using approximately 70 mcf approximately \$8.00 in 2014, the same annual cost as currently approved.¹³ The Company proposes no methodological changes to the approved RNA or CPA mechanisms contained in the Current CARE Plan.¹⁴

Through the PPI, the Company recovers up to 15% of the net verified economic benefits created by the utility's approved CARE Plan as provided by § 56-602 F of the Code. The Company proposes to modify the usage reduction targets set forth in the Company's approved PPI to incorporate the Home Savings Program Amendments.¹⁵ In addition, the Company states that it has modified the definition of actual cost of gas to include upstream pipeline capacity costs, consistent with the Commission's ruling in Case No. PUE-2012-00118,¹⁶ for the purposes of determining the gross cumulative energy benefits used to calculate the PPI. To reflect the same Commission ruling, Columbia Gas has also revised the associated acronym from WACCOG, weighted average commodity cost of gas, to WACOG, weighted average cost of gas, in the PPI calculation contained in the Company's General Terms and Conditions of Service.¹⁷

On January 6, 2014, 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 on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report containing the Staff's findings and recommendations; and allowed the Company to file responses to the Staff report and any comments filed by interested persons.

No comments were filed on the Company's Application by interested persons.

On February 28, 2014, the Staff filed its report ("Staff Report" or "Report") on the Company's Application. Among other things, the Report examined the cost-effectiveness of the proposed Home Savings Program Amendments, including a critique of the general assumptions and structure of the Company's cost/benefit model, and provided an evaluation of the individual proposed modifications to the Current CARE Plan, as well as an examination of the Company's revised CARE Plan budget.¹⁸

With respect to the Company's cost/benefit analysis of its proposed high-efficiency gas storage water heater and tankless water heater measures, the Staff Report expressed concern that instead of allocating program costs to each individual measure within a program, the Company's cost/benefit tests considered program costs on the program level to determine the cost-effectiveness of a program as a whole.¹⁹ According to the Staff Report, this methodology allows program measures that are not cost-effective to be effectively "subsidized" by the cost-effective program measures.²⁰ To address this concern, the Staff requested, and Columbia Gas provided, information concerning the portion of total program costs that could be directly attributed to the proposed high-efficiency gas storage water heater and tankless water heater measures.²¹ The Staff Report indicated that after adjusting the cost/benefit results of these measures to include program costs attributed to them, the high-efficiency gas storage water heater and the high-efficiency tankless water heater have negative net present value ("NPV") benefits (*i.e.*, NPV costs) under both the Total Resource Cost ("TRC") and Ratepayer Impact Measure ("RIM") tests.²² Based on this, Staff took the position that the Company had not shown the proposed measures were cost-effective and did not recommend they be approved at this time.²³

In its analysis of the proposed increased rebates for the high-efficiency furnace and attic insulation measures, the Staff Report presented the Company's cost/benefit model results with three changes: (1) to reflect Staff's adjustments utilizing a logarithmic trend for the projection of avoided costs; (2) to use the net-to-gross ratios contained in the approved 2012 Stipulation; and (3) to exclude the high-efficiency gas storage water heater and tankless water heater measures and their associated discounted program costs.²⁴ Incorporating these changes, the high-efficiency furnace measure passed each of the cost/benefit tests and the attic insulation measure passed all but the RIM test and had a TRC test score of 1.4, a Participant test score of 2.6, and a Program Administrator score of 1.4.²⁵ Based on these revised results, Staff did not oppose the proposed increased rebates for these measures.²⁶

¹³ Application at 11.

¹⁴ *Id.* at 10-11.

¹⁵ *Id.* at 12.

¹⁶ *Application of Virginia Natural Gas, Inc., For approval of a natural gas conservation and ratemaking efficiency plan and rider*, Case No. PUE-2012-00118, Doc. Cont. Cen. No. 130570069, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (May 30, 2013).

¹⁷ Application at 12.

¹⁸ Staff Report at 11.

¹⁹ *Id.* at 16. Staff previously identified this concern in Case No. PUE-2012-00013. See 2012 S.C.C. Ann. Rept. 397.

²⁰ Staff Report at 16.

²¹ *Id.* at 16-17.

²² *Id.* at 18.

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.* at 19.

²⁶ *Id.* at 20.

In concluding the Report, the Staff Report examined the Company's revised budget for the Home Savings Program Amendments, including the \$25,000 annual increase in the portion of the Education and Outreach Program budget associated with the Home Savings Program, which Columbia Gas asserted could be implemented within the Commission-approved budget of approximately \$5.7 million.²⁷ The Staff Report indicated that the Company will be able to implement the proposed Home Savings Program Amendments within the currently-approved budget by using the budget surplus from the first year of the Current CARE Plan, *i.e.* 2013, to fund the remaining two-year period of the Current CARE Plan.²⁸ The Staff Report noted that the Company is in effect proposing to shift approximately \$673,950 in the 2013 budget to CARE Plan spending in 2014 and 2015.²⁹ Staff did not support the Company's proposed \$25,000 annual increase in the Education and Outreach Program budget, citing its conclusion that the high-efficiency gas storage water heater and tankless water heater measures are not cost-effective and the Commission's previously-expressed concern over the financial impact of the Company's CARE Plan expenditures on residential and small general service customers who elect not to participate in the Company's CARE Plan.³⁰

On March 12, 2014, the Company filed a response ("Response") to the Staff Report. With respect to the proposed high-efficiency gas storage water heater and tankless water heater measures, Columbia Gas asserted in its Response that § 56-600 of the Code does not require the individual measures within a program to be shown to be cost-effective, but rather only requires the program as a whole to be shown to be cost-effective, which the Company maintains it has done.³¹ Columbia Gas also took issue with the Staff's revised analysis, asserting that it is not appropriate to allocate common program costs to the measure level.³² The Company stated its analysis is consistent with the methodology used to approve the Current CARE Program and satisfies the applicable cost-effectiveness criteria.³³

Columbia Gas also responded to the Staff's recommendation that the Commission deny the requested \$25,000 annual increase to the Education and Outreach Program budget, asserting that any amendment to the Home Savings Program would result in additional Education and Outreach Program costs.³⁴ For example, the Company states it must update items such as the website, rebate forms, program applications, promotional materials, and other collateral, as well as conduct additional training for field employees, call center representatives and new business associates.³⁵

NOW THE COMMISSION, having considered the filings herein and applicable law, is of the opinion and finds that pursuant to § 56-602 B of the Code, Columbia Gas's Application should be approved in part, and denied in part, subject to the requirements of this Order.

In evaluating Columbia Gas's Application, we have considered, among other relevant factors, the NPV of the benefits and the costs under the following four tests: Utility Cost, Participant, RIM, and TRC. We have not used any of these four tests as a sole determining factor in our analysis. In addition, there remain concerns regarding the inclusion and exclusion of certain costs and benefits that led to the proffered test scores. We have also considered, among other factors, the overall impact of the Company's CARE Plan on its customers, both participants and non-participants, which include not only residential, but also business customers, for which energy costs are a major element of the cost of doing business in Virginia.

First, the Commission finds that the requested increases to the approved customer rebate amounts for the existing high-efficiency furnace measure and the attic insulation measure, which will be funded within the currently-approved three-year CARE Plan budget, are reasonable and should be approved, effective April 30, 2014, through the remainder of the Company's Current CARE Plan. We find that the inclusion of these additional rebate amounts for the high-efficiency furnace and attic insulation measures within the Home Savings Program are likely to be cost-effective.³⁶ Further, the Commission finds that the approved increased rebate amounts are appropriately incorporated into the Company's previously approved RNA, CPA, and PPI mechanisms.

Second, we do not approve the proposed high-efficiency gas storage water heater measure and a high-efficiency tankless water heater measure as additional measures included in the Home Savings Program. The Staff Report expressed concern that "for purposes of the cost/benefit results, program costs are included only on a total program basis, not on a measure by measure basis."³⁷ The Staff Report asserts that the proffered cost/benefit scores of these two measures are inflated due to the non-allocation of administrative and other costs in the NPV ratios submitted by the Company in support of its amendments.³⁸ As we have previously explained, "failure to include program costs in cost/benefit calculations can tend to inflate individual program ratios.

²⁷ *Id.* at 20.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 21. See 2012 S.C.C. Ann. Rept. at 399.

³¹ Response at 12.

³² *Id.* at 13.

³³ *Id.* at 13-14.

³⁴ *Id.* at 15.

³⁵ *Id.*

³⁶ See Staff Report at 18-20.

³⁷ See *id.* at 16.

³⁸ See *id.* at 16-18. The Staff Report indicates that "after adjusting the cost/benefit results of [the high-efficiency gas storage water heater and high-efficiency tankless water heater] measures for program costs attributed to them, these measures have negative NPV benefits (*i.e.*, NPV costs) under both the TRC Test and the RIM Test." Staff Report at 18.

Where possible, program costs should be allocated or assigned to individual programs for inclusion in the cost/benefit tests.³⁹ The Staff Report further asserts that inclusion of measures that are not cost-effective within a larger program makes it possible that these measures will be "subsidized" by the cost-effective Program measures, increasing the costs of the Home Savings Program without sufficiently offsetting benefits.⁴⁰ Based on the instant record, we find that the Company has not established that these two measures are cost effective.

Next, we approve the Company's request to increase the Home Savings Program portion of the Education and Outreach Program budget by \$25,000 annually for purposes of communicating the approved increased rebate amounts applicable to the high-efficiency furnace and the attic insulation measures.

The Commission also approves Columbia Gas's unopposed request to revise the definition of actual cost of gas to include upstream pipeline capacity costs for purposes of calculating the Company's PPI.

Finally, the Company shall continue to file an annual report on or before May 1, 2014, and each May 1 thereafter, that measures and verifies the actual results of the Company's CARE Plan. As required by Code § 56-602 E, the annual report 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 report shall include the updated cost/benefit test results for each Program. The annual report shall provide significant information in evaluating whether certain programs are cost-effective and warrant continuation or modification thereof.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part, as set forth in this Final Order and shall be effective April 30, 2014, the first billing unit for the Company's May 2014 billing cycle.

(2) Columbia Gas shall file its Amended CARE Plan tariff sheets with the Clerk of the Commission and the Division of Energy Regulation within thirty (30) days of the entry of this Final Order.

(3) There being nothing further to come before the Commission in this proceeding, this case is hereby dismissed from the Commission's active docket, and the papers filed herein placed in the Commission's file for ended causes.

³⁹ *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2010-00079, 2010 S.C.C. Ann. Rept. 573, 577, Order on Application to Amend Conservation and Ratemaking Efficiency Plan (Nov. 18, 2010).

⁴⁰ See Staff Report at 16.

**CASE NO. PUE-2013-00118
MARCH 25, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Dooms-Lexington 230 kV transmission line pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia

ORDER

On November 7, 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 and supporting documents 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"). The Company proposes to: (i) install, entirely within existing right-of-way, approximately 39.1 miles of 230 kilovolt ("kV") Dooms-Lexington Line #2168 between the Company's existing Dooms Switching Station ("Dooms Station") in Augusta County and its Lexington Switching Station ("Lexington Station") in Rockbridge County; and (ii) construct and install associated 230 kV facilities at the Dooms Station and Lexington Station (collectively, the "Project").

As proposed, the 230 kV Dooms-Lexington Line would be located on structures also used to support a rebuilt 500 kV Dooms-Lexington Line, Line #555, which was recently approved by the Commission in Case No. PUE-2012-00134.¹ As part of the Application to construct the Project, Dominion Virginia Power proposes modified supporting structures to those proposed and approved in Case No. PUE-2012-00134.² Dominion Virginia Power states that it is attempting to coordinate the construction and installation of the Project with the Company's rebuild of the Dooms-Lexington 500 kV Line #555. According to Dominion Virginia Power, coordinating construction of these two projects will reduce their costs and the impacts to the environment and landowners.³

¹ Appendix to the Application at 53; *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*, Case No. PUE-2012-00134, Doc. Con. Cen. No. 130550199, Final Order (May 16, 2013).

² Appendix to the Application at 53.

³ Direct Testimony of Stefan R. Brooks at 3.

On December 18, 2013, the Commission issued an Order for Notice and Comment that, among other things, docketed the Application; directed the Company to provide public notice of its Application; provided the opportunity for interested persons to become a respondent, file written comments, or request a hearing; directed the Commission's Staff ("Staff") to investigate the Application and present its findings in a report; and provided Dominion Virginia Power the opportunity to respond to the Staff report and any public comments or requests for hearing.

As noted in the Commission's Order for Notice and Comment, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Project by the appropriate agencies and to provide a report on the review or to provide an update to the report filed in Case No. PUE-2012-00134, if necessary. Additionally, the Staff requested the DEQ's Office of Wetlands and Stream Protection ("OWSP") to provide a Wetland Impacts Consultation pursuant to § 62.1-44.15:21 D 2 of the Code. On January 10, 2014, the DEQ filed its report ("DEQ Report"), which included a Wetlands Impacts Consultation prepared by DEQ's OWSP.⁴

On February 4, 2014, Dominion Virginia Power filed proof of service and publication of notice of the Application. The Commission finds that notice of the Application was given as required by § 56-265.2 of the Code. In response to the notice, the Commission received no notices of participation and no requests for a hearing. One written comment, which addresses electromagnetic fields ("EMF"), was received.

On February 24, 2014, the Staff filed a Report summarizing the results of its investigation of the Application. The Staff Report concludes that the Company has reasonably demonstrated the need for the proposed Project and recommends that certificates of public convenience and necessity be issued authorizing the Project and the proposed modified structures.

On March 4, 2014, Dominion Virginia Power, by counsel, filed comments on the Staff Report, the DEQ Report, and the public comment.⁵

NOW THE COMMISSION, upon consideration of the Application and applicable statutes, finds that the public convenience and necessity require that the proposed Project be built as proposed in the Company's Application and that certificates of public convenience should be issued authorizing the Project, including the proposed modified structures.

Code of Virginia

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; 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 the Commission to 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." Additionally, § 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

The Commission finds that the Project is needed to ensure reliability. The Company's uncontested testimony and exhibits identify a projected loss of load at the Lexington Station that exceeds the threshold established by the Company's transmission planning criteria under system conditions in which transformer outages occur at the Lexington Station.⁶ Staff verified Dominion Virginia Power's power flow studies identifying this system need and concluded that the Company demonstrated a need for the Project.⁷

⁴ The January 10, 2014 DEQ Report refers to information contained in the DEQ Report filed in Case No. PUE-2012-00134, which was also filed in the instant proceeding on November 25, 2013.

⁵ Due to winter weather, the Commission's Clerk's Office was closed on March 3, 2014, which was the date established by the Order for Notice and Comment for Dominion Virginia Power to file comments. The Company's March 4, 2014 comments were therefore timely filed pursuant to Rule 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure.

⁶ Appendix to the Application at 2-3; Direct Testimony of David C. Witt at 3-8.

⁷ Staff Report of Neil Joshipura at 3-4, 11.

Economic Development

The Commission finds that the Project will support economic development in the Commonwealth. The Project will allow continued reliable electric service in the area of the Lexington Substation, including in the Counties of Augusta and Rockbridge.⁸

Routing and Right-of-Way

Dominion Virginia Power has adequately considered existing rights-of-way. The proposed transmission line will be constructed entirely within existing right-of-way, with 230 kV conductors that will be located on the same structures as the 500 kV Doods-Lexington Line, which the Commission recently approved to be rebuilt.⁹

Scenic Assets, Historic Districts and the Environment

The Commission finds that the route chosen for the proposed Project reasonably minimizes adverse impact on the scenic assets, historic districts, and environment in the area of the Project. The Project approved herein involves only limited incremental impacts and modifications to the structures previously authorized for rebuilding the 500 kV Doods-Lexington Line in an existing right-of-way, which we find to be reasonable.¹⁰ Coordinating construction of the Project as part of the Company's rebuilding of the 500 kV Doods-Lexington Line will also reduce impacts to the environment and landowners, among other benefits.¹¹ Additionally, the filings in this case regarding EMF do not support a finding that the Project represents a public health or safety hazard.¹²

DEQ coordinated an environmental review of the proposed Project and, based on this review, offered a number of recommendations. Specifically, 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 [DEQ] recommendations to avoid and minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(c), pages 10 - 11).

Follow DEQ's recommendations regarding air quality protection, as applicable (Environmental Impacts and Mitigation, item 4(d), page 15).

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(c), page 16).

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 (Environmental Impacts and Mitigation, item 6(e), page 20).

Coordinate with the DCR Karst Program regarding its recommendations to protect karst features (Environmental Impacts and Mitigation, item 6(e), page 20).

Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for wildlife resource and protected species (Environmental Impacts and Mitigation, item 8(c), pages 21-22).

Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources (Environmental Impacts and Mitigation, item 12(d), page 27).

Coordinate with the Department of Transportation regarding its recommendations on traffic flow and off-road bicycle facilities (Environmental Impacts and Mitigation, item 13(b), page 27).

Coordinate with the Department of Aviation regarding its recommendation to notify the Federal Aviation Administration of the proposed construction (Environmental Impacts and Mitigation, item 14(c), page 28).

Coordinate with the Department of Health regarding its recommendation to protect water supplies (Environmental Impacts and Mitigation, item 15(c), page 28).

⁸ *Id.* at 10.

⁹ *Id.* at 5. As part of the proposed Project, the lattice structures for the existing 500 kV Doods-Lexington Line will be replaced with new double circuit lattice structures to support the rebuilt 500 kV Doods-Lexington Line approved in Case No. PUE-2012-00134 and the 230 kV line approved herein. Direct Testimony of Stefan R. Brooks at 3-4.

¹⁰ Direct Testimony of Stefan R. Brooks at 5; Direct Testimony of Robert J. Shevenock II at 3-4.

¹¹ Direct Testimony of Stefan R. Brooks at 3.

¹² Direct Testimony of Robert J. Shevenock II at 6-7; Appendix to the Application at 78-85.

Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 16, page 29).

Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 17, page 29).¹³

The Commission directs Dominion Virginia Power to follow the DEQ recommendations to the extent practicable.¹⁴

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the 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 Virginia Power is authorized to construct and operate the proposed Project.

(3) Pursuant to the Utility Facilities Act, Dominion Virginia Power is issued the following certificates of public convenience and necessity:

Certificate No. ET-64w, 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-2013-00118, cancels Certificate No. ET-64v, issued to Virginia Electric and Power Company in Case No. PUE-2012-00134 on May 16, 2013.

Certificate No. ET-107k, 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-2013-00118, cancels Certificate No. ET-107j, issued to Virginia Electric and Power Company in Case No. PUE-2012-00134 on May 16, 2013.

(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.

(5) The construction approved herein must be completed and in service by June 1, 2016, provided, however, that 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, and the papers filed herein shall be placed in the file for ended causes.

¹³ DEQ Report at 6-7.

¹⁴ The Commission does not direct the Company to grant rights for public access and use across the privately-owned properties along the existing right-of-way. See Dominion Virginia Power's March 4, 2014 Comments at 3.

**CASE NO. PUE-2013-00119
FEBRUARY 19, 2014**

JOINT PETITION OF
AQUA VIRGINIA, INC.,
and
BOTETOURT FOREST WATER CORPORATION

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, 2013, Aqua Virginia, Inc. ("Aqua"), and Botetourt Forest Water Corporation ("Botetourt Forest") (collectively, the "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 ("Certificate") pursuant to § 56-265.3 D of the Code ("Petition").

Aqua, a wholly owned subsidiary of Aqua America, Inc., is a Virginia public service company that owns and operates water and sewer systems in Virginia. The Commission regulates Aqua's rates and services. In Virginia, Aqua and its affiliates serve approximately 28,743 customers as of June 2013.

Botetourt Forest is a Virginia public service corporation that owns and operates the Botetourt Forest (PWSID 2023120) and the Heatherstone (PWSID 2023410) water systems (together, the "Systems"), which serve approximately 141 customers in Botetourt County, Virginia.

¹ Va. Code § 56-88 *et seq.*

Pursuant to an Assets Purchase Agreement ("Agreement") between the Petitioners, Aqua will purchase from Botetourt Forest all of the assets that comprise the Systems, as defined in Section 1 of the Agreement.² Aqua will pay Botetourt Forest a base purchase price of \$82,500 for the assets.³ In connection with the transfer of utility assets, Aqua seeks to amend its Certificate to add the area served by the Systems to its certificated service territory.

The Petitioners represent that Aqua will continue to charge the existing rates in place. Residents currently pay metered rates of \$22.95 for the first 2,000 gallons of water and \$6.95 per each additional thousand gallons. The Petitioners further represent that Aqua will spend approximately \$43,534 in capital investments in the first year of ownership. Aqua plans to replace pump house piping, install a pressure sustaining valve, upgrade water treatment equipment, modify electrical controls, and repair tanks. Aqua also intends to install new radio frequency meters in each meter box as well as perform other housekeeping and general maintenance improvements, including painting tanks and buildings.

After the proposed transfer, Aqua will own and operate the Systems and will be the new service provider. Botetourt Forest will no longer provide any water service. The Petitioners represent that Aqua is able to provide quality service, effectively operate the Systems, and make capital upgrades to improve system safety and reliability. Botetourt Forest customers were provided notice of the proposed transfer on December 4, 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 Systems from Botetourt Forest 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 Certificate should be amended pursuant to § 56-265.3 D of the Code to allow Aqua to serve the Botetourt Forest customers.

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 Systems, as described herein.
- (2) Aqua hereby is authorized to amend its Certificate pursuant to § 56-265.3 D of the Code to include the Systems' 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) Botetourt Forest 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 shall 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 service territory of the Systems shall not deteriorate due to a lack of maintenance or capital investment;
 - (b) The quality of service in the service territory of the Systems 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.
- (7) 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.

² Petition at Exhibit A, pages 1-2.

³ The Petitioners represent that Aqua will account for the transfer of assets by recording Botetourt Forest's net plant, as of the date of closing, as Utility Plant in Service and the remaining balance, including closing costs, as a Utility Plant Acquisition Adjustment. As of December 31, 2013, Botetourt Forest had a Net Utility Plant balance of \$39,554. Botetourt Forest will record the transfer by increasing cash and removing plant and depreciation accounts from its books. Petition at Exhibit B, page 3.

**CASE NO. PUE-2013-00122
JULY 8, 2014**

APPLICATION OF
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

FINAL ORDER

On November 1, 2013, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") and the directive contained in Ordering Paragraph (7) of the Final Order issued by the State Corporation Commission ("Commission") on August 2, 2013,¹ filed its annual update for its rate adjustment clause ("RAC"), Rider BW, with the Commission ("Application"). Through its Application, the Company seeks to recover costs associated with the Brunswick County Power Station, a 1,358 megawatt (nominal) natural gas-fired combined-cycle electric generating facility and associated transmission interconnection facilities in Brunswick County, Virginia.² Dominion Virginia Power requests that the Commission approve the revised RAC effective for service rendered on and after September 1, 2014.³

On November 25, 2013, the Commission entered 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, directed the Staff of the State Corporation Commission ("Staff") to investigate the Application, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in the matter. Notices of participation were received from the Virginia Committee for Fair Utility Rates ("VCFUR") and the Office of the Attorney General, Division of Consumer Counsel ("OAG").

On November 26, 2013, the Commission entered its final order in the Company's 2013 biennial review proceeding.⁴ Several of the Commission's findings in the 2013 Biennial Review Order impact this case. In particular, the Commission held in its 2013 Biennial Review Order that a base return on equity of 10.0% is applicable to the Company's RACs under §§ 56-585.1 A 5 and 6 of the Code, effective November 30, 2013.⁵ In addition, the Commission found that an equity ratio of 50% is reasonable for ratemaking.⁶ Finally, the Commission held that Staff's modified labor-based methodology should be used to capitalize generation overhead costs.⁷

The Hearing Examiner convened a hearing on the Application on April 1, 2014. Counsel for Dominion Virginia Power, Staff, VCFUR, and OAG attended the hearing. At the hearing, Staff presented an exhibit illustrating that Staff and the Company were in agreement regarding the following issues: (1) rate adjustment clause methodology (including revenue apportionment and rate design); (2) use of the modified labor-based methodology for capitalizing generation overhead costs; (3) an equity ratio of 50%; (4) a return on equity of 11%; and (5) a revenue requirement of \$84.61 million.⁸ Specifically, the agreed-upon \$84.61 million revenue requirement proposed by Staff and the Company is composed of: (1) \$83,268,000 for the Projected Cost Recovery Factor revenue requirement; (2) an AFUDC Cost Recovery Factor of \$1,342,000; and (3) an Actual Cost True-Up Factor revenue requirement of \$0 for Rider BW.⁹ According to the Company, this revenue requirement would increase a typical residential customer's bill for 1,000 kilowatt hours by \$0.76.¹⁰ VCFUR and Consumer Counsel did not file testimony in this case, waived opening statements, and did not otherwise participate at the hearing.¹¹ Neither Consumer Counsel nor VCFUR addressed Staff and the Company's proposed resolution of the issues.

¹ *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, 2013 S.C.C. Ann. Rept. 302, Final Order (Aug. 2, 2013) ("Brunswick Final Order"). The Commission denied reconsideration of the Brunswick Final Order on November 18, 2013. This case is currently on appeal before the Virginia Supreme Court. See *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, 2013 S.C.C. Ann. Rept. 312, Order on Reconsideration and Opinion (Nov. 18, 2013).

² Ex. 2 (Application) at 1.

³ Id. at 16.

⁴ *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*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013) ("2013 Biennial Review Order").

⁵ Id. at 376, n. 42.

⁶ Id. at 379.

⁷ Id. at 372.

⁸ Ex. 3 (Summary of Issues in Rider BW).

⁹ Ex. 11 (Rebuttal Testimony of Rick L. Propst) at 3.

¹⁰ Ex. 12 (Rebuttal Testimony of Bonnie P. Horton) at 2.

¹¹ Tr. at 11-12.

On May 21, 2014, the Hearing Examiner issued the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report"). In his Report, the Hearing Examiner found that the proposed resolution of the issues between Staff and the Company "is appropriate and follows the Commission's decision in the Company's 2013 Biennial Review."¹² The Hearing Examiner recommended that the Commission adopt his finding and grant the Company annual revenues pursuant to Rider BW of \$84.61 million.¹³ On June 11, 2014, Dominion Virginia Power filed comments in support of the Report. No other participants filed comments in this case.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations shall be adopted herein.

Accordingly, consistent with the 2013 Biennial Review Order, the Hearing Examiner's Report, and as agreed to by the Company and Staff, Rider BW shall be calculated using: (1) the Company's revenue apportionment and rate design methodology; (2) the modified labor-based methodology for capitalizing generation overhead costs; (3) a 50% equity ratio; and (4) an 11% return on equity. Based on these findings, we approve an \$84.61 million revenue requirement for Rider BW, effective September 1, 2014.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval of a revision to its rate adjustment clause, designated as Rider BW, is granted in part and denied in part as set forth herein.

(2) The Company shall forthwith file 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, 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>.

(3) Rider BW, as approved herein, shall become effective for service rendered on and after September 1, 2014.

(4) On or before November 1, 2014, the Company shall file an application to revise Rider BW effective September 1, 2015.

(5) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

DIMITRI, Commissioner, Dissenting in Part:

I dissent in part from this Final Order for the reasons set forth in my partial dissents to the Commission's orders entered on August 2 and November 18, 2013, in Case No. PUE-2012-00128. Specifically, I dissented therein to the majority's extension of the 100 basis point return on equity enhancement to transmission investment, based upon § 56-585.1 A 6 of the Code. As noted above, this decision is currently pending on appeal before the Supreme Court of Virginia.¹⁴

¹² Report at 3.

¹³ *Id.*

¹⁴ See footnote 1, *supra*.

**CASE NO. PUE-2013-00124
APRIL 1, 2014**

APPLICATION OF
ATMOS ENERGY CORPORATION

For an expedited increase in rates

ORDER FOR NOTICE AND HEARING

On February 14, 2014, Atmos Energy Corporation ("Atmos" or "Company") filed an application with the State Corporation Commission ("Commission") for an expedited increase in rates 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"). The Staff of the Commission ("Staff") subsequently found the application incomplete and requested a complete Schedule 36 be filed as required by 20 VAC 5-201-20 of the Rate Case Rules. On March 10, 2014, Atmos filed an amended application ("Application") which included changes identified by Staff to Schedule 36 as well as corresponding changes to other schedules. As amended, the Application seeks to increase the Company's annual revenues by approximately \$2,127,600, an overall revenue increase of approximately 7.9%.¹ The proposed increase in rates is based on a return on equity of 10.0%.² As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Atmos proposes that its increase in rates be placed into effect for service rendered on and after April 9, 2014.³

¹ Application at 1.

² *Id.*

³ *Id.*

The Commission last granted the Company an expedited increase in rates of \$1,396,951 on November 23, 2009.⁴ In support of its current Application, Atmos states that the requested increase will allow the Company the opportunity to earn a 10.0% return on its common equity.⁵ In its Application, the Company proposes to allocate the requested increase in proportion to each customer class's current margin contributions.⁶ Atmos also proposes to increase the following monthly customer charges: (i) the residential from \$9.00 to \$11.00; (ii) the small commercial/small industrial from \$20.00 to \$22.00; (iii) the large commercial and industrial from \$186.50 to \$200.00 and optional gas service from \$325.00 to \$350.00; (iv) the Cogeneration Schedule 692 from \$20.00 to \$22.00; and (v) the gas air conditioning from \$20.00 to \$22.00.⁷ According to the Company, the remainder of the increase will be distributed proportionately on a volumetric basis.⁸

On March 27, 2014, the Staff filed an interim report ("March 27 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 similar to adjustments previously approved by the Commission for the Company.⁹ The Staff further stated its position that the Company be allowed to implement its proposed rates on an interim basis, subject to refund, for service rendered on and after April 9, 2014.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company filed a completed Application on March 10, 2014. The Commission further finds that public notice and an opportunity for participation in this proceeding should be given; that the Staff should investigate the Application; 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, Atmos requests that its rates take effect, subject to refund, on April 9, 2014. In support of its request for expedited rate relief, the Company advises the Commission that it has not experienced a substantial change in circumstances. Atmos proposes to use a return on equity of 10.0% in accordance with the stipulation approved by the Commission in the Company's last rate proceeding. Further, in its Interim Report, the Staff made a preliminary determination that the proposed adjustments in this proceeding are similar to adjustments previously approved by the Commission for Atmos.¹¹ Therefore, the Commission finds that Atmos has satisfied the specific requirements of Rate Case Rule 20 VAC 5-201-20 D for placing its proposed rates into effect on April 9, 2014, subject to refund, as provided by Rate Case Rule 20 VAC 5-201-20 E.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application for an expedited increase in rates is docketed and assigned Case No. PUE-2013-00124.
- (2) Atmos may place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after April 9, 2014.
- (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 September 4, 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 Atmos, 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) Atmos shall promptly make a copy of the Application available to the public, who may obtain a copy of the Application at no charge by requesting a copy of the same in writing from the Company's counsel, Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The Application and related documents also shall be available for interested persons to review in the Commission's Document Control Center, Tyler Building, First Floor, 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 May 2, 2014, the Company shall publish the following notice once as display advertising (not classified) in newspapers of general circulation throughout its Virginia service territory:

⁴ *Application of Atmos Energy Corporation, For an expedited increase in rates and to revise tariffs*, Case No. PUE-2009-00004, 2009 S.C.C. Ann. Rept. 378, Final Order (Nov. 23, 2009).

⁵ Application at 1.

⁶ Pre-filed testimony of Patricia J. Childers at 3.

⁷ *Id.*

⁸ *Id.*

⁹ March 27 Report at 2.

¹⁰ *Id.*

¹¹ *Id.*

NOTICE TO THE PUBLIC OF AN APPLICATION BY ATMOS ENERGY CORPORATION FOR AN
EXPEDITED INCREASE IN RATES – CASE NO. PUE-2013-00124

On March 10, 2014, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for an expedited increase in rates 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"). The Application seeks to increase the Company's annual revenues by approximately \$2,127,600, an overall revenue increase of approximately 7.9%. The proposed increase in rates is based on a return on equity of 10.0%. As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Atmos proposes that its increase in rates be placed into effect for service rendered on and after April 9, 2014.

The Commission last granted the Company an expedited increase in rates of \$1,396,951 on November 23, 2009. In support of its current Application, Atmos states that the requested increase will allow the Company the opportunity to earn a 10.0% return on its common equity. In its Application, the Company proposes to allocate the requested increase in proportion to each customer class's current margin contributions. Atmos also proposes to increase the following monthly customer charges: (i) the residential from \$9.00 to \$11.00; (ii) the small commercial/small industrial from \$20.00 to \$22.00; (iii) the large commercial and industrial from \$186.50 to \$200.00 and optional gas service from \$325.00 to \$350.00; (iv) the Cogeneration Schedule 692 from \$20.00 to \$22.00; and (v) the gas air conditioning from \$20.00 to \$22.00. According to the Company, the remainder of the increase will be distributed proportionately on a volumetric basis.

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 Atmos to place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after April 9, 2014.

A public hearing on the Company's Application shall be held at 10 a.m. on September 4, 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 Atmos, 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).

Interested persons may review the Application, the Order for Notice and Hearing, 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>. A copy of the Application and the Order for Notice and Hearing may be obtained at no cost through written request to counsel for Atmos, Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

Any interested person may participate as a respondent in this proceeding by filing a notice of participation on or before May 23, 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 must be sent to counsel for the Company at the address set forth above. 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. 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. All filings shall refer to Case No. PUE-2013-00124.

On or before June 13, 2014, each respondent may file with the Clerk of the Commission and serve on the Commission's 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 set forth above. Respondents shall also comply with the Commission's Rules of Practice and Procedure, 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*.

On or before August 28, 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 August 28, 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-2013-00124.

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 for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

ATMOS ENERGY CORPORATION

(7) On or before May 2, 2014, Atmos 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 June 2, 2014, Atmos 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 August 28, 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 August 28, 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-2013-00124.

(10) Any interested person may participate as a respondent in this proceeding by filing a notice of participation on or before May 23, 2014. 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, Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. 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-2013-00124.

(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 June 13, 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 July 24, 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 August 14, 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 Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-160, 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 attorney¹² if the interrogatory or request for production is directed to the Staff. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued generally pending further order of the Commission.

¹² The assigned Staff attorney is identified on the Commission website <http://www.scc.virginia.gov/case> by clicking Case Search and entering the case number, PUE-2013-00124, in the appropriate box.

**CASE NO. PUE-2013-00124
OCTOBER 6, 2014**

APPLICATION OF
ATMOS ENERGY CORPORATION

For an expedited increase in rates

FINAL ORDER

On March 10, 2014, Atmos Energy Corporation ("Atmos" or "Company") filed a completed, amended 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"). As amended, Atmos proposed to increase its annual revenues by approximately \$2,127,600, an overall revenue increase of approximately 7.9%.¹ As provided by 20 VAC 5-201-20 D of the Rate Case Rules, Atmos requested that its increase in rates take effect on an interim basis and subject to refund for services rendered on and after April 9, 2014.²

On April 1, 2014, 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 Atmos had satisfied the requirements for putting its proposed rates in effect on an interim basis on April 9, 2014, subject to refund.

No respondents filed notices of participation in this case.

On September 4, 2014, the public hearing was convened as scheduled. At the hearing, Atmos and Staff presented a Joint Motion to Accept Stipulation along with a Stipulation resolving all issues in the case ("Stipulation"). Among other things, the Stipulation provided for an annual increase in non-gas base rate revenues of \$986,119; established a 9.75% return on equity; provided for Atmos to file a Lead/Lag study as part of its next rate case; provided for Atmos's proposed depreciation rates to be approved as proposed effective October 1, 2013; and addressed the treatment of certain costs as regulatory assets.³ 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 September 9, 2014, A. Ann Berkebile, Hearing Examiner, filed her report in this case ("Hearing Examiner's Report"). The Hearing Examiner recommended that the Commission accept the Stipulation; grant the Company an increase in annual rates of \$986,119; and direct the Company to refund the amounts charged in excess of the rates set forth in the Stipulation. Accordingly, the Hearing Examiner found that because she recommended approval of the Stipulation, that comment on the Hearing Examiner's Report had been waived by the Company and Staff.⁴

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the record supports the adoption of the proposed Stipulation, including an increase in annual non-gas base rate revenues of \$986,119. In addition, we find that the rates proposed by the Stipulation are designed to afford Atmos 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.

Specifically, we accept the Stipulation and find as follows:

- (1) The use of a test year ending September 30, 2013, is proper in this proceeding.
- (2) Atmos's test year operating revenues from Virginia jurisdictional business, after adjustments, were \$27,233,900.
- (3) Atmos's test year Virginia jurisdictional operating income and adjusted operating income were \$2,362,454 and \$2,360,785, respectively.
- (4) Atmos's adjusted Virginia jurisdictional test year rate base is \$37,456,416.
- (5) Atmos's current rates produce a return on adjusted rate base of 6.30% and a return on equity of 6.72%.
- (6) For purposes of establishing rates in this proceeding, a return on equity of 9.75% is appropriate and is 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 10.0% rate of return on equity.
- (8) Atmos requires \$986,119 in additional Virginia jurisdictional non-gas base rate revenues to have an opportunity to earn a reasonable return on equity.
- (9) The rate design set forth in the Stipulation is reasonable.

¹ Exhibit 3 (Application) at 1.

² *Id.*

³ Exhibit 1 (Stipulation).

⁴ Hearing Examiner's Report at 14.

(10) The rates produced by the Stipulation are designed to afford Atmos an opportunity to earn a reasonable return and are just and reasonable.

(11) The revenue allocation 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 Atmos.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.

(2) The Company's Application for an expedited increase in rates is granted as modified herein.

(3) The Company forthwith shall file revised rates and terms and conditions of service conforming to the proposed rates set out in Attachment B to the Stipulation and bearing an effective date of April 9, 2014, effective for service rendered on and after April 9, 2014.

(4) Within ninety (90) days of the entry of this Final Order, 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 April 9, 2014. 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) Within thirty (30) days of the completion of the refunds required by Ordering Paragraph (4), 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 hereby dismissed.

**CASE NO. PUE-2013-00126
JUNE 24, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a certificate of public convenience and necessity to construct and operate electric transmission facilities in Campbell County and the City of Lynchburg: South Lynchburg Area Improvements 138 kV Transmission Line Project

FINAL ORDER

On November 21, 2013, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Campbell County and the City of Lynchburg under § 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, own, operate and maintain the South Lynchburg Area Improvements 138 kilovolt ("kV") Transmission Line Project, to be located in northern Campbell County and the southern part of the City of Lynchburg. The project requires construction of a new 138 kV transmission line approximately 9.3 miles long between several existing substations, Brush Tavern, George Street, and South Lynchburg, and one new substation that will be constructed as part of the project, the Lynbrook Substation, together with associated improvements to be made at the existing substations including buswork, switches and related equipment (the "Project").¹ The Company also states it will remove and retire the existing Lawyers Tap 69 kV Transmission Line and Lawyers Substation, and abandon approximately 0.9 mile of the existing Lawyers Tap 69 kV right-of-way.²

According to the Company, the purpose of the Project is to address load growth in the greater south Lynchburg area.³ The Company states that the Project will enable two-way transmission service to customers that are currently served radially resulting in improved electric service reliability and

¹ Ex. 1 at 1.

² Ex. 3 at 2; Ex. 4 at 2.

³ Ex. 4 at 2.

operational performance of the transmission and distribution system in the south Lynchburg area.⁴ APCo asserts that the Project will reduce projected heavy contingency loadings on an existing transformer at the South Lynchburg Substation and reinforce the existing network in the Lynchburg area as well as improve operational flexibility for scheduling maintenance outages.⁵

In its Application, APCo provides four possible routes for the transmission line, including its preferred route of approximately 9.3 miles ("Preferred Alternative Route"), of which 7.6 miles is located in Campbell County and 1.7 miles in the City of Lynchburg.⁶ The Company proposes an in-service date of June 30, 2017, and states that approximately 36 months will be needed for engineering, design, right-of-way acquisition, permitting, material procurement and construction.⁷ The estimated cost of constructing the Project is approximately \$28 million.⁸ The Company requests the Commission expedite its consideration of the Application to the extent permitted under applicable law.⁹

On December 18, 2013, 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 May 6, 2014; 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 18, 2014, 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.¹⁰ The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification from the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse 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's ("DCR") Division of Natural Heritage regarding its recommendations to protect the state-protected Smooth coneflower 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 ("DGIF") regarding its recommendations for wildlife resources;
- Coordinate with the Department of Forestry regarding its recommendations to mitigate the loss of 52.5 acres of forestland;
- Coordinate with the Virginia Department of Agriculture and Consumer Services concerning potential impact to agricultural lands;
- Coordinate with the Department of Historic Resources ("DHR") regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Department of Aviation regarding its recommendation for continued coordination with the Lynchburg Regional Airport;
- 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 21, 2014, Positive Alternative Radio, Inc. ("Positive Radio") filed a notice of participation. On March 25, 2013, Positive Radio filed the testimony of Marc Tischart, the station manager of Spirit FM, a radio station owned by Positive Radio in the vicinity of the Project. Mr. Tischart expressed the following concerns relative to the Project: (1) the health impact of EMF on its employees; (2) the possibility of interference with the station's point-to-point microwave transmissions; and (3) the possibility of interference with the station's satellite uplink and downlink.¹¹

No public comments were filed with respect to the Application.

On April 8, 2014, Staff filed its report summarizing the results of its investigation of the Company's Application. Staff concluded that the Company has demonstrated a need for the Project, that the Preferred Alternative Route is superior to other routes the Company considered and that the

⁴ Ex. 1 at 2.

⁵ *Id.*

⁶ Ex. 6 at 5-9; Ex. 4 at 2.

⁷ Ex. 1 at 4.

⁸ Ex. 3 at 6-7.

⁹ Ex. 1 at 4.

¹⁰ Ex. 8 at 6-7.

¹¹ Ex. 9 at 6-8.

Project is consistent with current and future land use plans.¹² The Staff further described the criteria of the underground pilot program established by Chapter 799 of the 2008 Virginia Acts of Assembly ("HB 1319") and the unsuitability of the Project for this program.¹³

On April 17, 2014, APCo filed rebuttal testimony addressing the concerns of Positive Radio and the recommendations contained in the DEQ Report. The Company stated that it concurs with the recommendations set forth in the DEQ Report except those recommendations regarding (1) maintaining naturally vegetated buffers of at least 100 feet around all wetland sites; (2) time of year restrictions for tree removal and ground clearing; and (3) off-site replacement mitigation to offset and compensate for forest loss elsewhere. With respect to Positive Radio, the Company's witnesses testified that the Project would have no adverse effects on the operations, equipment or personnel of Spirit FM and that the Company had developed an alternative preliminary alignment for the proposed ROW moving the edge of the ROW approximately 40 feet further away horizontally from Spirit FM's facilities. With respect to Spirit FM's concerns regarding microwave and satellite operations, the Company engaged Power Engineers Consulting, PC to evaluate and prepare a report ("Power Report") on the possible interference from the proposed line with the radio station's operations, a copy of which was attached to the rebuttal testimony. According to the Company, the Power Report concluded that the Project is not expected to adversely affect the operation of the microwave and satellite equipment currently in service at Spirit FM.

On May 1, 2014, a letter was filed by counsel for Positive Radio indicating that the Company's rebuttal testimony "alleviates" Positive Radio's concerns relative to the Project.¹⁴

On May 6, 2014, an evidentiary hearing was held before Hearing Examiner A. Ann Berkebile ("Hearing Examiner"). Watt Robert Foster, Jr. and Jennifer Bryant Foster, owners of property off Fairfields Drive in Campbell County ("Fairfield Property"), testified as public witnesses and primarily expressed concern that the Project will devalue their property. Prefiled testimony of the Company, Positive Radio and the Staff was offered for admission and the Hearing Examiner admitted this testimony and other documents into the record.

On May 12, 2014, the Hearing Examiner issued her 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 Project is justified by the public convenience and necessity;
- (2) The Commission should approve the Company's preferred alternative route (Alternative Route 2) for the transmission line portion of the Project;
- (3) The Project does not qualify for inclusion in the House Bill 1319 undergrounding pilot program;
- (4) The Commission should issue a [certificate of public convenience and necessity] for the completion of the Project; and
- (5) The following recommendations in the DEQ Report should be adopted by the Commission as conditions of approval:
 - The Company should conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification from the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the DEQ recommendations to avoid and minimize impacts to wetlands and streams;
 - The Company should reduce solid waste at the source, reuse and recycle it to the maximum extent practicable and follow DEQ recommendations to manage waste as applicable;
 - The Company should coordinate with DCR's Division of Natural Heritage regarding its recommendations to protect the state-protected Smooth coneflower as well as for updates to the Biotics Data System database if a significant amount of time passes before the Project is implemented;
 - The Company should coordinate with the Virginia Department of Agriculture and Consumer Services concerning potential impact to agricultural lands;
 - The Company should coordinate with DHR regarding its recommendations to protect historic and archaeological resources;
 - The Company should coordinate with the Department of Aviation regarding its recommendation for continued coordination with the Lynchburg Regional Airport;
 - The Company should follow the principles and practices of pollution prevention to the maximum extent practicable; and
 - The Company should limit the use of pesticides and herbicides to the extent practicable.

Further, the Hearing Examiner noted her findings were subject to the understanding that the Company will (1) incorporate the minor route alignment modification presented to Positive Radio, (2) work with Positive Radio to address any broadcast interference and construction issues attributable

¹² Ex. 7 at 16.

¹³ Ex. 7 at 12-13.

¹⁴ See Ex. 10.

to the Project, and (3) consult with the Fosters when establishing the ROW across the Fairfield Property (within the expanded corridor) so as to minimize interference with any plans for future development.¹⁵

APCo and Positive Radio filed comments on the Hearing Examiner's Report. APCo reiterated its opposition to the recommendation of DGIF for 100 foot buffers around wetlands and streams that APCo states was not expressly rejected in the Hearing Examiner's Report. Positive Radio reiterated its request that any final order include as conditions of approval that the Company must:

- (i) build the transmission line along the proposed preliminary alternative alignment, subject to detailed survey and final line design; (2) develop and follow a suitable construction procedure to minimize short-term impacts and expedite resolution of concerns during construction; and (3) work with [Positive Radio] to address any broadcast interferences issues attributable to the 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 Project 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 proposed Project is needed to improve reliability of service and support projected load growth in the greater south Lynchburg area. As the Hearing Examiner indicated, the Company's testimony and exhibits demonstrate that the proposed Project will improve service reliability and operational performance, will reduce projected heavy contingency loading on an existing transformer, will reinforce the existing network, and will improve operational flexibility for scheduling maintenance outages. 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 have a positive impact on economic development in the Commonwealth of Virginia by facilitating reliable electric service and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

Routing and Existing Right-of-Way

The Hearing Examiner also considered the specific route proposed by the Company. Federal and state guidelines and § 56-259 of the Code provide for the use of existing right-of-way wherever possible. The Company considered three routing alternatives for its proposed transmission lines in addition to the Preferred Alternative Route. The Company determined that the Preferred Alternative Route was superior to the other routes considered. Consistent with APCo's proposal and the findings of the Hearing Examiner, the Commission agrees that the evidence in this case shows that the Preferred Alternative Route:

- (1) most reasonably avoids and minimizes adverse impacts on developed areas, scenic assets, historic resources, and the environment; (2) impacts the fewest number of residences; (3) maximizes the use or paralleling of

¹⁵ Hearing Examiner's Report at 10-11.

existing ROW; (4) constitutes the shortest of the alternative routes; (5) avoids conflicts with present and future land use to the greatest extent practicable; (6) minimizes the amount of ROW that will need to be obtained; and (7) reduces engineering challenges and costs by requiring fewer structures and angles than the other three alternative routes.¹⁶

In particular, 45% of the Preferred Alternative Route is located with existing ROW.¹⁷

Scenic Assets and Historic Districts

We also 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. As noted above, the proposed route of the Project uses significant amounts of existing right-of-way and the Company concurs with the DHR's recommendation to coordinate with the agency to protect historic and archeological resources in the Project area.¹⁸

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.¹⁹ 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 and based on the facts of this case, we find that the Company should not be required (1) to adhere to time of year restrictions in the construction of the transmission lines or (2) to provide off-site replacement mitigation to compensate for the removal of forestland associated with the Project. We will also not require the Company to maintain naturally vegetated buffers of at least 100 feet around all wetland sites under the circumstances of this case.

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").²⁰ 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.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed South Lynchburg Area Improvements 138 kV Transmission Line Project 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 South Lynchburg Area Improvements 138 kV Transmission Line Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act,²¹ the Company is issued the following certificate of public convenience and necessity:

Certificate No. ET-31h, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Campbell County and the City of Lynchburg, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2013-00126; certificate No. ET-31h cancels Certificate No. ET-31g, issued to Appalachian Power Company on September 26, 1975.

(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.

¹⁶ Hearing Examiner's Report at 9 (citing Ex. 6, at 6-9. *See also* Ex. 7 (Staff Report at 16)).

¹⁷ Ex. 4 at 6.

¹⁸ Ex. 11 at 2.

¹⁹ The DEQ recommendations are listed above and are discussed in the DEQ Report.

²⁰ 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.)

²¹ Va. Code § 56-265.1 *et seq.*

(5) The new transmission lines and substation enhancements approved herein must be constructed and in service by June 30, 2017. 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.

**CASE NO. PUE-2013-00130
FEBRUARY 14, 2014**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY, *et al.*

For authority to amend cost allocation manual under Chapter 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 21, 2013, Kentucky Utilities Company d/b/a Old Dominion Power ("KU/ODP"), Louisville Gas and Electric Company ("LG&E"), and LG&E and KU Services Company ("LK Services") (together, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to amend its Cost Allocation Manual ("CAM"), under Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

KU/ODP is a public service company engaged in the provision of retail electric service to customers in Virginia, Kentucky, and Tennessee. KU/ODP provides services to approximately 29,000 customers in five southwestern Virginia counties. LG&E is a combination gas and electric utility that provides both retail electric services and retail gas services in Kentucky. LK Services is organized to provide administrative, technical, management, engineering, legal, accounting, and other services to affiliates, primarily to KU/ODP and LG&E, as well as LG&E and KU Energy LLC. KU/ODP, LG&E, and LK Services are wholly owned subsidiaries of LG&E and KU Energy LLC, which is a wholly owned subsidiary of PPL Corporation.

The Applicants request Commission approval of a revised CAM, which documents the methods, policies, and procedures that LK Services will follow in performing certain services for affiliate companies, including KU/ODP. The Applicants represent that the previous CAM was approved in Case No. PUE-2012-00033² and that the proposed CAM contains improvements made for reader use, eliminates departmental charge ratios, changes and/or adds new assignment methods, contains new service areas, establishes a formal transmission ratio, and explicitly states that LK Services is authorized to act as the paying and billing agent on behalf of KU/ODP.³

The Applicants represent that the proposed CAM is in the public interest as it allows for the continuation of operational efficiencies that would not be possible without a centralized services company.⁴

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed CAM is in the public interest and should be approved, subject to certain requirements set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted authority to engage in affiliate transactions pursuant to the CAM subject to the requirements set forth herein.

(2) The authority granted herein shall have no ratemaking implications. In particular, the authority granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the CAM.

(3) Separate Commission approval shall be required for any changes in the terms and conditions of the CAM, including changes to allocation methodologies, service category descriptions, or successors and assigns.

(4) KU/ODP shall include the transactions associated with the CAM 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.

(5) KU/ODP shall quantify, in dollars, the annual impact of the change in each of the assignment methods for 2014 under the CAM in its 2014 ARAT to be filed with the Commission in 2015.

(6) If annual informational and/or rate filings are not based on a calendar year, then KU/ODP shall include the affiliate information contained in its ARAT in such filings.

¹ Va. Code § 56-76 *et seq.*

² *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, Louisville Gas and Electric Company, 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*, Case No. PUE-2012-00033, 2012 S.C.C. Ann. Rept. 424, Order Granting Authority (June 15, 2012).

³ Application at 3-4, Ex. 3.

⁴ Application at 4.

(7) The authority granted herein shall not preclude the Commission from exercising 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 in connection with the authority granted herein, whether or not such affiliate is regulated by the Commission.

(9) The Applicants shall file with the Commission a signed and executed copy of the CAM approved herein within thirty (30) days of the date of this Order Granting Authority.

(10) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2013-00131
FEBRUARY 24, 2014**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
DALE SERVICE CORPORATION

For authority to enter into an affiliate agreement

ORDER GRANTING APPROVAL

On November 26, 2013, Virginia-American Water Company ("Virginia-American") and Dale Service Corporation ("Dale Service") (together, "Petitioners") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code") to request approval of a Management and Operations Services Agreement ("Proposed Agreement") between Virginia-American and Dale Service to provide management and operations services ("Services"). The Petitioners also request approval to include Dale Service as a participant in a tax sharing agreement, in which Virginia-American is already a participant.

Virginia-American is a Virginia public service company headquartered in Alexandria, Virginia, that has a certificate of public convenience and necessity to operate public water systems in and around the cities of Alexandria and Hopewell, Virginia, as well as portions of Prince William, Westmoreland, Northumberland, Lancaster, King William, and Essex Counties, Virginia. Virginia-American is a wholly owned subsidiary of American Water Works Company, Inc. ("American Water").

Dale Service is a public service company certificated by the Commission to provide wastewater conveyance and treatment service to an unincorporated area of Prince William County, Virginia, commonly known as Dale City. The vast majority of Dale Service's customers receive their water service from Virginia-American as part of Virginia-American's Prince William District.

On November 14, 2013, Virginia-American purchased all of the issued and outstanding capital stock of Dale Service and Dale Service became a wholly owned subsidiary of Virginia-American. The acquisition of Dale Service by Virginia-American was approved in Case No. PUE-2013-00050 ("Transfer Case").¹ In the Order Granting Authority in the Transfer Case, the Petitioners were granted limited interim authority to engage in affiliate transactions as requested in the Petitioner's Motion for Interim Operating Authority.

Under the Proposed Agreement, Virginia-American will provide Dale Service with certain Services at cost. The Services will be provided by Virginia-American or will be procured from American Water affiliates from which Virginia-American currently procures such Services, including American Water Works Service Company ("AWWSC")² and American Water Capital Corporation ("AWCC"). Virginia-American currently has an agreement in place to receive support services from AWWSC ("Approved Service Agreement"), which was approved in Case No. PUE-2011-00056,³ and a financial services agreement with AWCC for short- and long-term cash management, which was approved in Case No. PUE-2012-00121.⁴

Under the Proposed Agreement, Virginia-American will provide Dale Service with the following types of Services: supervision, billing and collections, cash management and payroll, accounting, financial, human resources, environmental, insurance, auditing, legal, supply chain, external affairs, laboratory, rates and regulatory, information technology, and security. The Service descriptions are defined in Section 1 of the Proposed Agreement. The Proposed Agreement has a maximum term of five years or will terminate upon the merging of Dale Service into Virginia-American.

Services provided to Dale Service by AWWSC will be charged as described in the American Water Cost Allocation Manual. AWWSC will bill Virginia-American for all services provided to both Virginia-American and Dale Service, and Virginia-American will charge Dale Service for its portion of

¹ *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.*, Case No. PUE-2013-00050, Doc. Con. Cen. No. 131080013, Order Granting Authority (Oct. 30, 2013).

² AWWSC provides support services to American Water's subsidiaries including Virginia-American. AWWSC is a wholly owned subsidiary of American Water.

³ *Application of Virginia-American Water Company and American Water Works Service Company, For approval of a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2011-00056, 2011 S.C.C. Ann. Rept. 507, Order Granting Approval (Aug. 5, 2011).

⁴ *Application of Virginia-American Water Company and American Water Capital Corp., To continue participation in a financial services agreement with an affiliate*, Case No. PUE-2012-00121, 2012 S.C.C. Ann. Rept. 524, Order Granting Authority (Dec. 11, 2012).

the Services. Services that can be directly attributed to Dale Service will be directly charged while the cost of Services that cannot be directly attributable to a single company will be allocated.

The Petitioners state that Dale Service will be directly charged for Services whenever possible. However, for costs that must be allocated to Dale Service, the Petitioners propose to count "dual service" customers, or those that receive both water and wastewater service, as 1.05 customers to recognize the additional incremental cost associated with a customer receiving two services. Therefore, Virginia-American's Prince William District water customers who also receive their wastewater service from Dale Service will count as 1.05 customers for allocation purposes. Customers who receive one service, including the approximately 14 Dale Service customers who receive wastewater service only, will count as one customer.

NOW THE COMMISSION, upon consideration of this matter, the Action Brief of the Staff of the Commission ("Staff"), and the Petitioners' February 19, 2014 comments, is of the opinion and finds that the Proposed Agreement should be approved on an interim basis in order to allow Dale Service to receive the Services it needs for continued operations. However, the Staff has raised concerns that the allocation methodology under the Proposed Agreement may result in Virginia-American subsidizing some of Dale Service's allocated costs. Staff also expressed concern that the Approved Service Agreement between Virginia-American and AWWSC should be updated to incorporate the provision of services to wastewater customers and to address the appropriate allocation methodology to account for dual service customers. Staff also identified certain provisions of the Proposed Agreement which are impermissibly open-ended and would allow for provision of services without prior Commission review. Therefore, our approval will be subject to the requirements detailed in the ordering paragraphs below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Virginia-American and Dale Service hereby are granted approval to enter into the Proposed Agreement as described herein, subject to the conditions set forth herein.

(2) The approval granted herein is limited to two (2) years from the date of this Order Granting Approval. Should the Petitioners wish to continue the Proposed Agreement beyond that date, further Commission approval shall be required.

(3) The Petitioners shall file a report with the Commission that supports the use of its proposed allocation factor of 1.05 for dual service customers. The report shall demonstrate explicitly how all costs, by cost category, from AWWSC are allocated to American Water subsidiaries, including Virginia-American and Dale Service, in a fair and equitable way. The report also shall show explicitly how all allocated costs are being distributed equitably to Virginia-American and Dale Service customers, and discuss how customers receiving a single service or dual services are being allocated their fair share of allocated costs. Such report shall be filed contemporaneously with its next annual informational filing or rate case, whichever is sooner.

(4) When Virginia-American files its application to merge Dale Service into Virginia-American, the Commission shall address whether the Approved Service Agreement sufficiently addresses: (1) the provision of services to wastewater customers; and (2) the allocation factors applicable to wastewater and dual service customers.

(5) AWWSC shall be required to be a signing and participating party to the Proposed Agreement.

(6) The approval granted herein shall be limited to the specific services identified in Section 1 of the Proposed Agreement. Should the Petitioners wish to provide or receive additional services other than those specifically identified in Section 1 of the Proposed Agreement, subsequent Commission approval shall be required. Further, the paragraph labeled "Operation" under Section 1 of the Proposed Agreement shall be amended to read:

Dale Service hereby appoints and engages VAWC [Virginia-American] to provide the following management and operations services as set forth below and VAWC [Virginia-American] hereby agrees to provide Dale Service such management and operations services itself or through its own contractual arrangements with other persons and companies (AWWSC and AWCC) to the extent requested by Dale Service, subject to the limitations set forth herein:

Paragraph (s) of the Proposed Agreement shall be amended to read:

perform the services herein specified in a faithful, diligent and able manner and render such reports to the Board of Directors of Dale Service from time-to-time as such shall be called for by the Board.

(7) The Petitioners shall file a signed and executed copy of the Proposed Agreement within ninety (90) days of the date of this Order Granting Approval. The signed and executed copy shall incorporate the changes discussed above.

(8) The use of affiliated third parties by Virginia-American in providing Services to Dale Service shall be limited to AWWSC and AWCC. Separate Affiliates Act approval shall be required for the engagement of any affiliated third parties other than AWWSC and AWCC under the Proposed Agreement.

(9) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Proposed Agreement, including changes in the Services provided by Virginia-American, changes in allocation methodologies, and successors or assigns.

(10) Approval of the Proposed Agreement shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Proposed Agreement.

(11) Virginia-American and Dale Service shall bear the burden of proving, in any rate proceeding or annual informational filing, that Services received from AWWSC under the Proposed Agreement are provided at the lower of cost or market.

(12) The Petitioners shall be required to include all transactions under the Proposed Agreement in Virginia-American's Annual Report of Affiliate Transactions ("ARAT"). In addition to the information currently provided in the ARAT, all transactions under the Agreement should 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 Virginia-American for each transaction per month.

(13) In the event that rate filings are not based on a calendar year, Virginia-American shall include the affiliate information contained in its ARAT in such filings.

(14) Dale Service hereby is permitted to participate in Virginia-American's Tax Sharing Policy arrangement as approved in Case No. PUE-2011-00050. Dale Service shall be subject to all of the findings and ordering paragraphs set forth in the July 28, 2011 Order Granting Approval as they are applied to Virginia-American.

(15) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(16) 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.

(17) 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-2013-00132
FEBRUARY 21, 2014**

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service

ORDER FOR NOTICE AND HEARING

On February 3, 2014, Shenandoah Valley Electric Cooperative ("SVEC") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service. SVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia ("Code"), Rule 21 of the Commission's *Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction*,¹ and the Commission's May 14, 2010 Order in Case No. PUE-2009-00101 ("Acquisition Order").²

On September 15, 2009, SVEC and Rappahannock Electric Cooperative ("REC") (collectively, the "Cooperatives"), and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") filed a joint petition and application with the Commission requesting, among other things, approval for Potomac Edison to sell, and SVEC and REC to purchase, Potomac Edison's facilities used in the retail distribution and sale of electric power in its Virginia retail distribution service territory. In its Acquisition Order, the Commission approved SVEC's acquisition of its portion of Potomac Edison's former Virginia service territory and associated distribution assets subject to certain requirements and conditions. Among other things, the Acquisition Order included the following requirements:

- 4) There shall be no increase in base rates for [Potomac Edison's former customers now provided retail distribution service by SVEC in SVEC's new service territory ("Transitioning Customers")] before July 1, 2014, and any such increase at that time will be only pursuant to a final order of the Commission upon conclusion of a base rate proceeding.
- 5) The Cooperatives shall limit any requested increase to Transitioning Customers' distribution rates to an amount no greater than that which would result in a 5% annual increase over the level of total rates in effect at the time of such request in a 1,000 kWh per month Transitioning Customer's total bill. This requirement shall apply through December 31, 2016. Nothing in this paragraph 5) shall be deemed a modification or waiver of the Cooperatives' and customers' responsibilities for wholesale power costs. Nothing in this paragraph 5) shall be deemed a waiver of the Cooperatives' ability to seek a determination from the Commission that emergency rate relief is warranted, as defined by § 56-245 of the Code.

¹ 20 VAC 5-200-21.

² *Joint Petition of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and The Potomac Edison Company d/b/a Allegheny Power, For approval of the purchase and sale of service territory and facilities, for the issuance of, and cancellation of, certificates of public convenience and necessity, and for approval of special, transitional, rate schedules*, Case No. PUE-2009-00101, 2010 S.C.C. Ann. Rept. 391, Order (May 14, 2010).

8) Nothing in this Order shall limit the Commission's discretion or authority in establishing rates for Transitioning Customers and customers in the Cooperatives' existing territories. This includes, but is not limited to, rate design, cost allocation, and harmonization of rates – and does not require the Commission subsequently to approve any harmonization of rates. (internal footnotes omitted).³

On June 1, 2010, SVEC assumed the rights and obligations to provide retail distribution service to Transitioning Customers and adopted Potomac Edison's rates, schedules, and riders for the Transitioning Customers in effect as of June 1, 2010, with the intention that, in the future, those rates would be synchronized with the rates, schedules, and riders of its pre-acquisition, or legacy, customers ("Legacy Customers").⁴

In its Application, SVEC seeks to increase its base rates currently applicable to Legacy Customers together with a migration plan ("Migration Plan") to transition, over a multi-year period, the base rates applicable to Transitioning Customers to levels equal to those of Legacy Customers, including the requested increase in base rates ("Modified Legacy Rates").⁵ SVEC requests to implement the Migration Plan through an associated Transition Migration Rider (designated Schedule TMR-Q) effective for bills rendered on and after July 5, 2014.⁶ The Application states that the Migration Plan is designed to synchronize all SVEC rate schedules into a single set of rate schedules applicable to all of its customers over a three-year period.⁷

Under the proposed Migration Plan, SVEC would apply the appropriate Modified Legacy Rates to Transitioning Customers beginning July 5, 2014, and apply a billing credit ("Transition Credit") to Transitioning Customers' bills to reduce their total monthly charges to an amount that will result in no more than a 5% increase in each rate class at the appropriate benchmark over the level of total rates in effect for Transitioning Customers as of the date of the Application.⁸ SVEC states that "[a]s designed, the Transition Credit in Schedule TMR-Q would be reduced annually and ultimately eliminated in a manner consistent with the Commission's Acquisition Order and final order in this proceeding."⁹ SVEC states that in the absence of Schedule TMR-Q, its proposed rate year revenue requirement is \$221.8 million, which produces a Times Interest Earned Ratio ("TIER") of 2.25.¹⁰ Based on SVEC's analysis, application of proposed Schedule TMR-Q during the rate year produces a TIER of 1.94.¹¹

SVEC states that the proposed base rate increase will add 7.5%, or \$8.01, to the monthly bill of a 1,000 kWh per month residential Legacy Customer, resulting in a total average monthly bill of \$116.41, beginning July 5, 2014.¹² By comparison, under the first year of the Migration Plan, upon application of proposed Schedule TMR-Q, a 1,000 kWh residential Transitioning Customer's monthly bill will increase \$5.16, resulting in a total average monthly bill of \$108.32, beginning July 5, 2014.¹³ SVEC proposes that the Transition Credits expire no later than June 2017 "and any remaining differences in charges applicable to Transitioning [Customers] and the full Modified Legacy Rates will be eliminated."¹⁴

In addition to the proposed Migration Plan and associated Schedule TMR-Q, SVEC is proposing certain modifications, withdrawals and/or closures of its existing rate schedules and riders as well as an adjustment to its methodology for collecting revenues associated with wholesale power costs.¹⁵

Finally, SVEC requests the Commission issue a final order in this proceeding no later than June 2, 2014, to be effective for implementation on and after July 5, 2014.¹⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a public hearing should be convened to receive evidence on the Application and that this matter should be assigned to a Hearing Examiner to conduct all further proceedings. We find that interested persons should have an opportunity to comment on the Application or to participate as a respondent in this proceeding. The Staff of the Commission

³ *Id.* at 394.

⁴ *See* Application at 8.

⁵ *Id.* SVEC states that its last general rate case proceeding was PUE-2000-00747. *Id.* at 4. *See Application of Shenandoah Valley Electric Cooperative For a general rate increase*, Case No. PUE-2000-00747, 2001 S.C.C. Ann. Rept. 507, Final Order (Dec. 18, 2001).

⁶ Application at 8.

⁷ Schedule 15D to the Application.

⁸ Application at 10.

⁹ *Id.*

¹⁰ *Id.* at 8.

¹¹ *Id.* at 9.

¹² Pre-filed testimony of Myron D. Rummel at 27. SVEC states that it has allocated the increase in Legacy Customers revenues primary to Residential (Schedule A-10 (A-11 proposed)) and Church (Schedule C-10 (C-11 proposed)) classes based on the results of a cost of service study. Application at 11.

¹³ Schedule 15D to the Application.

¹⁴ *Id.*

¹⁵ *See* Application at 11-13.

¹⁶ *See id.* at 6-7, 10-11, 17.

("Staff") shall investigate the Application and present its findings in testimony. SVEC will be permitted to file testimony in rebuttal to testimony filed by any respondents and the Staff.

With respect to SVEC's request that the Commission issue a final order in this matter by June 2, 2014, the proposed rate increases to both SVEC's Transitioning and Legacy Customers are of a magnitude that requires thorough scrutiny and opportunity for investigation and participation by interested persons that would be incompatible with the four-month period requested by SVEC. The Acquisition Order contains a requirement that "[t]here shall be no increase in base rates for Transitioning Customers before July 1, 2014, and any such increase at that time will be only pursuant to a final order of the Commission upon conclusion of a base rate proceeding."¹⁷ The Acquisition Order further provides that:

[n]othing in this Order shall limit the Commission's discretion or authority in establishing rates for Transitioning Customers and customers in the Cooperatives' existing territories. This includes, but is not limited to, rate design, cost allocation, and harmonization of rates – and does not require the Commission subsequently to approve any harmonization of rates.¹⁸

The Commission finds that it is reasonable, and consistent with the discretion referenced above, to allow SVEC, at SVEC's option, to place its proposed rates applicable to Transitioning Customers into effect on an interim basis, subject to refund, for service rendered on and after July 3, 2014. Pursuant to § 56-238 of the Code, we find it appropriate to suspend the proposed rates applicable to SVEC's Legacy Customers by the full 150 days permitted by statute. We provide below that SVEC may, but is not required to, place its "proposed rates," contained in the Application applicable to Legacy and Transitioning Customers, respectively, into effect on an interim basis, subject to refund, for service rendered on and after July 3, 2014.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUE-2013-00132.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹⁹ a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(3) Pursuant to § 56-238 of the Code, SVEC's proposed rates are suspended for 150 days. SVEC may, but is not obligated to, place its proposed rates and charges applicable to Transitioning and Legacy Customers, respectively, into effect on an interim basis, subject to refund, for service rendered on and after July 3, 2014.

(4) A public hearing shall be convened on July 15, 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 evidence offered by SVEC, respondents, and the Staff on the Application. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) SVEC shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at SVEC's business office at 147 Dinkel Avenue, Mount Crawford, Virginia 22841-0236. Copies also may be obtained by submitting a written request to counsel for SVEC, Kristian M. Dahl, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. Copies of the public versions of all documents also shall be available for interested persons to review 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 April 11, 2014, SVEC 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 SHENANDOAH VALLEY ELECTRIC
COOPERATIVE FOR APPROVAL OF A GENERAL INCREASE IN BASE RATES AND OF A
PLAN TO MIGRATE TRANSITIONING CUSTOMERS TO ITS MODIFIED LEGACY RATES, AND
TO REVISE RATE SCHEDULES FOR ELECTRIC SERVICE
CASE NO. PUE-2013-00132

On February 3, 2014, Shenandoah Valley Electric Cooperative ("SVEC") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service. SVEC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia ("Code"), Rule 21 of the Commission's *Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction*, and the Commission's May 14, 2010 Order in Case No. PUE-2009-00101 ("Acquisition Order").

On September 15, 2009, SVEC and Rappahannock Electric Cooperative ("REC") (collectively, the "Cooperatives"), and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") filed a joint

¹⁷ Acquisition Order at 394.

¹⁸ *Id.*

¹⁹ 5 VAC 5-20-10 *et seq.*

petition and application with the Commission requesting, among other things, approval for Potomac Edison to sell, and SVEC and REC to purchase, Potomac Edison's facilities used in the retail distribution and sale of electric power in its Virginia retail distribution service territory. In its Acquisition Order the Commission approved SVEC's acquisition of its portion of Potomac Edison's former Virginia service territory and associated distribution assets subject to certain requirements and conditions.

On June 1, 2010, SVEC assumed the rights and obligations to provide retail distribution service to Potomac Edison's customers in SVEC's new service territory ("Transitioning Customers") and adopted Potomac Edison's rates, schedules, and riders for the Transitioning Customers in effect as of June 1, 2010, with the intention that, in the future, those rates would be synchronized with the rates, schedules, and riders of its pre-acquisition, or legacy, customers ("Legacy Customers").

In its Application, SVEC seeks to increase its base rates currently applicable to Legacy Customers together with a migration plan ("Migration Plan") to transition, over a multi-year period, the base rates applicable to Transitioning Customers to levels equal to those of Legacy Customers, including the requested increase in base rates ("Modified Legacy Rates"). SVEC requests to implement the Migration Plan through an associated Transition Migration Rider (designated Schedule TMR-Q) effective for bills rendered on and after July 5, 2014. The Application states that the Migration Plan is designed to synchronize all SVEC rate schedules into a single set of rate schedules applicable to all of its customers over a three-year period.

Under the proposed Migration Plan, SVEC would apply the appropriate Modified Legacy Rates to Transitioning Customers beginning July 5, 2014, and apply a billing credit ("Transition Credit") to Transitioning Customers' bills to reduce their total monthly charges to an amount that will result in no more than a 5% increase in each rate class at the appropriate benchmark over the level of total rates in effect for Transitioning Customers as of the date of the Application. SVEC states that "[a]s designed, the Transition Credit in Schedule TMR-Q would be reduced annually and ultimately eliminated in a manner consistent with the Commission's Acquisition Order and final order in this proceeding." SVEC states that in the absence of Schedule TMR-Q, its proposed rate year revenue requirement is \$221.8 million, which produces a Times Interest Earned Ratio ("TIER") of 2.25. Based on SVEC's analysis, application of proposed Schedule TMR-Q during the rate year produces a TIER of 1.94.

SVEC states that the proposed base rate increase will add 7.5%, or \$8.01, to the monthly bill of a 1,000 kWh per month residential Legacy Customer, resulting in a total average monthly bill of \$116.41, beginning July 5, 2014. By comparison, under the first year of the Migration Plan, upon application of proposed Schedule TMR-Q, a 1,000 kWh residential Transitioning Customer's monthly bill will increase \$5.16, resulting in a total average monthly bill of \$108.32, beginning July 5, 2014. SVEC proposes that the Transition Credits expire no later than June 2017 "and any remaining differences in charges applicable to Transitioning [Customers] and the full Modified Legacy Rates will be eliminated."

In addition to the proposed Migration Plan and associated Schedule TMR-Q, the Cooperative is proposing certain modifications, withdrawals and/or closures of its existing rate schedules and riders as well as an adjustment to its methodology for collecting revenues associated with wholesale power costs.

Interested persons should TAKE NOTICE that after considering all of 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 Application, or may apportion revenues among customer classes or design rates in a manner differing from that shown in the Application.

The Commission entered an Order for Notice and Hearing ("Order") that, among other things, scheduled a public hearing on July 15, 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's Staff ("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 SVEC's Application, as well as a copy of the Commission's Order, are available for public inspection during regular business hours at SVEC's business office at 147 Dinkel Avenue, Mount Crawford, Virginia 22841-0236. Copies also may be obtained by submitting a written request to counsel for SVEC, Kristian M. Dahl, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. If acceptable to the requesting party, SVEC may provide the documents by electronic means. Copies of the public versions of all documents also are available for interested persons to review 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>.

On or before July 8, 2014, any interested person wishing to comment on the Application shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118,

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Richmond, Virginia 23218-2118, written comments on the Application. Any interested person desiring to file comments electronically may do so on or before July 8, 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 comments. All such comments shall refer to Case No. PUE-2013-00132.

Any person or entity may participate as a respondent in this proceeding by filing, on or before May 13, 2014, a notice of participation. 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 must be sent to counsel for the Cooperative at the address set forth above. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, 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-2013-00132. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order.

The Commission's Rules of Practice and Procedure may be viewed at: <http://www.scc.virginia.gov/case>. A printed copy of the Rules of Practice and Procedure may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

SHENANDOAH VALLEY ELECTRIC COOPERATIVE

(7) On or before April 11, 2014, SVEC 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 alternate forms of government) in which it 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 April 25, 2014, SVEC shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before July 8, 2014, any interested person may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Application. Any interested person desiring to submit comments electronically may do so on or before July 8, 2014, by following the instructions found 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 comments. All comments shall refer to Case No. PUE-2013-00132.

(10) Any person or entity may participate as a respondent in this proceeding by filing, on or before May 13, 2014, a notice of participation. 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, and the respondent shall simultaneously serve a copy of the notice of participation on counsel to SVEC, Kristian M. Dahl, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's 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 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2013-00132.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, SVEC shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by SVEC with the Commission, unless these materials already have been provided to the respondent.

(12) On or before May 27, 2014, each respondent may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and serve on the Staff, SVEC, 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. 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-2013-00132.

(13) The Staff shall investigate SVEC's Application. On or before June 13, 2014, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy thereof on counsel to SVEC and all respondents.

(14) On or before July 2, 2014, SVEC may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, 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 may be submitted to the Clerk of the Commission.

(15) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to 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 5-20-160, 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 attorney²⁰ if the interrogatory or request for production is directed to the Staff. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued generally.

²⁰ The assigned Staff attorney is identified on the Commission website <http://www.scc.virginia.gov/case> by clicking Case Search and entering the case number, PUE-2013-00132, in the appropriate box.

**CASE NO. PUE-2013-00133
JUNE 19, 2014**

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

FINAL ORDER

On December 19, 2013, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Botetourt and Rockbridge Counties under § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act¹ ("Application"). APCo proposes to replace the existing conductors on the 36-mile portion of the Cloverdale-Lexington 500 kilovolt ("kV") transmission line that the Company owns, replace nine towers along the Company-owned portion of the line, and install three additional towers along the Company-owned portion of the line (collectively, the "Project").² The Project will be completed entirely within the Company's existing 175-foot wide right-of-way.³

According to the Company, the Project, in conjunction with the Commission-approved rebuild of the portion of the Cloverdale-Lexington 500 kV transmission line owned by Virginia Electric and Power Company,⁴ and completion of APCo's Commission-approved Cloverdale Substation upgrade project,⁵ is necessary to ensure adequate and reliable electric service and to relieve market congestion.⁶

APCo states that the proposed in-service date for the Project is June 30, 2016.⁷ According to the Company, the total estimated cost for the proposed Project is approximately \$36 million.⁸

On January 27, 2014, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; granted an opportunity for any interested person to request a hearing on the Application, file comments on the Application, or participate in this proceeding as a respondent by filing a notice of participation; and directed the Commission Staff ("Staff") to investigate the Application and file a report thereon ("Staff Report"). No notices of participation, requests for hearing, or public comments were received in this proceeding.

As noted in the Procedural Order, the Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the proposed Project by state and local agencies and file a report on the review. DEQ filed its report ("DEQ Report") with the Commission on March 19, 2014. The DEQ Report provides twelve 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 regarding the Project. APCo should:

¹ Va. Code § 56-256.1 *et seq.*

² Application's Executive Summary at vi. The Cloverdale-Lexington 500 kV transmission line is 43.4 miles long. Thirty-six miles of the transmission line are owned by APCo, and 7.4 miles of the line are owned by Virginia Electric and Power Company. *See* Direct Testimony of Timothy B. Earhart at 3.

³ Application at 1.

⁴ *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities for the Lexington-Cloverdale 500 kV Transmission Line Rebuild pursuant to §§ 56-46.1 and 56-265.1 et seq. of the Code of Virginia*, Case No. PUE-2012-00046, 2012 S.C.C. Ann. Rept. 443, Final Order (Sept. 7, 2012).

⁵ *Application of AEP Appalachian Transmission Company and Appalachian Power Company, For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project*, Case No. PUE-2013-00036, Doc. Con. Cen. No. 140130112, Final Order (Jan. 24, 2014).

⁶ *See* Application at 1; Direct Testimony of Evan R. Wilcox at 4.

⁷ Application at 2.

⁸ Application's Executive Summary at vi.

- 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 DEQ's 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 listed species and aquatic habitat 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 DCR Karst Program regarding its recommendations to protect karst features;
- Coordinate with the Department of Game and Inland Fisheries ("DGIF") regarding its recommendations for wildlife resource and protected species and to develop Project-specific recommendations as necessary;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendation if the Project changes;
- Coordinate with the Department of Forestry ("DOF") regarding its recommendations to protect forest resources and mitigate the loss of approximately 75 acres of trees;
- 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, roadways, road signs, and off-road bicycle facilities;
- 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.⁹

Pursuant to the Procedural Order, on May 13, 2014, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. In the Staff Report, the Staff concluded that the Company sufficiently demonstrated the need for the proposed Project. Staff noted that, when complete, the proposed Project would significantly reinforce the reliability of the transmission system in the Roanoke area and surrounding region, and would facilitate a substantial reduction in congestion on the transmission system in the region.¹⁰

On May 15, 2014, APCo filed a response to the Staff Report ("Response"). In its Response, APCo states that it generally agrees with the conclusions and recommendations set forth in the Staff Report. APCo further states that while it concurs with many of the recommendations listed in the DEQ Report, it does object to several recommendations.¹¹

First, APCo objects to a recommendation made by the DGIF that the Company maintain naturally vegetated buffers of at least 100 feet in width around wetlands and on both sides of perennial and intermittent streams, where practicable. APCo contends that this recommendation may present safety and reliability risks due to the potential for vegetation and wire contact from tall tree growth. Instead, APCo states that where reasonable and practical, it will utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within fifty feet of all year-round streams, ponds or wetlands, within fifty feet of road crossings, within 100 feet of water supply wells, and within twenty-five feet of karst features and outcrops of limestone or dolomite rock.¹²

APCo also opposes the DGIF recommendation that it conduct significant tree removal and ground clearing activities outside of the primary songbird nesting season of March 15th through August 15th. According to APCo, this time-of-year restriction, except as may be necessary to accommodate federally or state protected threatened or endangered species, is unduly burdensome and impractical and could put system reliability at risk by adversely affecting the Company's ability to complete the Project in time to meet the desired in-service date.¹³

In the DEQ Report, the DOF states that the proposed Project would require the clearing of approximately 75 acres of woodland. The DOF suggests that this forest loss should be mitigated in some manner on-site either by additional avoidance steps in the design or location of the access roads, or off-site through restoration or replacement actions.¹⁴ With regard to the DOF's recommendation for additional on-site mitigation efforts, APCo states that where reasonable and practical it will employ access road clearing, restoration, and maintenance methods generally similar to those used for construction of transmission line rights-of-way. APCo claims that it has previously used such methods for access road construction and found them to be effective in

⁹ DEQ Report at 6-7.

¹⁰ Staff Report at 14.

¹¹ Response at 1.

¹² *Id.* at 2. APCo also states that maintaining a 100-foot buffer within the right-of way would require taller and heavier transmission line structures and additional line length, which would increase Project costs.

¹³ *Id.* at 2-3.

¹⁴ DEQ Report at 6, 22-25.

achieving reasonable on-site mitigation of a range of environmental issues, including forest impacts. With regard to the DOF's recommended off-site restoration or replacement actions, APCo contends that it has a history of voluntarily supporting efforts that conserve the Commonwealth's natural resources, working forest lands and biodiversity, and that it will continue to support such efforts. However, the Company states that any forest mitigation of transmission line projects should be undertaken on a voluntary basis. Therefore, APCo objects to the DOF's proposed mitigation for the Project.¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a certificate of public convenience and necessity should be issued authorizing the proposed Project, subject to the findings and conditions contained in this Final Order, and that the public convenience and necessity require that the Company construct, own, and operate 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 the Commission to 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 flow studies and contingency analyses support the need for the Project.¹⁶ Further, the need for the Project has not been questioned.¹⁷ Thus, the uncontroverted evidence in this case indicates that the proposed construction is necessary to ensure that reliable service is maintained. We find that the proposed Project will meet the Company's long-term transmission reliability needs effectively.

Routing and Right of Way

If approved, the Project would be located entirely on an existing right-of-way.¹⁸ Thus, APCo 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 Project.

Economic Development

We find that the proposed Project will promote economic development in the area of the Project as well as in the Commonwealth of Virginia by relieving transmission congestion, which would in turn improve reliability and market efficiency.¹⁹

Scenic Assets, Historic Districts, and Existing Rights-of-Way

We find that the Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that the proposed Project will be located in an existing right-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.

¹⁵ Response at 3-5.

¹⁶ See, e.g., Staff Report at 10-11.

¹⁷ See, e.g., *id.* at 7-12, 14.

¹⁸ Application at 1.

¹⁹ See, e.g., Staff Report at 12.

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 impact. 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. However, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with certain exceptions. The Commission does not require APCo to: (i) maintain naturally vegetated buffers of at least 100 feet around wetlands or perennial and intermittent streams; (ii) adhere to time-of-year restrictions when conducting tree removal and ground clearing activities; (iii) or mitigate the loss of forestland.²⁰

HB 1319

We find that the evidence demonstrates that the proposed Project does not meet the criteria set forth in HB 1319 for inclusion as a pilot program. Further, the proposed tower design will reasonably mitigate the visual impact of the proposed Project as required by HB 1319.²¹

Accordingly, IT IS ORDERED THAT:

(1) APCo is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions discussed 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 Project is granted, as provided for herein, and subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to the Company:

Certificate No. ET-28n, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Botetourt County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2013-00133, cancels Certificate No. ET-28m, issued to Appalachian Power Company on January 24, 2014, in Case No. PUE-2013-00036.

Certificate No. ET-133a, which authorizes Appalachian 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-2013-00133, cancels Certificate No. ET-133, issued to Appalachian Power Company on May 18, 1964, in Case No. 10848.

(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.

(5) The Project approved herein must be constructed and 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, and the papers filed herein shall be placed in the file for ended causes.

²⁰ The Commission has previously declined to require APCo to comply with similar recommendations in prior cases. *See e.g., Application of AEP Appalachian Transmission Company and Appalachian Power Company, For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project*, Case No. PUE-2013-00036, Doc. Con. Cen. No. 140130112, Final Order (Jan. 24, 2014); *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, Order (Dec. 21, 2012).

²¹ *See, e.g.,* Staff Report at 6; Application's Response to Guidelines at 19-20.

**CASE NO. PUE-2013-00134
JANUARY 30, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue debt and preferred securities

ORDER GRANTING AUTHORITY

On December 12, 2013, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") requesting authority to: (i) issue up to \$3.5 billion in debt and/or preferred securities; (ii) enter into agreements for the creation of one or more trust financing facilities with affiliates; (iii) issue inter-company debt to its corporate parent; and (iv) enter into up to \$3.5 billion of anticipatory hedges, from time to time through February 29, 2016 ("Application"). The Applicant paid the requisite fee of \$250. Pursuant to § 56-61 of the Code, the Commission extended its jurisdiction over the matter until February 5, 2014, by Order dated January 3, 2014.

Virginia Power proposes to issue up to \$3.5 billion in aggregate principal amount of Senior Notes, Junior Subordinated Debentures, Sub-Junior Subordinated Notes and preferred securities (collectively "Securities"). In conjunction with the issuance of the Securities, Virginia Power proposes to establish one or more Trust Financing Facilities ("Trusts"). According to Virginia Power, the Trusts will exist only for the purpose of facilitating the issuance of tax advantaged preferred securities, investing the proceeds from the sales in Virginia Power's Junior Subordinated Notes and/or Sub-Junior Subordinated Notes and conducting other activities. Since the Trust will be an affiliate of Virginia Power, the Applicant seeks approval under Chapter 4 of the Code.

The Securities will be issued in various series with various maturities and will bear interest or pay dividends at rates determined by their maturities, features, and conditions in the financial markets at the time of sale. Virginia Power proposes to market the Securities on a competitive basis at market rates to or through underwriters and dealers to the public or through private placements with financial institutions, depending on the most economically desirable circumstances at the time of issuance. The Securities also may be sold directly to purchasers or through agents at market rates.

Virginia Power also proposes to issue inter-company debt to its parent, Dominion Resources, Inc. ("DRI"), which, according to the Virginia Power, would in all material respects mimic the provisions of similar debt issued to the capital markets by DRI.

Net proceeds from the proposed securities issuances will be used to meet a portion of the Applicant's capital requirements such as construction, upgrading and maintenance expenditures, capacity expansion, and the refunding of outstanding debt and preferred securities.

Virginia Power also proposes to enter into anticipatory hedging transactions related to the issuance of the Securities. Virginia Power states that the purpose of entering into anticipatory hedging transactions is to provide a mechanism to mitigate the risk that economic circumstances underlying decisions to refund an outstanding security or to issue a new security will change adversely by the time the transaction can be executed. The Applicant proposes to limit such authority in a manner similar to that authorized by the Commission in Case Nos. PUF-1997-00019 and PUE-2010-00010.

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) The Applicant is hereby authorized to: (a) issue up to \$3.5 billion in aggregate of its Securities; (b) establish one or more Trust Facilities for the issuance of tax advantaged securities; and (c) issue inter-company notes to DRI, under the terms and conditions and for the purposes set forth in the Application from the date of this Order through February 29, 2016, providing that any refinancing prior to maturity results in demonstrated cost savings to Virginia Power.

(2) The Applicant is authorized to enter into anticipatory hedging transactions in conjunction with Securities authorized herein, up to a notional maximum amount of \$3.5 billion, under the terms and conditions and for the purposes set forth in the Application.

(3) Virginia Power shall submit a preliminary report of action within ten (10) days after the issuance of any Securities pursuant to this Order to include the type of security, the date of issuance, the face amount of the issue, the interest rate or dividend rate, the maturity date, the net proceeds to Virginia Power, and the yield to maturity on a U.S. Treasury security of comparable maturity.

(4) Within sixty (60) days of the end of each calendar quarter in which Securities are issued, the Applicant shall file a more detailed report to include the information required in Ordering Paragraph (3), as well as an itemized list of actual expenses to date associated with the Securities issuances, a comparison of the effective rate of Securities issued and any securities refunded prior to maturity, use of proceeds, a detailed explanation of any hedging transaction entered into, the cumulative principal amount of Securities issued under the authority granted herein, the amount of Securities remaining to be issued, and a balance sheet reflecting the actions taken.

(5) On or before May 31, 2016, Applicant shall file a final report of action to include all information required in Ordering Paragraph (4) that incorporates then-current actual expenses and fees paid for the proposed Securities issuances.

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

- (6) Approval of this Application shall have no implications for ratemaking purposes.
- (7) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2013-00135
MARCH 5, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Firm Transportation Service Agreement with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On December 12, 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") 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").

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 Accounting⁴ as soon as such a gas-supply agreement became effective and to file for Affiliates Act approval within 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 7,800 dekatherms per day of capacity from TCO. The FTS Agreement has a term of five years, beginning on November 1, 2013, and terminating on October 31, 2018. 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 line VM-129. CGV will use the capacity to serve Columbia Transmission Market Area 34, which includes the Cities of Emporia and Suffolk; the Counties of Southampton, Isle of Wight, Surry, and Prince George; and other nearby communities. Line VM-129 is located in the far southeastern portion of TCO's and CGV's pipeline systems, which CGV represents is one of the most capacity constrained portions of its service territory. CGV represents that it currently satisfies its customer demand along line VM-129 through a combination of transportation, storage, and peaking capacity. CGV represents that the additional capacity sought in this case will enable it to reinforce its supply portfolio in this area as well as provide capacity to meet CGV's growing markets at recourse rates that are lower than the cost to construct new capacity.

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 subject to certain requirements described below.

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.

¹ Va. Code § 56-76 *et seq.*

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.

- (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.

**CASE NO. PUE-2013-00136
MARCH 10, 2014**

JOINT APPLICATION OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY MARKETING, LLC

For authority to enter into a Gas Supply and Asset Management Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 *et seq.*

ORDER GRANTING AUTHORITY

On December 12, 2013, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, "Applicants") filed a joint application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting authority to enter into a Gas Supply and Asset Management Agreement ("AMA") effective for the period April 1, 2014, through March 31, 2015. On December 17, 2013, Atmos filed a Petition for Retroactive Waiver seeking a retroactive waiver of the first condition in Ordering Paragraph (5) of the Commission's Order Granting Authority in Case No. PUE-2011-00018,² which required Atmos to provide any request for proposals ("RFP") to Commission Staff before it was issued.

Atmos is a natural gas distribution company providing gas distribution, transmission, and transportation services to its retail customers in Virginia, Tennessee, Colorado, Texas, Louisiana, Kentucky, Mississippi, and Kansas. In Virginia, Atmos is engaged in the business of selling and distributing natural gas to approximately 22,000 customers in Abingdon, Bristol, Marion, Pulaski, Radford, Wytheville, and the surrounding areas. AEM provides a variety of natural gas management services to municipalities, natural gas utility systems, and industrial natural gas customers, primarily in the southeastern and Midwestern states, and to Atmos's Kentucky/Mid-States, Louisiana, and Colorado/Kansas utility divisions. AEM is wholly owned by Atmos Energy Holdings, Inc., which is a wholly owned subsidiary of Atmos.

The Applicants request Commission authority to enter into the AMA, which is the fifth such agreement between Atmos and AEM since 1997. Atmos represents that it issued over 400 e-mails to potential gas suppliers to provide electronic notification of its RFP for the AMA. After comparing the bids it received, Atmos selected AEM as the winning bidder.

The proposed AMA consists of three parts: a standard North American Energy Standards Board Base Contract ("Base Contract"), a Special Provisions Attachment, and an Addendum to Base Contract for Sale and Purchase of Natural Gas ("AMA Addendum"). The Applicants represent that the AMA is in the public interest because it will economize the supply of gas to Atmos and optimize the use of Atmos's facilities to the benefit of Atmos's Virginia customers.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the AMA is in the public interest and should be approved subject to certain requirements set forth below.

First, we will grant the Applicants a retroactive waiver of the first condition in Ordering Paragraph (5) of our Order Granting Authority in Case No. PUE-2011-00018. However, we remind the Applicants of the importance of taking the necessary steps to remain in compliance with Commission orders in the future.

Second, our approval of the AMA should be limited to the term of the agreement, which extends through March 31, 2015. In addition, to ensure the continued timely filing of affiliate applications, any prospective application for an AMA should be filed with the Commission by no later than December 15, 2014.

Third, we are concerned that Atmos's submission of the final AMA Addendum well after the initial filing could leave inadequate time for review. Therefore, for any prospective application for renewal of the AMA, Atmos shall file the AMA Addendum with the Commission within thirty (30) days of the filing of the AMA application.

¹ Va. Code § 56-76 *et seq.*

² See *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2011-00018, 2011 S.C.C. Ann. Rept. 446, Order Granting Authority (May 9, 2011).

Finally, we directed the Applicants in Case No. PUE-2009-00037 to provide a risk monitoring schedule ("Risk Monitoring Schedule") to be included with its Annual Report of Affiliate Transactions ("ARAT").³ The Risk Monitoring Schedule was to provide: (i) Atmos's and AEM's quarter by quarter borrowings under their short-term credit facilities; (ii) Atmos's and AEM's quarter by quarter balances of collateral required to be posted with the New York Mercantile Exchange and other brokers; (iii) Atmos's and AEM's quarter by quarter open positions related to their gas procurement, marketing, and trading activities; (iv) Atmos's and AEM's quarter by quarter credit ratings by the public rating agencies; and (v) Atmos's and AEM's quarter by quarter compliance relative to their loan covenants ("Risk Monitoring Directive"). Given the ongoing uncertainties in the global financial markets, we find that it is in the public interest for this directive to remain in place.

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' Petition for Retroactive Waiver is hereby granted.
- (2) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the AMA subject to the requirements set forth herein.
- (3) The authority granted herein shall extend through March 31, 2015, the expiration date of the AMA. Should Atmos wish to continue the AMA beyond that date, further Commission approval shall be required. If the Applicants wish to avoid a break in service under the AMA, any prospective application for an AMA shall be filed with the Commission no later than December 15, 2014.
- (4) Atmos shall file the AMA Addendum with the Commission within thirty (30) days of the filing of any AMA application.
- (5) On a prospective basis, Atmos shall provide any AMA RFP to Energy Regulation Staff prior to issuance and continue to ensure that the RFP dissemination and bidding process remains robust. Once the AMA RFP process is complete, Atmos shall submit to Energy Regulation Staff the AMA RFP's results, including a list of the parties that were invited to bid, the winning bidder, and the reason(s) for the winner's selection.
- (6) Atmos's payments for pipeline substitution services shall be limited to the amount of gas cost charges that Atmos would incur if it were to procure gas on its own pipeline contracts.
- (7) Atmos's payments for storage fill services shall be limited to the amount of storage charges that Atmos would incur if it were to manage its own storage.
- (8) Thirty (30) days prior to any changes in the fixed capacity utilization payment, Atmos shall submit a report to the Commission's Director of Utility Accounting and Finance ("UAF Director"), which will describe the changes in the fixed capacity utilization payment and the reasons for such changes. The Staff shall then advise the Commission as to whether any action is necessary pursuant to its continuing supervisory authority under § 56-80 of the Code to protect the public interest.
- (9) The Risk Monitoring Directive established in Case No. PUE-2009-00037 and described above shall remain in effect.
- (10) 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 directly or indirectly related to the AMA.
- (11) Commission approval shall be required for any changes in the terms and conditions of the AMA, including any successors and assigns.
- (12) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.
- (13) 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.
- (14) Atmos shall include the transactions associated with the AMA in its ARAT submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. Atmos shall include with the ARAT a Risk Monitoring Schedule that contains the information set forth in our findings above.
- (15) In the event that Atmos's annual informational filings or general or expedited rate filings are not based on a calendar year, Atmos shall include the affiliate information contained in its ARAT in such filings.
- (16) There appearing nothing further to be done in this matter, it hereby is dismissed.

³ See *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to modify gas supply and asset management agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2009-00037, 2009 S.C.C. Ann. Rept. 460, Order Granting Authority (Aug. 6, 2009).

**CASE NO. PUE-2013-00137
MARCH 7, 2014**

JOINT APPLICATION OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY MARKETING, LLC

For authority to enter into a Gas Purchase Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 *et seq.*

ORDER GRANTING AUTHORITY

On December 12, 2013, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, "Applicants"), filed a complete joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting authority to enter into a new Gas Purchase Agreement effective for the delivery period April 1, 2014, through March 31, 2016 ("Gas Purchase Agreement").

The Commission previously approved two separate affiliate agreements between Atmos and AEM that are related to the proposed Gas Purchase Agreement. In Case No. PUE-2010-00128,² the Commission granted the Applicants authority to enter into a gas purchase agreement ("2010 Agreement"), which allows Atmos to purchase a firm base load supply of natural gas from AEM through the NORA delivery point ("NORA") located in Dickenson County, Virginia. Atmos and its predecessors-in-interest have purchased gas through NORA since 1993. In Case No. PUE-2011-00018,³ the Commission granted the Applicants authority to enter into a gas supply and asset management agreement ("2011 Agreement"), which, among other things, allows Atmos to purchase additional gas supplies from AEM through NORA and the Jewell Ridge delivery point ("Jewell Ridge"), located in Smyth County, Virginia. The 2011 Agreement also allows AEM to provide asset management services to Atmos relating to pipeline capacity, transportation and storage. Both the 2010 Agreement and the 2011 Agreement (collectively, "Prior Agreements") expire on March 31, 2014.

Accordingly, the Applicants filed the instant Application requesting authority to enter into the proposed Gas Purchase Agreement for new contracted amounts of NORA and Jewell Ridge supply to become effective on April 1, 2014, which is the termination date of the Prior Agreements. The Gas Purchase Agreement is in the form of a transaction confirmation dated August 26, 2013 ("2013 Confirmation"), which will be an Addendum to the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas dated March 31, 2003, between Atmos and AEM ("2003 Base Contract").⁴ The proposed 2013 Confirmation will replace the current Atmos-AEM transaction confirmation previously approved by the Commission as part of the 2010 Agreement in the 2010 Order. The 2003 Base Contract is the same base contract that was approved as part of the 2010 Agreement in the 2010 Order.⁵

The Applicants state that the purpose of the Gas Purchase Agreement is to provide a formal agreement between Atmos and AEM, which allows Atmos to purchase firm base load and incremental supply of natural gas through NORA and Jewell Ridge at the price and contract quantities indicated in the 2013 Confirmation, and under the terms and conditions set forth in the 2003 Base Contract. The Applicants' cost/benefit analyses indicate that gas obtained from the NORA and Jewell Ridge delivery points will be less costly for Virginia ratepayers than gas purchased and transported from the Gulf Coast region.

NOW THE COMMISSION, upon consideration of this matter and the applicable law, is of the opinion and finds that the above-described Gas Purchase 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.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted authority to enter into the Gas Purchase Agreement, subject to the requirements set forth herein.
- (2) The authority granted herein for the Gas Purchase Agreement shall extend through March 31, 2016, the expiration date of the 2013 Confirmation.
- (3) Any prospective application for renewal of the Gas Purchase Agreement (or any future transaction confirmations or addendums to the 2003 Base Contract for gas supply from the NORA and Jewell Ridge delivery points) shall be filed with the Commission by no later than December 15, 2015.

¹ Va. Code § 56-76 *et seq.* (the "Affiliates Act").

² *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. 627, Order Granting Authority (Dec. 12, 2010) ("2010 Order").

³ *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Supply and Asset Management Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2011-00018, 2011 S.C.C. Ann. Rept. 446, Order Granting Authority (May 9, 2011) ("2011 Order").

⁴ The Application inadvertently included a different base contract than the one for which the Applicants are seeking approval (the 2003 Base Contract). Therefore, on February 6, 2014, in response to a Staff data request, the Applicants provided an executed copy of the 2003 Base Contract for which approval is sought.

⁵ The 2003 Base Contract was initially approved by the Commission in Case No. PUE-2006-00092. See *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into transaction confirmations under a Base Contract for Purchase and Sale of Natural Gas under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2006-00092, 2006 S.C.C. Ann. Rept. 479, Order Granting Authority (Nov. 13, 2006).

(4) 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 Gas Purchase Agreement.

(5) Separate authority under the Affiliates Act shall be required for any changes in the terms and conditions of the Gas Purchase Agreement, including any changes in allocation methodologies affecting Atmos and its successors or assigns.

(6) Atmos shall maintain records demonstrating whether the gas supply obtained from NORA and Jewell Ridge under the Gas Purchase Agreement continues to be cost-beneficial to Virginia ratepayers and cannot be obtained more economically from alternative sources. Such records shall be available for Commission Staff to review upon request.

(7) The authority granted herein shall not preclude the Commission from exercising 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 in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(9) Atmos shall include all transactions associated with the Gas Purchase 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 April 1 of each year, which deadline may be extended administratively by the UAF Director.

(10) In the event that annual informational and/or rate filings are not based on a calendar year, Atmos shall include the affiliate information contained in its ARAT in such filings.

(11) 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. PUE-2013-00139
APRIL 8, 2014**

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 December 30, 2013, Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway, filed an application ("Application") with the State Corporation Commission ("Commission") for an increase in tolls pursuant to § 56-542 I of the Code of Virginia ("Code"). TRIP II's Application proposes to increase tolls by 2.8% plus an additional \$0.03 to recover a portion of the 2013 increases in the Company's local property taxes from Loudoun County and the Town of Leesburg.

On January 7, 2014, the Commission entered an Order for Notice, which docketed the Application; required TRIP II to provide public notification of its Application; permitted the filing of comments on the Application; and directed the Commission Staff ("Staff") to investigate the Application and to file a report containing its findings and recommendations.

On January 31, 2014, TRIP II filed its proof of public notification.

On February 7, 2014, the Staff filed its report ("Staff Report"). The Staff Report did not contest TRIP II's proposal to increase its tolls by 2.8% plus an additional \$0.03 to recover a portion of the 2013 increases in the Company's local property taxes. However, the Staff Report disagreed with how TRIP II calculated its proposed increase in tolls. The Staff Report noted that TRIP II calculated its proposed increase in tolls based upon the Maximum Base Tolls Authorized by the Commission in Case No. PUE-2012-00136.¹ The Staff Report contended that the definition of "toll" in § 56-536 of the Code requires TRIP II to calculate its proposed toll increase based on the tolls actually "charged" for using the Dulles Greenway instead of the Maximum Base Tolls Authorized by the Commission in its prior toll increase case. In addition, the Staff Report noted that TRIP II is "not calculating its Promotional Discount Plan in accordance with its tariff on file with the Commission."² The Staff Report "recommends that TRIP II either amend its existing tariff to comport with its current practice or amend its practice to comply with its tariff."³

On February 10, 2014, TRIP II filed a Motion for Leave to File Response ("Motion") to the Staff Report and a Response to the Staff Report Filed February 7, 2014 ("Response"). TRIP II also attached a revised tariff to its Response, as recommended by the Staff Report, in order to make its tariff consistent with how TRIP II is calculating toll discounts under its Promotional Discount Plan.

In its Response, TRIP II argued that the Staff's proposal to calculate its toll increase based on the tolls currently "charged" should not be accepted by the Commission because Staff's proposal: (i) does not conform with the Commission's past decisions regarding the treatment of tolls on the Dulles

¹ *Application of Toll Road Investors Partnership II, L.P., For an increase in tolls pursuant to § 56-542 I of the Code of Virginia*, Case No. PUE-2012-00136, Doc. Cont. Cen. No. 130120094, Final Order (Jan. 16, 2013).

² Staff Report at 5.

³ *Id.* at 6.

Greenway; (ii) is not supported by the Code; (iii) would constitute unlawful retroactive ratemaking; (iv) would inconvenience TRIP II and its customers; and (v) would penalize TRIP II for collecting tolls lower than the Maximum Base Tolls Authorized by the Commission.

The Commission also received over 870 public comments on TRIP II's Application. The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), filed comments on February 7, 2014, stating that the "definition of tolls [found in § 56-536 of the Code] seems to require that any increase in 'tolls' should be based upon the toll charged by the operator, i.e., the Posted Toll."⁴

Delegate David I. Ramadan, Member, House of Delegates, and several members of the Loudoun County Board of Supervisors,⁵ also filed comments requesting that TRIP II's Application for a toll increase be suspended until such time as the current investigation of TRIP II's tolls in Case No. PUE-2013-00011⁶ is complete and all appeals are exhausted. Delegate Ramadan also filed a Motion to Stay on February 10, 2014, requesting "that the Commission stay any further proceedings on TRIP II's application and for such other and further relief as the Commission deems necessary" pursuant to § 30-5 of the Code.⁷

The Commission issued an Order Granting Motion on March 5, 2014, which granted a continuance – as required by § 30-5 of the Code – "for 30 days from the adjournment of the current Regular Session of the General Assembly."⁸ This continuance occurred on the 41st day of the 45-day time limit mandated by § 56-542 I of the Code. The adjournment of the Regular Session of the General Assembly occurred on March 8, 2014; thus, 30 days from adjournment was April 7, 2014. To ensure compliance with the 45-day time limitation, the Commission hereby issues this Final Order.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

The Commission finds that it has no legal authority to grant the relief requested by Delegate Ramadan and other local governmental officials in their comments, which requested the Commission to suspend its decision in this proceeding until such time as our investigation in Case No. PUE-2013-00011 is complete and all appeals are exhausted. While the Commission granted Delegate Ramadan's Motion to Stay pursuant to § 30-5 of the Code on March 5, 2014, since Delegate Ramadan was entitled to such relief as a matter of right, the Commission finds that it has no legal authority to further suspend or delay its decision in this case. As the Commission held in its Order Granting Motion, "§ 56-542 I of the Code grants the Commission no discretion to reject a toll rate increase that meets the terms of that statutory provision. Such an increase is mandatory."⁹ Accordingly, the Commission finds that it does not have the authority to grant the relief requested in the comments and order a suspension or delay in this proceeding until the investigation in Case No. PUE-2013-00011 is concluded and all appeals are exhausted.

The Commission further finds that any increase in tolls authorized by § 56-542 I of the Code must be calculated based upon the tolls currently "charged" by TRIP II and not calculated based on the Maximum Base Tolls Authorized by the Commission in Case No. PUE-2012-00136. Section 56-542 I of the Code states, in part, that "the Commission shall approve . . . any request to increase tolls by . . ." the highest of three separate percentages set forth in the statute (emphasis added). Further, § 56-536 of the Code defines "toll" as "the fee charged by the operator for a single use of all or a portion of the roadway" (emphasis added). The Commission finds that a plain and ordinary reading of these two statutes together requires that the proposed toll increase in this case be calculated based upon the tolls actually charged by TRIP II, as recommended in the Staff Report.

In making this finding, the Commission finds that TRIP II's arguments supporting the use of the Maximum Base Tolls Authorized to calculate its proposed toll increase are unpersuasive. Contrary to TRIP II's arguments in its Response, the Staff Report's recommendation to use the tolls actually "charged" to calculate the proposed toll increase will not violate the Commission's long-standing decisions regarding the treatment of tolls on the Dulles Greenway. Section 56-542 I of the Code, which authorizes TRIP II to file an application for an "annual percentage increase" in tolls, was not enacted by the General Assembly until 2008.¹⁰ In addition, TRIP II requested authority in its last toll increase case, Case No. PUE-2012-00136, to calculate its 2013 "annual percentage increase" based upon the Maximum Base Tolls authorized by the Commission. However, the Commission did not address this issue in TRIP II's last toll increase case because a ruling on the issue was not necessary when considering TRIP II's application.

In addition, the approval of tolls herein based upon the Staff Report's recommendation does not constitute retroactive ratemaking. Retroactive ratemaking occurs when the Commission adjusts rates for a past period at a different level from those actually charged in accordance with a filed tariff.¹¹

⁴ Consumer Counsel Comments at 2.

⁵ Members of the Loudoun County Board of Supervisors supporting a suspension of the current proceeding until the Commission concludes its investigation in PUE-2013-00011 and all appeals are exhausted, included the Honorable Scott K. York, Chairman of the Loudoun County Board of Supervisors; the Honorable Ralph Buona, representing the Ashburn District; the Honorable Shawn M. Williams, representing the Broad Run District; and the Honorable Matthew F. Letourneau, representing the Dulles District.

⁶ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of investigating the toll rates of Toll Road Investors Partnership II, L.P., under § 56-542 D of the Code of Virginia*, Case No. PUE-2013-00011, Doc. Cont. Cen. No. 130130087, Order Initiating Investigation (Jan. 30, 2013).

⁷ Ramadan Motion to Stay at 2.

⁸ Order Granting Motion at 5.

⁹ Order Granting Motion at 2.

¹⁰ Chapters 841 and 844 of the 2008 Virginia Acts of Assembly.

¹¹ *Norfolk v. Virginia Electric and Power Co.*, 197 Va. 505, 516, 90 S.E.2d 140, 148 (1955) ("The Commission does not have the power to redetermine rates for a past period at a different level from those actually charged in accordance with filed schedules because that would be to make retroactive rates," citing *Commonwealth v. Old Dominion Power Co.*, 184 Va. 6, 34 S.E.2d 364 (1945)).

The Commission's acceptance of the Staff Report's recommendation does not impact the tolls TRIP II charged in the past, nor does it revise or alter retroactively any of the provisions in TRIP II's currently effective tariff. The Commission's decision on this issue will only impact TRIP II's tolls and its tariff on a prospective basis.

TRIP II's decision to charge tolls less than its Maximum Base Tolls Authorized, so it can collect tolls in increments of five cents so as not to inconvenience TRIP II and its customers, or the fact that TRIP II may be penalized from charging less than the Maximum Base Tolls Authorized by the Commission, has no bearing on our resolution of this issue. While these claims may be true, the Commission cannot ignore the plain language of the statute when deciding this issue.

Finally, the Commission finds that the revised tariff language for TRIP II's Promotional Discount Plan should be accepted. The Commission has received no objections or comments regarding the proposed revised tariff language or the methodology used by TRIP II for determining tolls under the Promotional Discount Plan. The Commission therefore finds that the proposed tariff language for TRIP II's Promotional Discount Plan, as revised, should be approved.

In conclusion, pursuant to the requirements of § 56-542 I of the Code, the Commission approves an increase in tolls of 2.8% plus an additional \$0.03 to recover a portion of TRIP II's increases in its 2013 local property taxes as set forth on page 5 of the Staff Report. Additionally, TRIP II shall file forthwith a revised tariff consistent with the findings in this Final Order.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

**CASE NO. PUE-2014-00001
MARCH 25, 2014**

PETITION OF
APPALACHIAN POWER COMPANY

For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On December 31, 2013, Appalachian Power Company ("Appalachian") filed a petition ("Petition") with the State Corporation Commission ("Commission") for authority to transfer utility assets pursuant to the Utility Transfers Act, Chapter 5 (§ 56-88 *et seq.* of Title 56). In its Petition, Appalachian requests approval of a proposed transaction ("Transaction") through which the City of Martinsville ("Martinsville") will acquire certain distribution facilities of the Mt. Olivet distribution line ("Distribution Facilities") from Appalachian. The Distribution Facilities are currently used by Appalachian to provide retail electric service to 14 customers located within Martinsville. Upon transfer of the Distribution Facilities to Martinsville, these customers will receive retail electric service from Martinsville. Martinsville currently provides its own retail electric utility service to approximately 5,000 customers. The sales price of the Distribution Facilities is one dollar (\$1).

On February 27, 2014, Appalachian filed a Motion to Amend Petition to add the additional request that its service territory map on file with the Commission be amended to exclude all territory within the political boundaries of Martinsville and territory in Henry County, Virginia, on which is located the Forest Park Country Club.

In support of the proposed Transaction, Appalachian states that due to the proximity of the Distribution Facilities to certain Martinsville facilities, when Appalachian repairs this line, Martinsville must de-energize its line, causing a delay in service restoration. Appalachian further states that due to the small number of customers served off of the line, these customers are frequently some of the last to have power restored during major outages. As a result, upon completion of the transfer, Martinsville may be able to restore power more quickly to these customers.

Appalachian represents that the transfer will neither impair nor jeopardize adequate service to the public at just and reasonable rates and that the transfer is in the public interest. Appalachian represents that all customers that will receive service from Martinsville as a result of the proposed transfer have received notice and have not objected to the requested transfer of the Distribution Facilities.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the above-described transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates, is in the public interest, and should be approved. We further find that Appalachian Power Company's certificate should be amended to reflect the revised boundary lines between Appalachian Power Company and the City of Martinsville.

Accordingly, IT IS ORDERED THAT:

- (1) The Motion to Amend Petition is hereby granted.
- (2) Pursuant to the Utility Transfers Act, Appalachian is hereby granted authority to dispose of its utility assets to the City of Martinsville as described in the Petition.
- (3) The authority 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 Transaction.
- (4) Within thirty (30) days of the Transaction taking place, subject to administrative extension by the Commission's Director of Utility Accounting and Finance, Appalachian shall file a Report of Action with the Commission providing the date of the Transaction and Appalachian's accounting entries to reflect the Transaction. These accounting entries shall be in accordance with the Uniform System of Accounts.

(5) Appalachian Power Company's Certificate E-W32 shall be amended as delineated on Map W32 to exclude the service territory no longer being served by the Company as described in the Petition and Motion to Amend, including all territory within the political boundaries of the City and territory in Henry County, Virginia, on which the Forest Park Country Club is located. The amended certificate and map shall be sent to Appalachian by the Division of Energy Regulation forthwith.

(6) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2014-00002
JANUARY 23, 2014**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For authority to issue short-term debt securities

ORDER GRANTING AUTHORITY

On January 14, 2014, Virginia-American Water Company ("VAWC" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code") requesting authority to issue up to an aggregate maximum of \$18.0 million of short-term promissory notes ("Notes") through the period ending December 31, 2014 ("Application"). The aggregate amount of short-term debt proposed in the application exceeds 12% of the total capitalization as defined in § 56-65.1 of the Code. The Company paid the requisite fee of \$250.

All Notes will be issued to American Water Capital Corp. ("Capital Corp."), an affiliate, in accordance with the affiliate transaction authority granted under the financial services agreement ("FSA") approved by Commission Order dated December 11, 2012, in Case No. PUE-2012-00121.¹ In accordance with the terms specified under the FSA, VAWC will pay its proportionate share of all costs and expenses associated with its borrowings from Capital Corp.

VAWC states that the proposed issuance of Notes will be used to meet its general obligations and provide bridge-financing until permanent long-term financing can be obtained.

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) VAWC hereby is authorized to borrow up to an aggregate principal balance of \$18.0 million of Notes through the period ending December 31, 2014, under the terms and conditions and for the purposes set forth in the Application.

(2) Approval of this Application shall have no implications for ratemaking purposes.

(3) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.

(4) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(5) The Company shall file a Final Report of Action on or before March 2, 2015, to include a schedule that reflects the daily average outstanding balance of short-term Notes borrowed during each month in 2014.

(6) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

¹ The Company only requires authority under Chapter 3 of Title 56 of the Code to borrow Notes from Capital Corp. that in aggregate would exceed 12% of total capital, since it already has authority to borrow short-term debt from Capital Corp. under that statutory threshold pursuant to the terms of the FSA.

**CASE NO. PUE-2014-00003
JANUARY 27, 2014**

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

Ex Parte: In the matter of amending regulations governing net energy metering

ORDER ESTABLISHING PROCEEDING

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Code"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth. The Net

Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.¹

Chapter 268 of the 2013 Acts of Assembly amended § 56-594 of the Code to expand net energy metering in the Commonwealth to include eligible agricultural customer-generators. Chapter 268 requires the Commission to establish by regulation a program, beginning no later than July 1, 2014, for customers of investor-owned utilities and July 1, 2015, for customers of electric cooperatives, to afford eligible agricultural customer-generators the opportunity to participate in net energy metering. The current Net Energy Metering Rules must therefore be revised to: (1) provide a definition of eligible agricultural customer-generators; (2) require utilities to permit agricultural customer-generators to aggregate loads served by multiple meters, as specified by Chapter 268; and (3) to establish the required parameters for participation by such customer-generators in the net energy metering programs offered by investor-owned utilities and electric cooperatives under the Net Energy Metering Rules.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a proceeding should be established to amend the Net Energy Metering Rules to provide a definition of eligible agricultural customer-generators and to establish the required parameters for participation by such customer-generators in the net energy metering programs offered by investor-owned utilities and electric cooperatives. To initiate this proceeding, the Commission Staff has prepared proposed rules ("Proposed Rules") which are appended to this Order. We will direct that notice of the Proposed Rules be given to the public and that interested persons be provided an opportunity to file written comments on, propose modifications or supplements to, or request a hearing on the Proposed Rules. We will further direct that each Virginia electric distribution company within the meaning of 20 VAC 5-315-20 serve a copy of this Order upon each of their respective net metering customers and file a certificate of service with the Commission. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of § 56-594 of the Code pursuant to Chapter 268 of the 2013 Acts of Assembly. Issues outside the scope of implementing these amendments will not be open for consideration.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2014-00003.
- (2) The Commission's Division of Information Resources shall forward a copy of this Order Establishing Proceeding to the Registrar of Regulations for publication in the *Virginia Register of Regulations*.
- (3) On or before February 19, 2014, each Virginia electric distribution company shall serve a copy of this Order upon each of their respective net metering customers and file a certificate of service with the Commission no later than February 26, 2014, consistent with the findings above.
- (4) On or before March 27, 2014, any interested person may comment on, propose modifications or supplements to, or request a hearing on the Proposed Rules by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of § 56-594 of the Code pursuant to Chapter 268 of the 2013 Acts of Assembly. Issues outside the scope of implementing this amendment will not be open for consideration. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Interested parties shall refer in their comments or requests to Case No. PUE-2014-00003. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.sec.virginia.gov/case>.
- (5) This matter is continued.

NOTE: A copy of the attachment entitled "Net Metering 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 The Commission previously amended the Net Metering Rules on August 7, 2008, April 13, 2010, and November 1, 2011, to reflect statutory changes enacted in the 2007, 2009, and 2011 Acts of Assembly.

**CASE NO. PUE-2014-00003
JUNE 23, 2014**

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

Ex Parte: In the matter of amending regulations governing net energy metering

ORDER ADOPTING REGULATIONS

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Existing Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Code of Virginia, establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth of Virginia. The Existing Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

On January 27, 2014, the Commission entered an Order Establishing Proceeding ("Order") to consider revisions to the Existing Rules to reflect statutory changes enacted by Chapter 268 of the 2013 Acts of Assembly ("Chapter 268"), which amended § 56-594 of the Code of Virginia to: (1) provide a definition of eligible agricultural customer-generators; (2) require utilities to permit agricultural customer-generators to aggregate loads served by multiple

meters, as specified by Chapter 268; and (3) establish the required parameters for participation by such customer-generators in the net energy metering programs offered by investor-owned utilities and electric cooperatives under the Existing Rules.

The Commission appended to its Order proposed amendments ("Proposed Rules") revising the Existing Rules, which were prepared by the Staff of the Commission to provide for participation by eligible agricultural customer-generators in net metering programs pursuant to the revised statute.

Notice of the proceeding and the Proposed Rules were published in the Virginia Register of Regulations on February 24, 2014. Additionally, each Virginia electric distribution company was directed to serve a copy of the Order upon each of their respective net metering customers. Interested persons were directed to file any comments and requests for hearing on the Proposed Rules on or before March 27, 2014.

Appalachian Power Company ("APCo"), Kentucky Utilities ("KU"), Virginia Electric and Power Company ("Virginia Power"), the Virginia Electric Cooperatives ("Cooperatives"),¹ Virginia Farm Bureau Federation ("Farm Bureau"), Virginia Agribusiness Council ("VAC"), Nandua Oyster Company ("Nandua") and Joy Loving filed comments. No one requested a hearing on the Proposed Rules.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the regulations attached hereto as Appendix A ("Revised Rules") should be adopted as final rules. To the extent parties have requested changes to the Proposed Rules that go beyond the scope of such rules, we will not expand the scope of this proceeding to consider issues beyond those required to implement the amendments to § 56-594 of the Code of Virginia.

Virginia Power, the Farm Bureau, and VAC each proposed revisions to the definition of "agricultural business" set forth in the Proposed Rules. The Proposed Rules defined agricultural business as "any sole proprietorship, corporation, partnership, electing small business (Subchapter S) corporation, or limited liability company engaged primarily in the production and sale of plants and animals useful to the public." We agree that additional clarity in this definition is appropriate and will adopt the language proposed by the Farm Bureau, which defines agricultural business as "any sole proprietorship, corporation, partnership, electing small business (Subchapter S) corporation, or limited liability company engaged primarily in the production and sale of plants and animals, products collected from plants and animals, or plant and animal services useful to the public."

APCo and Virginia Power each proposed that the provision that utilities "may charge the customer for optional metering equipment capable of being read off-site" be changed to provide that utilities "shall" charge customers for such equipment. The utilities claim that this revision would eliminate confusion. We find that such change is unnecessary. The word *may* has been used since the inception of the net metering rules, and the Commission continues to believe that the word *may* gives utilities flexibility in assessing this charge.

APCo recommends that utilities have at least 120 days from the effective date of the Revised Rules to develop procedures and to file new tariff schedules that incorporate agricultural net metering customers. APCo claims that this would permit each utility to coordinate the filing of these new tariff schedules simultaneously with any others that are to be filed at about the same time. We continue to find, however, that requiring new tariff schedules to be filed 60 days after the effective date of the Revised Rules is reasonable.

KU proposed two revisions to the Proposed Rules. First, KU recommended that the Commission omit any language stating that non-agricultural net metering customers may install multiple generating units. KU reasons that because the statute uses the word "aggregated" in its definition of eligible agricultural customer-generator, but does not do so in its definition of a non-agricultural customer-generator, it follows that only agricultural customers are permitted to own more than one generating unit. The statute, however, has never prohibited customer-generators from owning more than one generating unit. We find that the statute's use of the word "aggregated" reflects that multiple *meters* may be involved in agricultural net metering and that the total generating capacity behind all of those meters is subject to the limit of 500 kW.

KU also recommends that, because the revised statute refers to an "eligible agricultural customer-generator" as "a customer that operates a renewable energy generating facility as part of an agricultural business . . .," an agricultural net metering customer must be the operator of its facility and cannot contract with others to perform that operation. KU notes that the revised statute states that a non-agricultural net metering customer is "a customer that owns and operates, or contracts with another to own, operate, or both, an electrical generating facility . . ." but that the revised statute does not make an identical provision for agricultural net metering customers. Under the statute, an agricultural customer-generator must be part of a larger agricultural business enterprise. The statute, however, does not expressly prohibit these agricultural businesses from entering into a contract with another to effectuate this specific part of its business, just as it could for other facets of the business. Based on this record, we find that no such prohibition is necessary in the Revised Rules.

Virginia Power recommends that the Proposed Rules specifically state that an agricultural net metering customer is subject to the same excess facilities charges associated with account aggregation as is any customer that aggregates metered accounts. Excess facilities charges, however, are already covered by the general provision of Rule 50 of the Existing Rules, which states that "[e]ach contract or tariff governing the relationship between a customer, electric distribution company or energy service supplier shall be identical, with respect to the rate structure, all retail rate components, and monthly charges, to the contract or tariff under which the same customer would be served if such customer were not net metering with the exceptions that a residential net metering customer or an agricultural net metering customer whose generating facility has a capacity that exceeds 10 kilowatts shall pay any applicable tariffed monthly standby charges to the supplier, and that time-of-use metering under an electricity supply service tariff having no demand charges is not permitted." Thus, we find that additional language directed toward agricultural net metering is unnecessary.

Virginia Power recommends, at various points in the Proposed Rules, insertion of the phrases agricultural, non-agricultural, net metering, or prospective to clarify the meaning of the applicable rule. We find that certain clarifications in this regard are reasonable and have revised the Proposed Rules to clarify whether the applicable rule applies to agricultural customer-generators, non-agricultural customer-generators, prospective customer-generators, or some combination of these categories.

¹ The filing entitled "Comments of the Virginia Electric Cooperatives" was submitted jointly on behalf of: A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Powell Valley Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, as well as the Virginia, Maryland & Delaware Association of Electric Cooperatives.

Virginia Power and the Cooperatives propose that the Proposed Rules be revised to accommodate language contained in the Terms and Conditions applicable to customers. For example, Virginia Power requests that the word "controlled" be changed to "leased" in the definition of "eligible agricultural customer-generator" in Rule 20 of the Proposed Rules in order to match the language in the Company's Terms and Conditions, which states that an applicant for electric service must be a *bona fide* owner or lessee. Similarly, Virginia Power and the Cooperatives recommend that the proposed definition of "contiguous sites" be pre-empted by the definition that appears in the Terms and Conditions of the utility. Virginia Power asserts that having a different definition of contiguity for agricultural net metering customers than for all of its other customers could create inconsistency, cause confusion, and be unworkable. The Cooperatives contend that the Commission should provide utilities the flexibility to define contiguity according to their own policies and practices.

We will not revise the Proposed Rules as requested by Virginia Power and the Cooperatives. The revised statute uses the word *controlled*, not leased. In addition, we find that it is reasonable to develop a uniform definition of contiguity to be applied to eligible agricultural net metering customers under this statute.

The Proposed Rules define "person" as "any individual, sole proprietorship, corporation, limited liability company, partnership, association, company, business, trust, joint venture, or other private legal entity, the Commonwealth, or any municipality." Virginia Power recommends that this definition be revised to match the definition contained in the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10, by changing the word "municipality" to "city, county, town, authority, or other political subdivision of the Commonwealth." We find that such change is reasonable and have revised the Proposed Rules accordingly.

Virginia Power and the Cooperatives both propose that language be added to the Proposed Rules to state that all prospective net metering customers must contact the electric distribution company prior to making any financial commitments. In addition, the Proposed Rules suggested similar language that would require above-25 kW customers to contact the electric distribution company prior to making financial commitments. Upon consideration of this matter, we find it is reasonable for the Revised Rules to continue to reflect the Existing Rules in this regard, which do not place a legal requirement on customers to provide such advanced notice.

Virginia Power recommends that an agricultural net metering customer not be permitted to interconnect generation in fewer than ninety days after submission of the required interconnection form in order to permit the utility to have time to "administer aggregation." Virginia Power's recommendation, however, could add between thirty and sixty days (depending on the size of the generator) of idle time before the facility could begin operation. Based on this record, we do not find that the existing requirements provide an inadequate amount of time for the utility to administer the interconnection request.

Virginia Power recommends adding language stating that a final electrical inspection by the applicable building authority can serve in place of the currently required certification by a licensed electrician when installations are not done by an electrician, but rather by the customer or a licensed Virginia Class A or Class B general contractor. Virginia Power states that the final electrical inspection reasonably substitutes for an electrician certification. We find that such change is reasonable and have revised the Interconnection Form to reflect this revision.

Virginia Power also proposed a number of additional clarifications to the Interconnection Form and the Proposed Rules. Upon consideration thereof, we find that it is reasonable to implement Virginia Power's proposed revisions to the Interconnection Form and to insert the word "and" to Subdivision A 7 of Rule 50.

The Cooperatives recommend that the word "virtually" be removed from the phrase "virtually aggregated into one account" where it appears in Rule 20 of the Proposed Rules in the definition of "agricultural net metering customer." The Cooperatives assert that this phrase adds ambiguity, given that the word "virtually" is not used in the statute. We find that such suggestion is reasonable and adopt the Cooperatives' proposed modification.

The proposed definition of "agricultural net metering customer" provides that any such account shall be served under the applicable rate schedule. The Cooperatives recommend that this language be revised to match the statute, which uses the word "tariff," rather than "rate schedule." We find that such suggestion is reasonable and adopt the Cooperatives' proposed modification.

The Cooperatives also recommend amending the Proposed Rules to assure that the capacity of an agricultural net metering customer's generating facility has a reasonable relationship to the size of the customer's metered load. We do not find that such proposed revision is necessary. Rather, we conclude that the Existing Rules sufficiently require that a facility must be used primarily to provide energy to the associated net metered accounts. Nandua filed comments expressing concern that existing net metering customers would be forced to become agricultural net metering customers. Nandua did not request changes to the Proposed Rules. In response to Nandua's comments, the Commission clarifies that nothing in the Proposed Rules requires an existing customer-generator to become an agricultural customer-generator, so long as such customer's interconnection remains through a single meter.

Finally, Joy Loving requested changes to the contiguity requirement, utility deadlines, and threshold for imposing standby charges. Upon consideration of these requests, we conclude that changes in this regard are unnecessary and that the Revised Rules adequately address such issues pursuant to the statute.

Accordingly, IT IS ORDERED THAT:

(1) The Revised Rules, as shown in Appendix A to this Order, are hereby adopted and are effective for customers of investor-owned electric utilities as of July 1, 2014.

(2) The Revised Rules, as shown in Appendix A to this Order, are hereby adopted and are effective for customers of electric cooperatives as of July 1, 2015.

(3) A copy of this Order with Appendix A, including the Revised Rules, shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(4) On or before September 1, 2014, each investor-owned electric utility in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of the Code of Virginia shall file with the Clerk of the Commission, in this docket, one (1) original document containing any revised tariff

provisions necessary to implement the regulations adopted herein and shall also file a copy of the document containing the revised tariff provisions with the Commission's Division of Energy Regulation. The Clerk of the Commission need not distribute copies but shall make such filings available for public inspection in the Clerk's Office and post them on the Commission's website at: <http://www.scc.virginia.gov/case>.

(5) On or before September 1, 2015, each electric cooperative in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of the Code of Virginia shall file with the Clerk of the Commission, in this docket, one (1) original document containing any revised tariff provisions necessary to implement the regulations adopted herein and shall also file a copy of the document containing the revised tariff provisions with the Commission's Division of Energy Regulation. The Clerk of the Commission need not distribute copies but shall make such filings available for public inspection in the Clerk's Office and post them on the Commission's website at: <http://www.scc.virginia.gov/case>.

(6) This docket shall remain open to receive the filings from electric utilities pursuant to Ordering Paragraphs (4) and (5).

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

**CASE NO. PUE-2014-00007
NOVEMBER 26, 2014**

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

ORDER

On March 31, 2014, Appalachian Power Company ("APCo" or "Company"), pursuant to §§ 56-585.1 A 5 d and 56-585.2 E of the Code of Virginia ("Code") and the Final Order issued on May 9, 2013, in Case No. PUE-2012-00094,¹ filed with the State Corporation Commission ("Commission") a petition seeking approval to revise its rate adjustment clause, designated as the RPS-RAC, to recover the incremental costs of the Company's participation in Virginia's Renewable Portfolio Standard ("RPS") Program, effective February 1, 2015, through January 31, 2016 ("Petition").²

Through this proposed RPS-RAC, APCo seeks approval of an approximately \$8.7 million annual revenue surcredit.³ The Company indicates that this surcredit is comprised of: (1) a true-up of the actual incremental costs of the Company's participation in the RPS Program incurred and recovered through the RPS-RAC in 2012 and 2013; and (2) a projection of the incremental costs that the Company will incur from January 1, 2014, through January 31, 2016, reduced by the forecasted proceeds from the Company's optimization of the Renewable Energy Credits ("RECs") associated with the Wind Power Purchase Agreements ("PPAs").⁴

To calculate these projected incremental costs, the Company states that it subtracted "non-incremental" costs from the total costs of the Wind PPAs. To determine the non-incremental costs, APCo indicates that it used two different methodologies: (1) the methodology approved by the Commission in the 2011 RPS Order⁵ and 2013 RPS Order for costs incurred in 2011, 2012, and 2013; and (2) a methodology for costs incurred after January 1, 2014, when the Interconnection Agreement ("Pool Agreement") between APCo and certain affiliates terminated (the "Post-Pool Methodology").⁶ Specifically, the Company indicates that the Post-Pool Methodology incremental cost calculation uses the PJM Interconnection, LLC ("PJM"), system energy price to value the avoided cost of energy.⁷ The Company believes that this is reasonable because, according to APCo, after January 1, 2014, when APCo's energy supply resources are not sufficient to cover its internal load obligation, the Company must make PJM spot market energy purchases at the PJM system energy price.⁸ APCo states that like the Pool-based incremental cost calculation used in previous proceedings, the system energy price does not include any value for marginal losses or transmission congestion.⁹ Therefore, the Company indicates that using the PJM system energy price in the Post-Pool Methodology

¹ *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, Case No. PUE-2012-00094, 2013 S.C.C. Ann. Rept. 283, Final Order (May 9, 2013) ("2013 RPS Order").*

² Ex. 2 (Petition) at 1.

³ *Id.*

⁴ *Id.* at 4.

⁵ *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. Ann. Rept. 471, Order Approving Rate Adjustment Clause (Nov. 3, 2011) ("2011 RPS Order").*

⁶ Ex. 2 (Petition) at 4.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

will keep the post-Pool incremental cost calculation consistent with the calculation method used in the Company's previous 2011 and 2013 RPS RAC cases.¹⁰

The Company also represents that it has continued to take reasonable and prudent steps to manage its RECs for the benefit of its customers.¹¹ The Company forecasts that for the period covered by the instant Petition, its net REC proceeds will be \$8.2 million.¹² APCo indicates that this amount is significantly larger than the amount forecasted in the previous RPS-RAC proceedings and contributes in large part to the proposed \$8.7 million revenue surcredit.¹³

According to the Petition, the Company is currently recovering an annual surcharge of \$7.3 million.¹⁴ Thus, the Company in this case is effectively requesting an annual reduction from its current rates of approximately \$16.0 million.¹⁵ APCo states in its Petition that it has not allocated the surcredit to the Company's Large Power Service customers served at primary, subtransmission, or transmission voltages.¹⁶ APCo indicates that for the Company's residential customers, however, the proposed RPS-RAC would, if approved, decrease a residential customer's monthly bill, based on 1,000 kilowatt hours of usage per month, by \$1.74.¹⁷ The proposal would also affect non-residential customer bills.

On April 11, 2014, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things: docketed this proceeding; assigned a Hearing Examiner to conduct this proceeding; required the Company to provide notice of the Petition; provided an opportunity for interested persons to comment or participate in this proceeding; and scheduled a public hearing on the Petition for August 26, 2014.

The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); the Old Dominion Committee for Fair Utility Rates ("Committee"); and the Virginia Municipal League and the Virginia Association of Counties Steering Committee (together, "Steering Committee") filed notices of participation in this proceeding. On July 8, 2014, the Committee and Consumer Counsel each filed testimony in this proceeding.

Mr. Stephen J. Baron, on behalf of the Committee, testified that APCo uses an unreasonably large, embedded cost-based capacity value to calculate the value of wind capacity for the post-Pool Agreement period beginning January 1, 2014.¹⁸ According to Mr. Baron, APCo used its Virginia Fixed Resource Requirement ("FRR") capacity rate, which is based on the embedded cost of APCo's generating resources including step-up transformers, to calculate the avoided capacity cost associated with the Wind PPAs during the post-Pool Agreement period.¹⁹ By using the FRR capacity rate in the Post-Pool Methodology, Mr. Baron believes APCo is unreasonably combining relatively high market-based energy costs with high, fully embedded capacity costs comprised primarily of baseload coal units.²⁰ Mr. Baron testified that the correct measure of the avoided capacity cost is the market-based capacity price reflected in the PJM Reliability Pricing Model ("RPM") rate applicable to each time period.²¹ In his prefiled testimony, Mr. Baron calculated the capacity value of the Wind PPAs for the period January 1, 2014, through January 31, 2016, using the PJM RPM price for each period. He recommended that the Commission adopt his revised incremental cost percentage factors for 2014 and 2015.²²

Mr. Norwood, on behalf of Consumer Counsel, testified, among other things, that APCo's RPS-RAC revenue requirement of negative \$8,688,287 appears reasonable and calculated in accordance with relevant Code sections and previous RPS-RAC Commission Orders.²³ After receiving APCo's workpapers supporting the \$1.46 million under-recovery balance, Mr. Norwood confirmed that the Company's RPS-RAC revenue requirement is reasonable.²⁴

On July 22, 2014, Staff filed testimony in this proceeding. Staff witness Carsley testified that APCo's proposed rate design and cost allocation methodologies are appropriate for purposes of this case.²⁵ Staff witness Abbott testified that Staff has no objection to APCo's use of the FRR capacity rate

¹⁰ *Id.*

¹¹ *Id.* at 5.

¹² *Id.* at 6.

¹³ *Id.* According to the Company, in the past two years, the prices for Tier 1 RECs have risen due to increasing RPS mandates in the PJM states as well as uncertainty about the future of the production tax credit for wind power.

¹⁴ Ex. 2 (Petition) at 3-4.

¹⁵ *Id.* at 4.

¹⁶ *Id.* at 5.

¹⁷ *Id.*

¹⁸ Ex. 12 (Baron) at 6.

¹⁹ *Id.* at 9, 11.

²⁰ *Id.* at 13.

²¹ *Id.* at 15.

²² *Id.* at 15-16.

²³ Ex. 13 (Norwood) at 9, 15.

²⁴ Tr. at 91.

²⁵ Ex. 19 (Carsley) at 1-4.

for the capacity component of the non-incremental costs in the Post-Pool Methodology, but did note that the FRR capacity rate reflects the average embedded cost of APCo's generation that contains a significant amount of high-priced coal capacity. He testified that, in the absence of the Wind PPAs, Staff believes APCo would have been unlikely to build a new coal unit to meet capacity needs, and would have been more likely to build either a gas-fired combustion turbine unit or gas-fired combined-cycle unit with embedded costs lower than the Company's stated FRR capacity rate of \$472.34 per megawatt day ("MW-day").²⁶ In response to Committee witness Baron's testimony, Staff witness Abbott stated that because APCo does not participate as a buyer in the PJM RPM capacity market, it is unlikely that the Company, if faced with an absence of capacity from the Wind PPAs, would have replaced a shortfall through purchases on the PJM RPM capacity market.²⁷ Staff witness Abbott also addressed the Company's Off-System Sales ("OSS") margins in his testimony, explaining that while the Company does not expect to have any OSS margins for the period of January 1, 2014, through January 31, 2016, Staff's recommendation is that any OSS margins that are realized be included in any subsequent true-up of non-incremental costs in the future.²⁸

Staff witness Carr calculated APCo's RPS-RAC revenue requirement using updated actual data he received on July 11, 2014, including actual incremental costs, REC optimization gains and related fees, and RPS-RAC under/over recovery data.²⁹ Staff witness Carr testified that updating this information for the months of February through June 2014, would result in a revised proposed revenue requirement of a credit of \$8,881,190, an increased credit of \$192,903 from the proposed \$8,688,287 in the Petition.³⁰ Mr. Carr also concluded that APCo's proposed annual credit revenue requirement appeared reasonable given the minimal impact of the current data.³¹ Mr. Carr therefore recommended that the Commission approve APCo's proposed RPS-RAC annual surcredit of \$8,688,287.³² Mr. Carr also determined that APCo's cost projections appear reasonable and will be true-up to actual amounts in a future APCo RPS-RAC filing.³³

On August 21, 2014, Staff witness Carr filed supplemental testimony. In his supplemental testimony, Staff witness Carr addressed the implications for this proceeding of a combination of the RPS-RAC with base rates in APCo's ongoing 2014 Biennial Review.³⁴ He stated that in Staff's testimony in the 2014 Biennial Review, Staff recommended that pursuant to § 56-585.1 A 3 of the Code, the currently effective RPS-RAC would be combined with base rates with an expiration date of January 31, 2015.³⁵ The approximately \$8.7 million annual revenue surcredit would be placed into effect on February 1, 2015. Staff's recommendation in APCo's 2014 Biennial Review has no effect on Staff's recommendations in this case.³⁶

In addition to his primary recommendation, Staff witness Carr identified three alternatives for combining the RPS-RAC with base rates that were also identified in Staff's 2014 Biennial Review testimony.³⁷

On August 5, 2014, APCo witness Vaughan filed rebuttal testimony. In his testimony, Mr. Vaughan testified, among other things, that APCo does not participate in PJM's RPM market as a load serving entity, and would not do so through at least May 31, 2018.³⁸ As such, Mr. Vaughan testified that APCo cannot purchase capacity from PJM's RPM auctions because APCo elected to be an FRR entity. Mr. Vaughan also testified that PJM RPM capacity auction prices do not directly correspond to the PJM system energy prices.³⁹ Company witness Vaughan explained that APCo's load and generation resources participate in PJM's daily day-ahead and real-time energy markets; however, APCo made the decision to self-supply its PJM capacity obligation with its own capacity resources instead of taking part in PJM's RPM construct.⁴⁰

On August 26, 2014, the Chief Hearing Examiner presided over the public hearing in this proceeding. At the conclusion of the hearing, the Steering Committee indicated their support for an updated revenue requirement of \$8,881,190 for the RPS-RAC.⁴¹ Consumer Counsel also supported an updated revenue requirement in light of the fact that, if certain Staff alternatives are adopted, the RPS-RAC may not be true-up in the future.⁴²

²⁶ Ex. 18 (Abbott) at 8-9.

²⁷ *Id.* at 9-10.

²⁸ *Id.* at 10.

²⁹ Ex. 17 (Six Page Interrogatory Staff 4-009 & Response, with Five Attachments).

³⁰ Ex. 15 (Carr) at 4.

³¹ *Id.*

³² *Id.* at 5.

³³ *Id.* at 4.

³⁴ Ex. 16 (Carr Supp.); Application of Appalachian Power Company, For a 2014 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-2014-00026. ("2014 Biennial Review").

³⁵ Ex. 16 (Carr Supp.) at 1-3.

³⁶ *Id.*

³⁷ *Id.* at 3-5.

³⁸ Ex. 20 (Vaughan rebuttal) at 5.

³⁹ *Id.* at 6.

⁴⁰ *Id.* at 7.

⁴¹ Tr. 121.

⁴² *Id.*

On October 31, 2014, the Chief Hearing Examiner issued the report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report"). In her Report, the Chief Hearing Examiner found that the Company's proposed surcredit of \$8,688,287 was reasonable, but recommended that it be updated to reflect June 30, 2014, actual data, which would result in a surcredit of \$8,881,190, in light of the possibility that the RPS-RAC may not be trued-up depending on the Commission's decision in the 2014 Biennial Review.⁴³ The Chief Hearing Examiner also found the Company's allocation to be based on the way the Company does business and concluded that it is reasonable.⁴⁴ The Chief Hearing Examiner found that one of the three Staff alternatives proposed in its prefiled supplemental testimony, the combination of the RPS-RAC with base rates so that an appropriate surcredit, and not a surcharge, is combined into base rates, would have implications for this proceeding. The Chief Hearing Examiner stated that this Staff recommendation results in an appropriate surcredit rather than surcharge in this case.⁴⁵ Stating that the other alternatives presented by Staff in this proceeding would not affect the Staff recommendation to approve the proposed surcredit in this case, and the issue is before the Commission in the 2014 Biennial Review, the Chief Hearing Examiner did not otherwise address the Staff alternatives in her Report.⁴⁶ Ultimately, Chief Hearing Examiner Ellenberg recommended that the Company's current RPS-RAC of approximately \$7.3 million authorized by the Commission in Case No. PUE-2012-00094 be reduced by approximately \$16 million, and the proposed RPS-RAC surcredit of \$8,881,190 be approved effective February 1, 2015, through January 31, 2016.⁴⁷

Consumer Counsel, the Committee, and the Steering Committee filed comments on the Report. The Steering Committee stated in its Comments that it supports the Chief Hearing Examiner's recommendation that a surcredit be established in this proceeding as of June 30, 2014, in the amount of \$8,881,190. In its Comments, Consumer Counsel likewise stated that it supports the Report, including the Hearing Examiner's findings that: (1) APCo used a reasonable methodology for calculating the RPS-RAC, which includes the Company's proposed methodology for calculating the avoided costs of its Wind PPAs;⁴⁸ (2) APCo should use updated data to reflect the actual incremental costs, REC optimization gains and related fees, and RPS-RAC recovery amounts through June 2014;⁴⁹ and (3) the Commission should approve an RPS-RAC surcredit in the amount of \$8,881,190, effective February 1, 2015, through January 31, 2016, which is consistent with the Staff's primary recommendation.⁵⁰

The Committee's Comments on the Chief Hearing Examiner's Report recommended that the Commission reject the Hearing Examiner's recommendation that the FRR rate of \$472.34/MW-day should be used to determine the non-incremental costs in years following the termination of the Pool Agreement.⁵¹ The Committee asserted in its Comments that: (1) non-incremental costs are equal to avoided costs; (2) the record reflects that APCo's FRR rate is not the Company's avoided cost of capacity rate; (3) APCo's proposed Post-Pool Methodology improperly combines the FRR rate with a market-based energy rate; and (4) the Hearing Examiner failed to explain why the FRR rate should be used to value non-incremental costs.⁵² The Committee contends that the Company "provided no evidence that the FRR rate of \$472.34/MW-day represents the cost it would have paid for capacity in the absence of the Wind PPAs, and indeed the record is replete with evidence showing just the opposite."⁵³ The Committee asserted that the proper measure of non-incremental costs in the Post-Pool period is the prevailing RPM capacity price, which, in the Committee's view, represents, exactly, the loss of capacity sales revenues the Company would sustain if it did not have the Wind PPAs.⁵⁴ The Committee also asserted that the RPM prices would be close to, if not lower than, the price APCo would pay to obtain capacity under a negotiated bilateral agreement and the Company itself, according to the Committee, uses RPM prices in measuring its avoided cost of capacity for another purpose.⁵⁵ For these reasons, the Committee recommended in its Comments that the Hearing Examiner's recommendation on this issue be rejected.⁵⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows:

⁴³ Report at 10-11.

⁴⁴ *Id.* at 10.

⁴⁵ *Id.*, citing Ex. 16 (Carr Supp.) at 3-4.

⁴⁶ Report at 10.

⁴⁷ *Id.* at 11.

⁴⁸ Consumer Counsel Comments at 5-6.

⁴⁹ *Id.* at 6.

⁵⁰ *Id.* at 7.

⁵¹ Committee Comments at 1-28.

⁵² *Id.* at 4-22.

⁵³ *Id.* at 28.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

Code of Virginia

APCo seeks approval of its proposed RPS-RAC pursuant to Va. Code § 56-585.1 A 5 d, which allows a utility to petition the Commission for approval of a rate adjustment clause for the recovery of the following costs:

- d. Projected and actual costs of participation in a renewable energy portfolio standard program pursuant to § 56-585.2 that are not recoverable under subdivision 6. The Commission shall approve such a petition allowing the recovery of such costs as are provided for in a program approved pursuant to § 56-585.2; . . .

APCo also seeks approval under Va. Code § 56-585.2 E, which provides as follows:

E. A utility participating in such program shall have the right to recover all incremental costs incurred for the purpose of such participation in such program, as accrued against income, through rate adjustment clauses as provided in subdivisions A 5 and A 6 of § 56-585.1, including, but not limited to, administrative costs, ancillary costs, capacity costs, costs of energy represented by certificates described in subsection A, and, in the case of construction of renewable energy generation facilities, allowance for funds used during construction until such time as an enhanced rate of return, as determined pursuant to subdivision A 6 of § 56-585.1, on construction work in progress is included in rates, projected construction work in progress, planning, development and construction costs, life-cycle costs, and costs of infrastructure associated therewith, plus an enhanced rate of return, as determined pursuant to subdivision A 6 of § 56-585.1. All incremental costs of the RPS program shall be allocated to and recovered from the utility's customer classes based on the demand created by the class and within the class based on energy used by the individual customer in the class, except that the incremental costs of the RPS program shall not be allocated to or recovered from customers that are served within the large industrial rate classes of the participating utilities and that are served at primary or transmission voltage.

Calculation of Incremental Costs

Pursuant to § 56-585.2 E of the Code, a utility "shall have the right to recover all incremental costs incurred for the purpose of [] participation in [the RPS] [P]rogram, as accrued against income, through rate adjustment clauses as provided in subdivisions A 5 and A 6 of § 56-585.1, including, but not limited to, administrative costs, ancillary costs, capacity costs, costs of energy represented by certificates described in subsection A" To calculate incremental costs, APCo first determines its non-incremental costs, and then subtracts them from the total cost of the Wind PPAs.⁵⁷ We previously found that non-incremental costs under this statute should be based on a reasonable estimate of the costs APCo would have incurred to obtain replacement energy and capacity, plus any impacts on off-system sales, if the Wind PPAs did not exist.⁵⁸ Indeed, this principle is uncontested, and the participants continue to agree that non-incremental costs herein should be based on a reasonable estimate of avoided energy and capacity costs, plus margins from off-system sales.⁵⁹ For the time period herein when the Pool Agreement was in effect (2011-2013), we continue to find that it is reasonable to base non-incremental costs on the costs APCo would have incurred under the Pool Agreement to obtain replacement energy and capacity.⁶⁰ We also find that the existing RPS-RAC, which recovers these costs, shall expire on January 31, 2015.

For the time period in this case after termination of the Pool Agreement (2014-2016), the participants propose to use PJM day-ahead energy market prices as a reasonable estimation of avoided energy costs.⁶¹ For avoided capacity costs, however, the Committee proposes to use PJM's RPM capacity prices, while APCo and other participants support (or did not object to) using the Company's FRR rate.⁶² The FRR rate is set by FERC and is based on the average embedded costs of APCo's existing generation sources; it has not been shown on this record that this is a rate that APCo pays, or would pay if the Wind PPAs did not exist.⁶³ Similarly, it has not been shown on this record that the RPM capacity price is a rate that APCo pays, or would pay if the Wind PPAs did not exist, because APCo is not eligible to purchase capacity in the RPM auctions (since it currently has chosen to participate as an FRR entity).⁶⁴

Accordingly, we find that the current record is insufficient for us to conclude that one of these options (FRR or RPM), or possibly another option (e.g., a new combustion turbine, specific bilateral contracts, or a new method for estimating non-incremental costs under the statute) should serve as the reasonable estimate for avoided capacity costs after termination of the Pool Agreement.⁶⁵ Moreover, the record also is not sufficiently developed for us to

⁵⁷ Ex. 2 (Petition) at 4. Non-incremental costs, found reasonable and prudent, are recoverable through APCo's Fuel Factor.

⁵⁸ See, e.g., 2011 RPS Order; 2013 RPS Order.

⁵⁹ See, e.g., Ex. 3 (Vaughan direct) at 3-4; Ex. 12 (Baron) at 6-7; Ex. 13 (Norwood) at 7-8; Ex. 18 (Abbott) at 7.

⁶⁰ No participant opposed approval of this methodology. See, e.g., Ex. 3 (Vaughan Direct) at 4-5; Ex. 12 (Baron) at 10; Ex. 13 (Norwood) at 15; Ex. 18 (Abbott) at 7.

⁶¹ See, e.g., Ex. 3 (Vaughan Direct) at 6-9; Ex. 12 (Baron) at 10; Ex. 13 (Norwood) at 9; Ex. 18 (Abbott) at 7-8.

⁶² See, e.g., Ex. 12 (Baron) at 12-16; Committee Comments at 28. Ex. 3 (Vaughan Direct) at 9-11; Ex. 13 (Norwood) at 9; Ex. 18 (Abbott) at 8-10; Consumer Counsel Comments at 5; Steering Committee Comments at 1; Tr. at 18-19, 121.

⁶³ See, e.g., Ex. 3 (Vaughan Direct) at 9-10; Ex. 18 (Abbott) at 8; Tr. at 38-39.

⁶⁴ See, e.g., Ex. 20 (Vaughan Rebuttal) at 5; Ex. 18 (Abbott) at 9-10.

⁶⁵ We have not concluded that the evidence herein is irrelevant to this issue; rather, we find that it is insufficient for us to determine a reasonable Post-Pool Methodology.

conclude how selection of a reasonable estimate for the capacity component may, or may not, impact the selection of a reasonable estimate for the energy component.

As a result, the Company has not met its burden under the above statute to: (a) establish what costs represent "incremental costs incurred for the purpose of [] participation in [the RPS] [P]rogram," and (b) allocate and recover such costs based on demand and excluding large industrial rate classes. Accordingly, we reject the Company's Petition. This determination, however, does not preclude APCo from recovering the costs of the RPS Program, including approval of rate surcredits, in future rate proceedings. The Company shall therefore maintain deferred accounting for the incremental costs of the RPS Program until the RPS-RAC is combined with the Company's costs, revenues and investments pursuant to our findings in APCo's 2014 Biennial Review, and thereafter shall resume deferred accounting for the incremental costs of the RPS Program after the expiration of the then-combined RPS-RAC on January 31, 2015.

We direct the Company to file its next RPS-RAC petition on or before February 1, 2015. In the next RPS-RAC proceeding, we expect APCo, the Staff, and the other parties to that proceeding to develop a detailed record regarding a range of possible proxy calculations for determining the short-term value of avoided capacity and energy costs. Such proxy calculations should include, but not be limited to, potential approaches based on: (1) the construction of a combustion turbine unit; (2) the construction of a combined-cycle unit; (3) a bilateral purchase arrangement; and (4) estimates of avoided capacity and energy costs associated with various PJM markets. These examinations of the possible approaches for determining short-term avoided capacity and energy costs should discuss in detail the relative merits or disadvantages of each approach. In addition, the Company shall file detailed rate design and accounting information to support its proposed identification, allocation, and recovery of incremental costs, if any, of the RPS Program.

Renewable Energy Certificate Management

The Company also has an affirmative obligation to manage the treatment of RECs for the benefit of its Virginia customers. The record in this case reflects that APCo's Virginia customers stand to receive significant value from the Company's management of RECs, including projected gains of \$8,214,968 during the two-year period ending January 31, 2016, which contributed in large part to the surcredit proposed in this proceeding.⁶⁶ The Company has an ongoing obligation to manage the treatment of RECs from generation that does not qualify as renewable under the Virginia statutes, or from amounts above the statutory goals, for the benefit of its Virginia customers – and shall likewise demonstrate in future proceedings why its decision to sell, or not to sell, such RECs was prudent.

RPS-RAC COMBINATION

Consistent with our findings in APCo's 2014 Biennial Review, we find that the existing RPS-RAC shall be combined with the utility's costs, revenues and investments, with an expiration date of January 31, 2015. The Company shall maintain deferred accounting for the incremental costs of the RPS Program until the RPS-RAC is so combined and shall thereafter resume deferred accounting for the incremental costs of the RPS Program after the expiration of the then-combined RPS-RAC on January 31, 2015.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed RPS-RAC is denied.
- (2) The existing RPS-RAC shall expire January 31, 2015.
- (3) The Company shall maintain deferred accounting for the incremental costs of the RPS Program until the existing RPS-RAC is combined with the utility's costs, revenues and investments, and shall thereafter resume deferred accounting for the incremental costs of the RPS Program after the expiration of the then-combined RPS-RAC on January 31, 2015.
- (4) Consistent with the Commission's findings herein, the Company shall file its next RPS-RAC petition on or before February 1, 2015.
- (5) This matter is continued.

⁶⁶ Ex. 11 (Simmons Direct) at Schedule 3; Ex. 15 (Carr) at 5.

CASE NO. PUE-2014-00007 DECEMBER 17, 2014

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

ORDER GRANTING RECONSIDERATION

On November 26, 2014, the State Corporation Commission ("Commission") issued its Order in this proceeding. On December 15, 2014, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") filed a petition for clarification or reconsideration 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 the Consumer Counsel'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-2014-00008
MARCH 21, 2014**

JOINT APPLICATION OF
KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY,
LG&E AND KU ENERGY LLC,
LOUISVILLE GAS AND ELECTRIC COMPANY,
LG&E AND KU SERVICES COMPANY,
PPL CORPORATION,
PPL ELECTRIC UTILITIES CORPORATION,
PPL SERVICES CORPORATION,
PPL POWER INSURANCE, LTD.,
and
PPL ENERGY SUPPLY LLC

For authority to engage in affiliate transactions

ORDER GRANTING APPROVAL

On January 31, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP"), LG&E and KU Energy LLC, Louisville Gas and Electric Company ("LG&E"), LG&E and KU Services Company ("LK Services"), PPL Corporation ("PPL"), PPL Electric Utilities Corporation ("PPL Electric"), PPL Services Corporation ("PPL Services"), PPL Power Insurance, Ltd., and PPL Energy Supply, LLC ("PPL Energy") (collectively, "Applicants") filed a joint application pursuant to § 56-76 *et seq.* of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") requesting authority to engage in affiliate transactions ("Application").

The Applicants seek approval of a new Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete or Otherwise Surplus ("Goods Services Agreement").¹ The Applicants also request approval of amendments ("Amendments") to two agreements the Commission previously approved: The Utility Services Agreement for Third-Party Vendor Costs ("Third-Party Vendor Services Agreement")² and the Utility Service Agreement for Insurance ("Insurance Services Agreement").³

Pursuant to the proposed Goods Services Agreement, KU/ODP, LG&E, PPL Electric ("Regulated Utilities"), and PPL Energy may carry out the limited transfer of equipment and parts routinely used for the repair, maintenance, or operation of electric utility systems ("Goods"). The Applicants represent that the vast majority of Goods have been and will continue to be purchased from third-party vendors using competitive bidding practices; and that the proposed transfer of the Goods will occur only upon request, when the requesting company needs the Goods in a timely fashion, and the responding company can provide them without harm to its customers. In addition, the Regulated Utilities and PPL Energy may sell obsolete or surplus inventory among themselves pursuant to the proposed Goods Services Agreement.

The Goods Services Agreement provides that all transfers of Goods between the Regulated Utilities will be at fully allocated cost. Goods sold by PPL Energy to the Regulated Utilities will be priced at the lower of fully allocated cost or market, while Goods sold by the Regulated Utilities to PPL Energy will be priced at the higher of fully allocated cost or market.⁴ The Applicants request that the term of the proposed Goods Services Agreement be five years from the date of final approval by the Commission or the Pennsylvania Public Utility Commission, whichever is later.

The Applicants also seek approval of Amendments to the Third-Party Vendor Services Agreement and the Insurance Services Agreement. The proposed Amendments provide that LK Services may act as payment and billing agent for KU-ODP. There are no other proposed changes to the agreements.

¹ On March 13, 2014, the Applicants filed a revised Exhibit 2 of the Application, amending paragraph (3) of the Goods Services Agreement.

² See *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, PPL Corporation, PPL Services Corporation, PPL Energy Supply, LLC, For authority to engage in affiliate transactions and to enter into a Utility Services Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00112, 2012 S.C.C. Ann. Rept. 516, Order Granting Authority (Dec. 18, 2012).

³ See *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For approval of affiliate transactions in connection with transfer of ownership and control and restructuring and refinancing of debt, pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00094, 2010 S.C.C. Ann. Rept. 596, Order Granting Authority (Oct. 19, 2010).

⁴ LK Services and PPL Services are parties to the Goods Services Agreement because they will provide payment, billing, and accounting services to support any transfer of Goods or sale of obsolete or surplus inventory that the Regulated Utilities and PPL Energy may perform. LK Services will provide these services to KU/ODP at cost in accordance with the corporate services agreement between KU/ODP and LK Services approved in Case No. PUE-2012-00033. PPL Services will not provide any direct or indirect services to KU/ODP.

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 Goods Services Agreement and Amendments to the Third-Party Vendor Services Agreement and the Insurance Services Agreement are in the public interest and should be approved subject to the requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Goods Services Agreement and the Amendments to the Third-Party Vendor Services Agreement and the Insurance Services Agreement subject to the requirements set forth herein.
- (2) Approval of the Goods Services Agreement shall be limited to five (5) years from the date of this Order Granting Approval.
- (3) Approval of the Amendment to the the Third-Party Vendor Services Agreement shall be limited to the remainder of the five-year approval period for the Third-Party Vendor Services agreement the Commission established in Ordering Paragraph (2) of its Order Granting Authority in Case No. PUE-2012-00112.
- (4) The approval granted in this case 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 the Goods Services Agreement and the Amendments approved in this case.
- (5) Separate Commission approval shall be required for any changes in the terms and conditions of the Goods Services Agreement, the amended Third-Party Vendor Services Agreement, and the amended Insurance Services Agreement.
- (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) KU/ODP shall include all transactions associated with the Goods Services Agreement, the amended Third-Party Vendor Services Agreement, and the amended Insurance Services 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 the UAF Director may extend administratively. Specifically, the Goods Services Agreement transactions should be reported by: (a) month; (b) buying and selling party; (c) type of Good transferred; and (d) amount.
- (9) In the event that rate filings are not based on a calendar year, KU/ODP shall include the affiliate information contained in its ARAT in such filings.
- (10) KU/ODP shall file a signed and executed copy of the Goods Services Agreement, the amended Third-Party Vendor Services Agreement, and the amended Insurance Services Agreement approved in this case within ninety (90) days of the entry of this Order Granting Approval.
- (11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00010
FEBRUARY 28, 2014**

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 2014-2015 FUEL FACTOR PROCEEDING

On February 14, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to increase its levelized fuel factor by \$0.00146 per kilowatt-hour ("kWh") from \$0.02906 per kWh to \$0.03052 per kWh, effective for service rendered on and after April 1, 2014 ("Application"). According to KU/ODP, the proposed fuel factor represents an increase of \$1.46 per month for a customer using 1,000 kWh a month when compared to the current fuel factor, or an increase of 1.5% in the monthly bill for such a customer. In addition, KU/ODP filed a Motion for a Protective Order to prevent public disclosure of confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice").

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that this matter should be docketed; that public notice and an opportunity for participation in this proceeding should be given; and that a hearing should be scheduled to consider the Company's Application. The Commission finds that the proposed fuel factor should take effect for service rendered on and after April 1, 2014, on an interim basis and subject to modification by further order of the Commission. We also will direct the Staff of the Commission ("Staff") to investigate the Application and to present the results of its investigation in testimony and exhibits. Finally, we find that a Hearing Examiner should be appointed to conduct all further proceedings on behalf of the Commission and to file a report containing the Hearing Examiner's findings and recommendations.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2014-00010.

(2) The proposed leveled fuel factor shall take effect for service provided on and after April 1, 2014, on an interim basis and subject to modification by further order of the Commission.

(3) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 A of the Commission's 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 report containing the Hearing Examiner's findings and recommendations.

(4) A public hearing shall be convened on April 24, 2014, at 1:30 p.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence related to the establishment of KU/ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning the Application need only appear in the Commission's Second Floor Courtroom at 1:15 p.m. on the day of the hearing and contact the Bailiff.

(5) The Company shall forthwith make copies of the public version of its Application, written testimony, and exhibits available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Interested persons may review a copy of KU/ODP's Application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may request a copy of the Application, at no charge, by written request to counsel for KU/ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. Upon request, KU/ODP shall make available an electronic copy of its Application. In addition, unofficial copies of the Company's Application, Commission Orders entered in this docket, the Commission's Rules of Practice, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before March 20, 2014, KU/ODP shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF 2014-2015 FUEL FACTOR PROCEEDING FOR KENTUCKY
UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY
CASE NO. PUE-2014-00010

On February 14, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to increase its leveled fuel factor by \$0.00146 per kilowatt-hour ("kWh") from \$0.02906 per kWh to \$0.03052 per kWh, effective for service rendered on and after April 1, 2014 ("Application"). According to KU/ODP, the proposed fuel factor represents an increase of \$1.46 per month for a customer using 1,000 kWh a month when compared to the current fuel factor, or an increase of 1.5% in the monthly bill for such a customer.

The proposed increase in the fuel factor will take effect for service rendered on and after April 1, 2014, on an interim basis and subject to modification by further order of the Commission.

The Commission has scheduled a public hearing before a Hearing Examiner to commence at 1:30 p.m. on April 24, 2014, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving testimony from members of the public and evidence related to the establishment of KU/ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning KU/ODP's Application need only appear in the Commission's Second Floor Courtroom at 1:15 p.m. on the day of the hearing and contact the Bailiff.

The public version of the Company's Application, written testimony and exhibits are available for public inspection during regular business hours at the Company's business offices in the Commonwealth of Virginia. Interested persons also may review a copy of the Application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. A copy of the Company's Application may be obtained by written request to counsel for KU/ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. In addition, unofficial copies of the Company's Application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

Any person may participate as a respondent in this proceeding by filing a notice of participation on or before April 3, 2014. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 118, Richmond, Virginia 23218-2118. A copy of the notice of participation also shall be served on counsel to the Company at the address set forth above. Interested parties should obtain a copy of the Commission's Order Establishing 2014-2015 Fuel Factor Proceeding for further details on participation as a respondent.

On or before April 3, 2014, each respondent may file with the Clerk of the Commission, and serve the Company, Staff, 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 filed with the Clerk of the Commission at the address set forth above. All filings shall reference Case No. PUE-2014-00010.

On or before April 17, 2014, any interested person desiring to comment on KU/ODP's Application may do so by submitting such comments in writing to the Clerk of the Commission at the address set forth above. Any interested person desiring to submit comments electronically may do so by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall reference Case No. PUE-2014-00010.

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

(7) On or before March 20, 2014, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in Ordering Paragraphs (6) and (7) of this Order.

(9) Any person desiring to comment on the Company's Application may do so by submitting such comments in writing, on or before April 17, 2014, to, Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any person desiring to file comments electronically may do so on or before April 17, 2014, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall reference Case No. PUE-2014-00010.

(10) Any person may participate as a respondent in this proceeding by filing a notice of participation on or before April 3, 2014. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9), and a copy shall be served on counsel to the Company at the address set forth in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B of the Commission's 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. All filings shall reference Case No. PUE-2014-00010.

(11) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon such respondent a copy of this Order, a copy of the Application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(12) On or before April 3, 2014, each respondent may file with the Clerk of the Commission, any testimony and exhibits by which the respondent expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company, the Staff, and all other respondents. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(13) The Staff shall investigate the reasonableness of the Company's estimated fuel expenses and proposed fuel factor. On or before April 10, 2014, the Staff shall file its testimony and exhibits with the Clerk of the Commission.

(14) On or before April 17, 2014, the Company shall file with the Clerk of the Commission any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff, and shall on the same day serve a copy on the Staff and each respondent. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(15) The Company and all respondents shall respond to written interrogatories and requests for production of documents within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued generally pending further order of the Commission.

CASE NO. PUE-2014-00010
MAY 19, 2014

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 February 14, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to increase its levelized fuel factor by \$0.00146 per kilowatt-hour ("kWh") from \$0.02906 per kWh to \$0.03052 per kWh, effective for service rendered on and

after April 1, 2014 ("Application"). According to KU/ODP, the proposed fuel factor represents an increase of \$1.46 per month for a customer using 1,000 kWh a month when compared to the current fuel factor, or an increase of 1.5% in the monthly bill for such a customer.

On February 28, 2014, the Commission entered an Order Establishing 2014-2015 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 April 24, 2014; (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, 2014.

On April 9, 2014, the Staff of the Commission ("Staff") filed testimony in which it documented that the Staff had reviewed KU/ODP's testimony and exhibits and concluded that the Company's projected Virginia jurisdictional fuel expenses and sales for the forecast period were reasonable. Accordingly, the Staff recommended that the proposed fuel factor be approved. On April 14, 2014, the Company filed a letter indicating that it would not file rebuttal testimony or have cross-examination for the Staff.

The hearing on KU/ODP's Application was convened on April 24, 2014. 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 May 1, 2014, the Report of Michael D. Thomas, Hearing Examiner ("Report"), was issued. In this Report, Hearing Examiner Thomas reviewed in detail the testimony and exhibits presented by KU/ODP and the Staff. The Hearing Examiner found that the evidence in the record supported the proposed fuel factor of \$0.03052 per kWh and recommended that the Commission approve the proposed fuel factor for service rendered on and after April 1, 2014.

On May 6, 2014, 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 May 30, 2014. The Staff filed comments on May 6, 2014, supporting adoption of the Hearing Examiner's findings and recommendations.

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 an increase in the Company's fuel factor to \$0.03052 per kWh is reasonable and appropriate. This rate, now in effect on an interim basis, is approved and shall remain in effect pending further order of the Commission.

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 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 shall be and hereby are adopted.
- (2) The Company's proposed fuel factor of \$0.03052 per kWh, placed into effect on an interim basis for service rendered on and after April 1, 2014, is approved and shall remain in effect.
- (3) This case is continued generally.

**CASE NO. PUE-2014-00011
APRIL 14, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Capacity Assignment Agreement, a Capacity Interest Lease Agreement, and a Negotiated Rate FT-C Transportation Service Agreement with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 14, 2014, Columbia Gas of Virginia, Inc. ("CGV"), filed an application with the State Corporation Commission ("Commission") requesting approval of a Capacity Assignment Agreement ("Capacity Agreement"), a Capacity Interest Lease Agreement ("Lease Agreement"), and a long-term *pro forma* Negotiated Rate FT-C Transportation Service Agreement ("FT-C Agreement") (collectively, the "Stipulated Agreements") with its affiliate, Columbia Gas Transmission, LLC ("TCO"), pursuant to Chapter 4 of Title 56 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").

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.

¹ Va. Code § 56-76 *et seq.*

The Stipulated Agreements are intended to accomplish the following objectives: (1) to clearly define, through the Capacity Agreement, CGV as the owner of 6,600 Dekatherms ("Dth") per day of firm capacity ("Capacity") in the facilities ("Facilities") previously owned by Commonwealth Gas Pipeline Corporation ("Commonwealth");² (2) to lease the Capacity back to TCO to allow TCO to operate the Capacity through the Lease Agreement; and (3) to provide a rate schedule under which TCO will continue to serve the Commonwealth Customers, including CGV. The Stipulated Agreements are also subject to FERC's approval, which is currently pending.³

The Capacity Agreement assigns to CGV an undivided interest in and to the intangible right to the Capacity for transportation, on a firm basis, of 6,600 Dth of natural gas per day on the Facilities. CGV and TCO propose for the Capacity Agreement to become effective on the first day following the second full month after the date a FERC order approving the Stipulation becomes a final order. CGV will pay a nominal consideration of \$1 for the Capacity under the Capacity Agreement.

The Lease Agreement provides for the lease of the entirety of CGV's interest in the Capacity to TCO for \$1 per year for a 20-year primary lease term with optional five-year extensions beyond the primary term. Under the Lease Agreement, TCO will have complete operational control over the Capacity and will perform, or cause to be performed, all operation, maintenance, inspection, and repair obligations for the Facilities serving the Capacity consistent with industry practice. TCO will recover its revenue requirement for CGV's share of such expenditures through rates and surcharges set forth in the FT-C Agreement. The Lease Agreement will commence with the effective date of the Capacity Agreement.

The FT-C Agreement is a long-term negotiated rate agreement that allows CGV to continue to receive direct service from both TCO and the Transcontinental Gas Pipeline, a second interstate pipeline directly interconnected to the Facilities. CGV represents that the FT-C Agreement provides for rates that are lower than what CGV would otherwise pay to TCO under Rate Schedule FTS, TCO's existing system-wide firm transportation rate schedule. The FT-C Agreement would become effective by no later than the first day following the second full month after the date a FERC order approving the Stipulation becomes a final order. The FT-C Agreement has an initial term of 20 years with additional five-year extensions thereafter until terminated by either party upon six months' notice.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Stipulated Agreements are in the public interest and should be approved. To protect the public interest, our approval will be subject to the requirements directed below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, CGV is granted approval of the proposed Stipulated Agreements as described and set forth herein, conditioned upon FERC approving the Stipulation. CGV shall file with the Commission notification of a final decision by FERC along with a copy of FERC's final order on the proposed Stipulation within thirty (30) days of such final order.

(2) Commission approval shall be required for any change in the terms and conditions of any of the Stipulated Agreements, 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 Stipulated Agreements.

(4) CGV shall develop and maintain records to demonstrate that the transactions or services provided under the proposed Stipulated Agreements remain cost beneficial to Virginia ratepayers. Such records shall be made available for Staff's review upon request. CGV shall bear the burden of proving, in any annual informational filing or rate case proceeding, that the transactions or services provided under the proposed Stipulated Agreements were cost-beneficial to Virginia ratepayers.

(5) 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.

(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) CGV shall include all transactions associated with the approved Stipulated Agreements 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.

(8) 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.

(9) 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.

² CGV, along with the City of Richmond, Virginia, and Virginia Natural Gas, Inc. (collectively the "Commonwealth Customers"), was a customer of Commonwealth when Commonwealth merged the Facilities into TCO's interstate pipeline system in 1990.

³ FERC Docket No. RP14-393-000. The Stipulated Agreements are part of a filing that requests FERC's approval of a Stipulation and Agreement of Settlement ("Stipulation") between TCO and the Commonwealth Customers.

**CASE NO. PUE-2014-00012
JUNE 17, 2014**

JOINT PETITION OF
AQUA VIRGINIA, INC.,
AQUA VIRGINIA WATER UTILITIES, INC.,
and
AQUA VIRGINIA UTILITIES, INC.

For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On February 19, 2014, Aqua Virginia Water Utilities, Inc. ("Aqua Virginia Water Utilities"), Aqua Virginia Utilities, Inc. ("Aqua Virginia Utilities") (collectively, "Virginia Subsidiaries"), and Aqua Virginia, Inc. ("Aqua Virginia") (collectively, "Petitioners"), completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission") for approval of a merger of Aqua Virginia and the Virginia Subsidiaries into one corporation, with Aqua Virginia as the surviving entity ("Merger"). The Petition was filed pursuant to the Utility Transfers Act.¹

The Virginia Subsidiaries are wholly owned subsidiaries of Aqua Virginia. According to the Petition, Aqua Virginia Water Utilities consists of 30 water systems in Virginia serving approximately 1,218 active water customers. Aqua Virginia Utilities consists of four wastewater systems in Virginia serving approximately 281 active wastewater systems. The Petitioners represent that the proposed Merger will not change rates for the Petitioners' customers at this time and that any subsequent change in rates would be by separate application filed with the Commission. The Petitioners further represent that "[t]he merger will permit more efficient financing and administration of water and wastewater service through one legal entity and allow Aqua Virginia to maintain rates at more reasonable levels in the long term than if each of the Virginia Subsidiaries acts as a stand-alone company"² and that "adequate service at just and reasonable rates will not be jeopardized by the transaction."³

The Petitioners further request that the Aqua Virginia certificate of public convenience and necessity ("CPCN") be amended, pursuant to the Utility Facilities Act,⁴ to permit Aqua Virginia to provide service in the territories currently served by the Virginia Subsidiaries.

On March 7, 2014, the Commission issued an Order for Notice and Comment in this proceeding which, among other things, docketed the matter, required the Petitioners to serve notice of the Petition on appropriate persons, directed the Commission Staff ("Staff") to conduct an investigation into the reasonableness of the Petition and present its findings in a Staff Report, provided interested persons an opportunity to comment on the Petition, and allowed the Petitioners to file a response to the Staff Report and any comments filed with the Commission. One public comment was submitted in this proceeding that expressed concern about the impact of the proposed Merger on customers' rates.

On May 14, 2014, the Staff filed its Staff Report in which it concluded that "adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition and, therefore, the Merger should be approved."⁵ The Staff further recommended approval of Aqua Virginia's CPCNs to include the service territories of the Virginia Subsidiaries and stated that approval of the authority sought by the Petition should be subject to the following requirements:

- The Commission's approval of the Merger should have no ratemaking implications. In particular, the Commission's approval should not guarantee recovery of any cost directly or indirectly related to the proposed Merger.
- The quality of service of the Petitioners' service territories should not deteriorate due to a lack of maintenance or capital investment.
- The quality of service in the Petitioners' service territories should not deteriorate due to a reduction in the number of employees providing water or wastewater service.
- The Petitioners should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure the timely response to Staff inquiries with regard to its provision of service in Virginia.
- Aqua Virginia, upon completion of the proposed Merger, should promptly file its proposed tariffs and terms and conditions of service, in accordance with the recommendations above, with the Division of Energy Regulation. Contemporaneously with the filings of Aqua Virginia's tariffs, Aqua Virginia Utilities and Aqua Virginia Water Utilities should cancel all tariffs and terms and conditions of service.
- Aqua Virginia Utilities CPCN S-96 and Aqua Virginia Water Utilities CPCN W-328 should be terminated subsequent to the completion of the proposed Merger.

¹ Va. Code § 56-88 *et seq.*

² Petition at 4.

³ *Id.* at 3-4.

⁴ Va. Code § 56-265.1 *et seq.*

⁵ Staff Report at 6.

- Within thirty days after the closing of the Merger, Aqua Virginia should file a Report of Action that includes the date of the closing.⁶

On May 27, 2014, the Petitioners submitted a letter to the Clerk of the Commission indicating that they do not intend to file a response to the Staff Report and accept the Staff's recommendations.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the proposed Merger will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved subject to the requirements set forth below. We further find that Aqua Virginia Utilities CPCN No. S-96 and Aqua Virginia Water Utilities CPCN No. W-328 should be canceled following the completion of the proposed Merger and that Aqua Virginia's CPCNs should be amended to include the service territories of the Virginia Subsidiaries.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Petitioners hereby are granted approval to transfer control of the Virginia Subsidiaries to Aqua Virginia.

(2) Pursuant to the Utility Facilities Act, following the completion of the Merger, Aqua Virginia's CPCNs shall be amended to include the service territories of the Virginia Subsidiaries, and Aqua Virginia Utilities CPCN No. S-96 and Aqua Virginia Water Utilities CPCN No. W-328 shall be canceled.

(3) 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 Merger.

(4) Upon completion of the Merger, Aqua Virginia shall promptly file its proposed tariffs and terms and conditions of service, in accordance with the findings above, with the Division of Energy Regulation. Contemporaneously with the filings of Aqua Virginia's tariffs, Aqua Virginia Utilities and Aqua Virginia Water Utilities shall cancel all tariffs and terms and conditions of service.

(5) Within thirty (30) days of the closing of the Merger, Aqua Virginia shall file a Report of Action with the Commission that includes the date of the closing.

(6) The quality of service of the Petitioners' service territories shall not deteriorate due to a lack of maintenance or capital investment.

(7) The quality of service in the Petitioners' service territories shall not deteriorate due to a reduction in the number of employees providing water or wastewater service.

(8) The Petitioners shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure the timely response to Staff inquiries with regard to its provision of service in Virginia.

(9) There appearing nothing further to be done in this matter, it hereby is dismissed.

⁶ *Id.* at 6-7.

**CASE NO. PUE-2014-00014
APRIL 1, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to close its Peak Shaving and Emergency Demand Response Rider to new customers

ORDER

On February 21, 2014, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an Application ("Application") for approval to close its Peak Shaving and Emergency Demand Response ("PSEDR") Rider,¹ which the Commission approved for implementation in Case No. PUE-2011-00001.² The Commission approved the PSEDR 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, Inc., APCo's parent company, meets its PJM Interconnection, L.L.C. ("PJM"), capacity obligations through a fixed capacity resource requirement.³

¹ APCo filed its Application in confidential and public versions. The public version redacts certain customer information regarding customers that are currently providing demand response under the PSEDR Rider.

² *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).

³ Application at 1-2.

APCo states that the demand response capacity that has been contracted through May 31, 2017, under the PSEDR Rider forms an essential part of the Company's plan to meet its capacity obligations, but that recent events have necessitated a re-evaluation of the PSEDR Rider.⁴ APCo indicates that: (1) PJM recently filed with the Federal Energy Regulatory Commission changes to PJM's rules governing demand response and that APCo is currently assessing how such changes would impact the current PSEDR Rider and current PSEDR customers; and (2) the Company is assessing how best to incorporate demand response resources into its capacity portfolio on an ongoing basis, particularly in light of the termination of the AEP Interconnection Agreement on December 31, 2013.⁵ Given these changed circumstances, APCo states it would be reasonable, appropriate, and in the best interest of its customers to close the Company's PSEDR to new customers.⁶

APCo states that customers currently contracted to provide demand response services under the PSEDR Rider will not be harmed if the Commission approves the Company's Application.⁷ The terms of the Rider permit either APCo or a participating customer to discontinue participation in the program, as long as the party provides three years advance written notice of its intention prior to March 1.⁸ There are currently six non-residential APCo customers participating in the PSEDR 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 three years' notice of the termination of the contracts, effective June 1, 2017.⁹ APCo also served copies of this Application on each of the customers.¹⁰ APCo, therefore, requests that the Commission waive any requirement to provide notice of this Application by newspaper publication or otherwise.¹¹ Additionally, APCo indicates that the Commission's approval of this Application will not foreclose eligible customers from enrolling in PJM's emergency demand response program through a curtailment service provider.¹²

NOW THE COMMISSION, upon consideration of the foregoing, and having been advised by Staff, is of the opinion and finds that APCo's proposal to close its PSEDR Rider to additional customers should be approved.¹³ Such action is in the public interest at this time, based on developments occurring after the approval of the PSEDR Rider, including recent efforts by PJM to change its rules governing demand response and the recent termination of the AEP Interconnection Agreement.¹⁴ The Commission further finds that the PSEDR Rider provides for discontinuance of APCo's participation in the PSEDR program, upon three years' written notice prior to March 1, and that APCo has provided such timely notice to the six customers currently participating in the program. Consistent with the Commission's Order in Case No. PUE-2013-00083, we also note that the original order approving the PSEDR Rider did not prescribe any public notice by the Company prior to closing the program to new customers.¹⁵ 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 close the PSEDR Rider to new customers hereby is approved.
- (2) This case is closed, and the papers filed herein shall be placed in the file for ended causes.

⁴ *Id.* at 2.

⁵ *Id.* APCo indicates that, should its reassessment support implementation of a new demand response program that would reasonably and effectively advance the public interest, the Company would seek Commission approval to implement such a program. *Id.* at 3-4.

⁶ *Id.* at 2.

⁷ *Id.*

⁸ *Id.* at 3. See also Appalachian Power Company VA. S.C.C. Tariff No. 24, accepted for filing by the Commission's Division of Energy Regulation on January 31, 2012.

⁹ Application at 3. Copies of the letters were attached to the Application.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* See, e.g., *Appalachian Power Company; Kentucky Power Company; Indiana Michigan Power Company; AEP Generation Resources, Inc.; Ohio Power Company*, Docket No. ER13-233-000 *et al.*, 145 FERC ¶61,267, Order on Tariff Filings (Dec. 23, 2013); *PJM Interconnection, L.L.C.*, Docket No. ER14-822-000, 79 Fed. Reg. 130, Combined Notice of Filings #1 (Jan. 2, 2014).

¹³ In granting APCo's request, the Commission notes the Company's ongoing efforts to assess the potential for a new demand response program that would advance the public interest.

¹⁴ Application at 2.

¹⁵ *Application of Appalachian Power Company, For approval to terminate its Peak Shaving Demand Response Rider*, Case No. PUE-2013-00083, Doc. Con. Cen. No. 130920191, Order at 3 (Sept. 24, 2013).

**CASE NO. PUE-2014-00015
MAY 29, 2014**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to revise service agreements

ORDER GRANTING APPROVAL

On March 5, 2014, Washington Gas Light Company ("WGL" or the "Company") completed the filing of an 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 revised service agreements ("Proposed Agreements") between WGL and each of the following affiliates: Hampshire Gas Company ("Hampshire Gas"); Washington Gas Energy Services, Inc. ("WGEServices"); and Washington Gas Energy Systems, Inc. ("WGESystems") (collectively, "Affiliates").

WGL currently has separate service agreements ("Current Agreements") with each of the Affiliates, which were most recently approved by the Commission in 2012 and 2013.² Through the Current Agreements, WGL provides the Affiliates with certain support services such as accounting, legal, financial, management, and human resources services. A detailed description of each service provided by WGL to the Affiliates under the Current Agreements is set forth in Article II of Attachment A to the Current Agreements.

In the Application, the Company is requesting approval to revise each of the Current Agreements by modifying the description of "Human Resources" services to reflect that the candidate sourcing and screening employment services ("New Employment Services"), which are currently provided to WGL by the Company's third-party service provider, Accenture LLC, will be transferred to WGL's in-house Human Resources department. The Application states that WGL will provide the New Employment Services to Hampshire Gas effective from March 1, 2014, and expects to provide these services to WGEServices and WGESystems in the near future.³ WGL represents that all costs for the New Employment Services will be allocated to the Affiliates in accordance with the Company's Cost Allocation Manual ("CAM"), which is provided annually to the Commission's Staff ("Staff").

The Company represents that the revision to the description of "Human Resources" services in the Proposed Agreements is the only proposed revision to the previously approved Current Agreements between WGL and the Affiliates. Other than the New Employment Services, WGL will provide the same support services to the Affiliates under the same terms and conditions provided for in the Current Agreements, and the costs for such services will continue to be allocated to the Affiliates in accordance with the Company's CAM. In addition, the Company does not propose to change the expiration dates of the Current Agreements, which are as follows: for WGESystems, March 20, 2016; for WGEServices, December 20, 2017; and for Hampshire Gas, May 23, 2018.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Company, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the above-described Proposed Agreements are in the public interest and should, therefore, be approved subject to the requirements recommended in the Staff's Action Brief filed contemporaneously with this Order and noted herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Company is hereby granted approval to enter into the Proposed Agreements with the Affiliates effective as of the date of the entry of this Order, subject to the requirements set forth herein.

(2) The approval granted herein for the Proposed Agreements shall match the existing terms of the Current Agreements, which have expiration dates as follows: March 20, 2016, for WGESystems; December 20, 2017, for WGEServices; and May 23, 2018, for Hampshire Gas. Should the Company wish to continue operating under the Proposed Agreements after their respective expiration dates, subsequent Commission approval shall be required.

(3) 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 Proposed Agreements.

(4) The approval granted herein shall be limited to the specific services identified in Attachment A to the Proposed Agreements. Should the Affiliates wish to receive additional services from WGL, other than those specifically identified in Attachment A to the Proposed Agreements, subsequent Commission approval shall be required.

(5) Separate Affiliates Act approval shall be required for WGL to provide services to the Affiliates through the engagement of affiliated third parties under the Proposed Agreements.

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² For WGEServices and WGESystems, the service agreements were approved in Case No. PUE-2012-00116. See *Application of Washington Gas Light Company for authority to revise service agreements*, Case No. PUE-2012-00116, 2012 S.C.C. Ann. Rept. 519, Order Granting Approval (Dec. 21, 2012) ("2012 Order"). For Hampshire Gas, the service agreement was approved in Case No. PUE-2013-00005. See *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) ("2013 Order").

³ According to the Application, WGEServices and WGESystems currently conduct their own candidate sourcing and screening services (*i.e.*, these services are not provided by a third-party service provider). However, the Company represents that, since WGL expects to provide these services to WGEServices and WGESystems in the near future, the Proposed Agreements for these two Affiliates reflect the scope of Human Resources services WGL expects to provide by May 2014. Application at 2, n.2.

(6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Proposed Agreements, including changes in the description of the services provided by WGL, allocation methodologies, and successors or assigns.

(7) The approval granted herein shall not preclude the Commission from exercising 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 in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(9) The Company shall include all transactions under the Proposed Agreements 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.

(10) In the event that rate filings are not based on a calendar year, then the Company shall include the affiliate information contained in its ARAT in such filings.

(11) The Company shall file with the Commission copies of the signed and executed Proposed Agreements approved herein within thirty (30) days of the date of this Order.

(12) The approval granted herein for the Proposed Agreements shall supplement the approvals for the Current Agreements granted in Case Nos. PUE-2012-00116 and PUE-2013-00005. In addition, all other requirements related to the Current Agreements set forth in the Commission's 2012 Order for WGEServices and WGESystems, and the Commission's 2013 Order for Hampshire Gas, should remain in effect for the Proposed Agreements.

(13) 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-2014-00016
JUNE 24, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an expedited approval of a special rate and contract pursuant to Va. Code § 56-235.2

FINAL ORDER

On February 24, 2014, Columbia Gas of Virginia, Inc. ("Columbia Gas" or "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia and the Commission's *Guidelines for Filing an Application to Provide Electric and Gas Service under a Special Rate, Contract, or Incentive*.¹ The Application requests that the Commission approve a special rate and contract between Columbia Gas and Vireol Bio Energy, LLC ("Vireol"), allowing Columbia Gas to provide transportation service to an ethanol plant previously known as the Appomattox Bio Energy plant ("Plant"), located in Hopewell, Virginia, that was constructed in 2008 and acquired by Vireol in 2013.² The Company requests that the Commission act on its Application on an expedited basis.

The Application states that Columbia Gas and Vireol have executed a Service Agreement for Transportation Service dated January 31, 2014 ("Agreement"), under which Columbia Gas will provide interruptible transportation services on the Company's system in order to satisfy the Plant's natural gas requirements, subject to Commission approval.³ Columbia Gas asserts that the purpose of the special rate contract is to provide Vireol with an individualized cost structure and contract length that will allow it to operate the Plant in Hopewell, Virginia, rather than disassemble the Plant and operate it elsewhere.⁴ According to the Application, Vireol expects the Plant to begin operations by April 2014, and it would begin to receive natural gas service from the Company at that time.⁵

Columbia Gas states that for cost allocation purposes, Vireol will be included within the Large Volume Transportation Service customer class, and represents that the Agreement will have no negative rate impact on the Company's other customers.⁶

On March 13, 2014, the Commission issued an Order of Notice and Hearing that, among other things, docketed the Application; assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission; directed Columbia Gas to provide notice of its Application; directed the Commission Staff ("Staff") to investigate the Application and to file a report or testimony, if appropriate; and established a procedural schedule for the filing of comments on the Application by interested persons or notices of participation for those persons desiring to participate as respondents.

¹ 20 VAC 5-310-10.

² Application at 1.

³ *Id.* at 2.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at 4.

On April 9, 2014, Columbia Gas filed a letter with the Commission and a revised page 5 of its Application, which indicated that Vireol would take service from the Company under Rate Schedule LGS2 if the Plant becomes operational prior to the Commission's decision, instead of Rate Schedule TS2 as indicated in its original Application. The Company further requested that the Commission approve the early termination of Vireol's Rate Schedule LGS2 Service Agreement, subject to and coincident with approval of the Company's Application.

No interested person filed comments or a notice of participation in this proceeding.

The Staff filed its report ("Staff Report") on May 29, 2014. The Staff Report found, among other things, that the special rate and contract: (1) "is in the public interest . . .;" (2) "does not appear [to] . . . unreasonably prejudice or disadvantage any customer or class of customers;" and (3) "will not jeopardize the continuation of reliable gas service by Columbia [Gas] to its other customers."⁷ The Staff Report recommended "that the Commission approve the Application for approval of a special rate and contract between Columbia [Gas] and Vireol for service at the Plant, including the requested early termination of a LGS2 service agreement under which Vireol may be served pending Commission approval of the Application."⁸

On June 3, 2014, Columbia Gas filed a letter indicating that it would not be filing any rebuttal testimony and exhibits in this proceeding.

A hearing on the Application was held on June 11, 2014, before the Honorable A. Ann Berkebile, Hearing Examiner. Pursuant to an agreement of counsel, the Application, proof of public notice, the direct testimony of Columbia Gas, and the Staff Report were admitted into the record without cross-examination. Columbia Gas and the Commission Staff also waived their opportunity to file comments on the Hearing Examiner's Report if the Hearing Examiner recommended that the Application, as amended, be approved by the Commission.

On June 12, 2014, the Hearing Examiner filed her report ("Report") with the Commission. In her Report, the Hearing Examiner found that:

- (1) Approval of the special rate and Agreement is in the public interest;
- (2) Approval of the special rate and Agreement will not unreasonably prejudice or disadvantage any customer or class of customers;
- (3) Approval of the special rate and Agreement will not jeopardize the continued provision of reliable gas service by Columbia Gas to its other customers; and
- (4) The Application, including the Company's request for early termination of the existing service agreement with Vireol, should be approved.⁹

Based on the findings of the Hearing Examiner, she recommended that the Commission enter an order that grants the Application and passes the papers herein to the file for ended causes.

NOW THE COMMISSION, having considered the Application, the evidence introduced herein, the Hearing Examiner's Report, and the applicable law, is of the opinion, and finds, that the findings and recommendations of the Hearing Examiner should be adopted and that the Application should be granted, including the requested early termination of any existing LGS2 service agreement between Columbia Gas and Vireol.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner are adopted.
- (2) The Application is hereby granted, including the requested early termination of any existing LGS2 service agreement between Columbia Gas and Vireol.
- (3) This proceeding is dismissed, and the papers herein passed to the file for ended causes.

⁷ Staff Report at 5-6.

⁸ *Id.* at 6.

⁹ Hearing Examiner's Report at 4.

**CASE NO. PUE-2014-00018
APRIL 28, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of Master Auto PAL Agreements with Columbia Gas Transmission, LLC and Columbia Gulf Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 27, 2014, Columbia Gas of Virginia, Inc. ("CGV"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting that the Commission authorize Master Auto PAL Agreements between CGV and Columbia Gas Transmission, LLC ("TCO"),

and between CGV and Columbia Gulf Transmission, LLC ("Columbia Gulf") (collectively, "Auto PAL Agreements"), under Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

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 NiSource Gas Distribution Group, Inc., which itself is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

TCO and Columbia Gulf are interstate natural gas pipeline companies. Both companies' services and operations, including their rates and charges, are regulated by the Federal Energy Regulatory Commission. TCO and Columbia are wholly owned subsidiaries of the Columbia Pipeline Group, Inc., which is a wholly owned subsidiary of NiSource.

CGV's agreements with interstate pipeline affiliates are subject to certain notice and filing requirements established by the Commission in Case Nos. PUA-1995-00025² and PUE-2004-00013.³ CGV represents that the instant Application complies with these requirements.

The Auto PAL Agreements are intended to supplement CGV's existing pipeline transportation services with automatic parking and lending services ("Auto PAL Service"). The purpose of the Auto PAL Service is to automatically classify volume imbalances (differences) in scheduled quantities to and from designated CGV points of service with TCO or Columbia Gulf to be an "auto park" (*i.e.*, a positive difference) or an "auto loan" (*i.e.*, negative difference). Receipt of these services is currently authorized through agreements approved in Case No. PUE-2009-00074.⁴ The Auto PAL Agreements become effective on July 1, 2014, and expire on June 30, 2024.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that authorization of the Auto PAL Agreements described herein is in the public interest and should be approved subject to the requirements ordered below.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, CGV is hereby granted approval of the Auto PAL Agreements subject to the requirements below.
- (2) The approval granted herein shall be limited to the term of the Auto PAL Agreements, through June 30, 2024. Should CGV wish to continue the Auto PAL Agreements thereafter, further Commission approval shall be required.
- (3) Commission approval shall be required for any changes in the terms and conditions of the Auto PAL Agreements approved in this case, including any successors or assigns.
- (4) The approval granted in this case shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Auto PAL Agreements.
- (5) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.
- (6) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.
- (7) The Auto PAL Agreements approved herein shall be subject to the notice and filing requirements adopted in the PUA-1995-00025 Order and PUE-2004-00013 Order. CGV shall include the transactions associated with the Auto PAL Agreements approved in this case in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the Commission's UAF Director.
- (8) 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.
- (9) 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.

¹ Va. Code § 56-76 *et seq.*

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) ("PUA-1995-00025 Order").

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) ("PUE-2004-00013 Order").

⁴ *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).

**CASE NO. PUE-2014-00019
MAY 1, 2014**

PETITION OF
FAUQUIER COUNTY WATER AND SANITATION AUTHORITY,
WATERLOO NORTH PROPERTY OWNERS ASSOCIATION, INC.,
WATERLOO SOUTH PROPERTY OWNERS ASSOCIATION, INC., and
WATERLOO PROPERTY OWNERS ASSOCIATIONS WATER SYSTEM

For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 28, 2014, Fauquier County Water and Sanitation Authority ("Authority"), Waterloo North Property Owners Association, Inc. ("Waterloo North"), Waterloo South Property Owners Association, Inc. ("Waterloo South"), and Waterloo Property Owners Associations Water System ("Waterloo Property") (collectively, "Petitioners") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") requesting approval of a transfer of utility assets.

Waterloo North, Waterloo South, and Waterloo Property (collectively, the "Waterloo Entities") are Virginia non-stock corporations and the owners of the real estate, easements, and equipment that supply water service to the homes and lots in the Waterloo North subdivision and Waterloo South subdivision located in Fauquier County, Virginia.

The Authority is a public service authority organized and existing pursuant to the Virginia Water and Waste Authorities Act, Chapter 51 of Title 15.2 of the Code. The Authority serves various customers including single family and multi-family housing developments, county schools, federal complexes, and shopping centers.

The Petitioners have entered into a Deed of Conveyance whereby the Waterloo Entities will transfer and convey to the Authority all of the wells, land, easements, equipment, and infrastructure ("Assets") that comprise the water system serving the Waterloo North and Waterloo South subdivisions. The Petitioners represent that the Authority is in a better position than the Waterloo Entities to continue to provide reliable service at reasonable rates.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed transfer of Assets 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 §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the proposed transfer of Assets.
- (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 transfer of Assets. The Report shall include the date the transfer was completed.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00021
JULY 29, 2014**

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, 2014, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") submitted an application with supporting testimony and filing schedules (collectively, "Application") pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of a rate adjustment clause ("RAC") designated as Rider T1.¹

Subsection A 4 allows an investor-owned electric utility to recover, with Commission approval, certain costs through a RAC. Subsection A 4 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 [("FERC")] and administered by the regional transmission entity of which the utility is a member."

In this proceeding, Dominion Virginia Power seeks approval of a revenue requirement for the rate year September 1, 2014, through August 31, 2015 ("Rate Year").² This revenue requirement would be recovered through a combination of base rates and a revised increment/decrement Rider T1.³

¹ The Company filed revisions to its Application on May 22, 2014, and June 26, 2014.

² Exhibit ("Ex.") 2 (Application) at 1.

³ *Id.* at 10.

Rider T1 is designed to recover the increment/decrement between the 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.⁴

Specifically, the Company has proposed a Rider T1 that, if approved, would produce a total transmission revenue requirement for the Rate Year of \$538,019,256.⁵ This represents an annual revenue increase of \$139,680,550 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.⁶

Dominion Virginia Power proposes to utilize the same cost allocation methodologies and rate designs that were accepted by the Commission in Case No. PUE-2013-00023,⁷ with one exception. The Company is proposing that the Rider T1 rate for Rate Schedules 5, 6, 6TS, and 7 be equal to the rate of the customer class that contributes the majority of the kilowatt-hour sales to that rate schedule. The Company indicated that this change will simplify and clarify the overall rate calculation without making a material change to the Rider T1 rates.⁸

On May 9, 2014, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Application, 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 Commission Staff ("Staff") to investigate the Application. The Commission also assigned a Hearing Examiner to conduct all 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 ("Committee") filed notices of participation in this proceeding. On June 18, 2014, Staff filed the testimony and exhibits of its witnesses.⁹ On June 25, 2014, Dominion Virginia Power filed rebuttal testimony.

As explained in Staff's pre-filed testimony, Staff did not take issue with the Company's forecasted collection of \$479,415,183 through the transmission component of base rates or the Company's proposed revenue requirement of \$58,604,073 to be recovered through Rider T1. Thus, Staff agreed with the Company's total proposed revenue requirement of \$538,019,256 for the Rate Year.¹⁰ Additionally, Staff did not object to the Company's cost allocation or rate design proposals.¹¹

However, Staff did raise one issue in its pre-filed testimony, which the Company addressed in its rebuttal testimony, and which was litigated at the evidentiary hearing in this case. In Case No. PUE-2013-00020,¹² the Commission approved new transmission depreciation rates from the Company's 2011 Depreciation Study, for both booking and ratemaking purposes, effective on January 1, 2012. As Staff noted in its pre-filed testimony, in its 2013 Biennial Review Order the Commission determined 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 [the Company's] 2011 Depreciation Study as of January 1, 2012, which is coincident with the date of such study.¹³

The Company implemented these rates effective April 1, 2013, rather than January 1, 2012.¹⁴

The Hearing Examiner convened an evidentiary hearing in this docket on July 1, 2014. Hearing participants included Dominion Virginia Power, Consumer Counsel, and Staff. The Committee did not participate in the hearing.

⁴ *Id.*

⁵ *Id.* This revenue requirement includes an increment Rider T1 of \$58,604,073. In other words, the Company forecasts collection of \$479,415,183 through the transmission component of base rates and proposes a revenue requirement of \$58,604,073 through Rider T1. Thus, the total transmission revenue requirement is \$538,019,256. *See* Ex. 3 (Wilkinson Direct) at 2, 5.

⁶ Ex. 3 (Wilkinson Direct) at 2-3.

⁷ *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-2013-00023, 2013 S.C.C. Ann. Rept. 385, Final Order (July 22, 2013).

⁸ Ex. 5 (Haynes Direct) at 4.

⁹ On June 26, 2014, Staff filed revisions to its pre-filed testimony.

¹⁰ Ex. 8 (Myers Direct) at 21.

¹¹ Ex. 10 (Samuel Direct) at 8.

¹² *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*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013) ("2013 Biennial Review Order").

¹³ *See* Ex. 8 (Myers Direct) at 11; 2013 S.C.C. Ann. Rept. at 372. The Commission further directed the Company in its 2013 Biennial Review Order to "record an entry on its books to reflect this requirement." 2013 S.C.C. Ann. Rept. at 372. The 2011 Depreciation Study included generation and distribution as well as transmission plant and our directives were for all functions. *See* 2013 S.C.C. Ann. Rept. at 372, 377.

¹⁴ *See* Ex. 8 (Myers Direct) at 11-21; Ex. 11 (Wilkinson Rebuttal) at 3-16; Tr. at 40-66, 74-115.

Thereafter, on July 10, 2014, the Hearing Examiner filed the Report of A. Ann Berkebile, Hearing Examiner ("Report") with the Clerk of the Commission. In her Report, the Hearing Examiner discussed the Company's proposed revenue requirement, cost allocation methodologies, and rate designs.¹⁵ The Hearing Examiner also discussed the issue of the appropriate implementation date for the new transmission depreciation rates, and specifically whether the Company should have sought FERC approval of the January 1, 2012 implementation date or whether it was appropriate for the Company to implement the transmission depreciation rates effective on April 1, 2013.¹⁶

After discussing the Company's proposed revenue requirement, cost allocation methodology, and rate design, and the appropriate implementation date for transmission depreciation rates, the Hearing Examiner found that "a Rider T1 revenue requirement of \$58,604,073 is reasonable and justified for recovery through Dominion Virginia Power's updated Rider T1, and should be approved for implementation in rates for the Rate Year commencing September 1, 2014."¹⁷ The Hearing Examiner also found that "the Commission should require the Company to make appropriate filings at FERC, with the assistance of Staff, seeking the modification/s of the Dominion Formula Rate incorporating the new depreciation rates approved by the Commission effective January 1, 2012."¹⁸ The Hearing Examiner further recommended that the case remain open and that the Company be required to file a status report within 120 days of any Commission order approving the proposed Rider T1, in which the Company would advise the Commission of the status of its efforts to facilitate FERC approval of the January 1, 2012 implementation date.¹⁹

On July 17, 2014, Staff and Consumer Counsel filed comments in support of the Hearing Examiner's Report. In its comments, Staff stated that while it agreed with the Hearing Examiner that the Company should be directed to make appropriate filings at FERC to facilitate the incorporation of the Commission-approved January 1, 2012 implementation date for both booking and ratemaking purposes, Staff did not believe that the Company is precluded from immediately recording entries on its books to reflect the implementation of the new transmission depreciation rates effective January 1, 2012. Therefore, Staff requested that the Company be directed to make entries on its books immediately to reflect the implementation of the new transmission depreciation rates effective January 1, 2012.²⁰

Also on July 17, 2014, the Company filed comments requesting that the Commission issue an order: (i) approving the proposed Rider T1; and (ii) directing the Company to make appropriate filings at FERC and file a status report with the Commission within 120 days after the date of the Commission's order "if the Commission concludes that the Company should have requested that FERC grant relief necessary to incorporate in the Company's Formula Rate an effective date of January 1, 2012 for the new transmission depreciation rates addressed in the [2013 Biennial Review Order]."²¹

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted as supplemented herein. Specifically, the Commission finds that a Rider T1 revenue requirement of \$58,604,073 is reasonable for recovery through Dominion Virginia Power's updated Rider T1, and should be approved for implementation in rates for the Rate Year. Further, the Commission finds that the Company should expeditiously make appropriate filings at FERC, with Staff's assistance, seeking to incorporate the Commission-approved January 1, 2012 implementation date for the new transmission depreciation rates.

With regard to whether the Company properly recorded entries on its books to reflect the Commission's directives that generation, distribution and transmission rates from the 2011 Depreciation Study be implemented as of January 1, 2012 for both booking and ratemaking purposes, we direct the Company to submit supplemental testimony (and supporting exhibits as necessary) in Case No. PUE-2014-00052²² detailing how it has complied with the Commission's directives in the 2013 Biennial Review Order.²³

In her Report, the Hearing Examiner stated, "I am deeply troubled by Dominion Virginia Power's unilateral decision to use its 'best effort' to comply with the 2013 Biennial Review Order rather than to seek FERC approval of the January 1, 2012, implementation date or, in the alternative, to seek a modification of the implementation date from the Commission."²⁴ The Commission shares the Hearing Examiner's concerns regarding Dominion Virginia Power's apparently deliberate noncompliance with our 2013 Biennial Review Order by seeking an implementation date at FERC for both booking and ratemaking that differed from the January 1, 2012 date ordered by the Commission for the Company's 2011 Depreciation Study. Given this concern, the Commission directs the Company to prepare and submit the filing described above in Case No. PUE-2014-00052 on or before September 5, 2014.

¹⁵ Report at 11-12.

¹⁶ *Id.* at 12-14.

¹⁷ *Id.* at 14.

¹⁸ *Id.* at 15.

¹⁹ *Id.* at 14.

²⁰ Comments of the Commission Staff to Hearing Examiner's Report at 3-4.

²¹ Comments of Virginia Electric and Power Company on Hearing Examiner's Report at 11.

²² See *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2014-00052, Doc. Con. Cen. No. 140720066, Order for Notice and Hearing (July 11, 2014).

²³ This filing, at a minimum, should specifically address how the Company has implemented new generation, distribution, and transmission depreciation rates for ratemaking purposes as of January 1, 2012, as directed by Commission order. It should also separately address how the Company has implemented new generation, distribution, and transmission depreciation rates for booking purposes as of January 1, 2012, as also directed by Commission order. If Dominion Virginia Power has not complied with these 2013 Biennial Review Order directives, it should explain in detail why not and explain how and when it intends to comply with that order. Finally, addressing this matter in Case No. PUE-2014-00052 does not preclude the initiation of additional proceedings – as permitted by statute and the Commission's rules – to enforce, and/or to penalize the Company for failing to comply with, an order of the Commission.

²⁴ Report at 13. When questioned by the Hearing Examiner, Company witness David M. Wilkinson acknowledged that the Commission's directive for implementation of new depreciation rates effective January 1, 2012 "immediately raised red flags" for the Company; however, he further acknowledged that the Company never sought reconsideration of the 2013 Biennial Review Order. See Report at 9.

Finally, the Commission determines that this docket should remain open and that the Company should file a status report within 120 days of this Order. The Company should also file additional later status reports, as necessary, to reflect any further updates it receives from FERC with regard to the Company's efforts to incorporate the Commission-approved January 1, 2012 implementation date.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's Report is adopted as supplemented 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, 2014.
- (4) The Company shall submit supplemental testimony in Case No. PUE-2014-00052 as set forth herein on or before September 5, 2014.
- (5) The Company shall file a status report within 120 days of this Order, in which the Company shall advise the Commission of the status of its efforts to gain FERC approval to incorporate the January 1, 2012 implementation date of the new transmission depreciation rates. The Company shall also file additional status reports, as necessary, to reflect any further updates it receives from FERC with regard to approval of the January 1, 2012 implementation date.
- (6) This case shall remain open for the purpose of receiving the information and reports described in Ordering Paragraph (5).

**CASE NO. PUE-2014-00023
APRIL 17, 2014**

APPLICATION OF
SKYLINE INNOVATIONS, INC.

For a license to conduct business as an aggregator for natural gas service

ORDER GRANTING LICENSE

On March 5, 2014, pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services¹ ("Retail Access Rules"), Skyline Innovations, Inc. ("Skyline" or "the Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for natural gas services in the Commonwealth of Virginia. The Application seeks authority for Skyline to provide natural gas aggregation services for all customer classes in the service territories of all local gas distribution companies that permit competitive service providers.² 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.

On March 11, 2014, the Commission issued an Order for Notice and Comment ("March 11 Order") establishing the case, requiring the Company to serve notice of the March 11 Order upon appropriate persons, providing for the receipt of comments from the public, and requiring the Commission's Staff ("Staff") to analyze the reasonableness of Skyline's application and to present its findings in a Staff Report. The Company filed Proof of Service on March 21, 2014. No comments on the Application were filed in this case.

The Staff filed its Report on April 7, 2014, concerning Skyline's fitness to conduct business as an aggregator for natural gas. In its Report, the Staff summarized the Company's proposal and evaluated its financial condition and technical fitness. The Staff Report indicated that the Company provided all the information required by the Retail Access Rules and recommended that Skyline be granted a license to conduct business as an aggregator for natural gas services to eligible customers in the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Skyline's Application meets the requirements for a license to provide aggregation service for natural gas in the Commonwealth of Virginia and should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Skyline is hereby granted License No. A-36 to provide competitive aggregation service for natural gas to eligible customers in the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable 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 20 VAC 5-312-10 *et seq.*

² At the current time, retail choice for natural gas customers exists in only the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company.

CASE NO. PUE-2014-00026
NOVEMBER 26, 2014

APPLICATION OF
 APPALACHIAN POWER COMPANY

For a 2014 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 31, 2014, Appalachian Power Company ("APCo" 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.* ("Rate Case Rules"). 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 8, 2014, 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.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Steel Dynamics, Inc. ("SDI"); The Kroger Co. ("Kroger"); VML/VACo APCo Steering Committee ("VML/VACo"); Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Wal-Mart"); Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); The Alliance for Solar Choice ("TASC"); and the Old Dominion Committee for Fair Utility Rates ("Committee").

The Commission held a public evidentiary hearing on the following days: September 16, 17, 18, 19, 22, 23, and 24, 2014. The Commission received testimony from witnesses on behalf of the participants and admitted over 130 exhibits. The Commission also received testimony from public witnesses, in addition to written comments from the public in this case.

On or before October 24, 2014, the following participants filed post-hearing briefs: APCo; VML/VACo; Wal-Mart; SDI; Kroger; Environmental Respondents; TASC; Committee; Consumer Counsel; and the Commission's Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.¹

This is APCo's second biennial review under § 56-585.1 A and covers the 2012-2013 historical two-year period. APCo's first biennial review was for 2009-2010. In the first biennial review, the Commission: (1) determined that, during 2009-2010, the Company earned more than 50 basis points below the previously-determined fair rate of return on common equity ("ROE") of 10.53%; (2) as directed by statute, ordered an increase to the Company's rates necessary to provide the opportunity to fully recover the costs of providing the utility's services and to earn not less than a fair combined rate of return,² which resulted in an annual rate increase of \$55,071,025; and (3) 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 performance incentive.³

"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 . . ." ⁴ Based on the ROE determined in APCo's first biennial review, the fair combined rate of return for purposes of the 2012-2013 biennial review period is 10.9%, which results in a ±50 basis points earnings band of 10.4% - 11.4%.⁵

¹ In reaching the findings in this Final Order, the Commission reviewed and considered the extensive amount of evidence and argument in this proceeding, as well as the pleadings and briefs filed herein that (by themselves) comprise over 500 pages of this record. All amounts reflected in this order are on a Virginia jurisdictional basis unless otherwise noted.

² Va. Code § 56-585.1 A 8 (i).

³ *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) ("*APCo 2011 Biennial Review*").

⁴ Va. Code § 56-585.1 A 8 (i), (ii).

⁵ The Commission has previously found that a utility's fair ROE as determined in a biennial review shall be applied to that utility's subsequent 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, 465, Final Order (Nov. 30, 2011) ("*VEPCO 2011 Biennial Review*"), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 744, 735 S.E.2d 684, 693 (2012) ("*VEPCO v. SCC*"). 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.

In order to determine APCo's earned return for 2012-2013, we must rule on contested earnings adjustments related thereto. In 2011, when the requirement to determine earned return under this statute was a matter of first impression, we explained that such determination is not simply a calculation of entries as booked by the utility during the biennial period.⁶ Rather, the earned return under this regulatory statute must represent a utility's reasonable earned return, on a regulatory basis, for the biennial period. Thus, to calculate earned return (which is generally net income divided by common equity), the Commission must determine the Company's reasonable revenues, expenses, and rate base for the historical biennium. This, by necessity, requires the Commission to rule on regulatory earnings adjustments proposed by both the utility and other participants in the case. The Commission applied this process for biennial reviews in both 2011 and 2013.⁷ Indeed, as previously explained by the Commission:

This is a first-of-its-kind proceeding before the Commission. The Commission is statutorily directed to determine what the Company earned on a regulatory basis for the direct purpose of possibly impacting customers' bills today by raising rates or issuing rate credits, and of possibly implementing a base rate decrease in the future (during the next biennial review). This also is unlike annual informational filings previously required by the Commission, which analyzed earnings for different purposes and for different potential outcomes. Thus, there is no direct prior precedent for this specific type of proceeding.⁸

APCo, however, now argues that the Commission is prohibited, by its Rate Case Rules or other law, from making certain earnings adjustments in this proceeding. The Rate Case Rules, among other things, set forth filing requirements for this biennial review and for other types of cases; those rules do not and cannot prohibit earnings adjustments required herein to determine the reasonable earned return under the statute.⁹ As noted above, for biennial reviews in 2011 and 2013 the Commission made specific regulatory earnings adjustments in order to determine the utility's reasonable revenues, expenses, and rate base for the historical two-year period. Those biennial reviews included more than 100 such regulatory adjustments – some contested, some not – that were proposed by the utility and by parties to the cases. This is a necessary step in determining earned return under the statute.

Section 56-585.1 in no manner requires the Commission to include unreasonable items in determining the earned return thereunder. The biennial review is not a summation of previously-approved or booked items but, rather, is a review of the utility's actual performance during the prior biennium. As explained by the Supreme Court of Virginia, in order to determine earned return under this statute, the Commission must perform a "retrospective review" of the utility's "performance during the two successive 12-month periods immediately prior to such review[]." ¹⁰ Indeed, the General Assembly amended § 56-585.1 in 2012, 2013, and 2014, but did not amend the process that the Commission has consistently employed for implementing the General Assembly's directive to determine earned return for the historical biennium.

In sum, the Commission must rule on proposed 2012-2013 earnings adjustments for regulatory accounting purposes and to determine earned return under the statute. Accordingly, the Commission makes the findings listed below, which we conclude are reasonable and supported by evidence in the record.

1. *Incentive Compensation.* The Company has not shown that it is reasonable to include incentive plan expenses that exceed a payout ratio of 100% in determining 2012-2013 earned return. The Commission continues to find, as we have in prior biennial reviews, that it is not reasonable for ratepayers to bear incentive plan expenses that exceed a payout ratio of 100%, because the Company has not shown that there is a benefit to ratepayers – as opposed to shareholders – warranting such treatment.¹¹ Thus, for regulatory accounting purposes and to determine earned return under the statute, APCo should not include in its cost of service, payable by ratepayers, any incentive plan expenses that exceed the payout ratio of 100%. This finding reduces incentive plan expenses by \$1,540,186 and \$3,245,050 in 2012 and 2013, respectively.¹²

2. *Charitable Contributions.* The Company has not shown that its proposed charitable contribution expense is reasonable for determining 2012-2013 earned return. For regulatory accounting purposes and to determine earned return under the statute, charitable contribution expense should be adjusted to reflect 50% of actual 2012-2013 contributions and, further, to exclude Old White and AEP Foundation.¹³ This finding reduces 2012-2013 charitable contribution expense by \$88,817 and \$167,195 in 2012 and 2013, respectively.

3. *Corporate Aviation.* The Company has not shown that its proposed corporate aviation expense is reasonable for determining 2012-2013 earned return. We do not, however, find that all such incurred costs are unreasonable. Rather we find that it is reasonable to bring this expense in line with commercial flight costs. Thus, for regulatory accounting purposes and to determine earned return under the statute, corporate aviation expense

⁶ *VEPCO 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 458, *aff'd sub nom. VEPCO v. SCC*, 284 Va. 726, 735 S.E.2d 684.

⁷ *See also 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*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013) ("*VEPCO 2013 Biennial Review*").

⁸ *VEPCO 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 457, *aff'd sub nom. VEPCO v. SCC*, 284 Va. 726, 735 S.E.2d 684.

⁹ Although the Rate Case Rules cannot supplant statutory requirements or mandate an unreasonable earned return, we find good cause to grant any waivers that might be found necessary to implement the earnings adjustments required herein in order to determine the reasonable earned return under the statute.

¹⁰ *VEPCO v. SCC*, 284 Va. at 730, 736, 735 S.E.2d at 686, 688. The order appealed from and affirmed in this Supreme Court case was the first order under § 56-585.1 in which the Commission made specific earnings adjustments, over the objection of the utility, which were necessary to determine the reasonable earned return for the historical two-year period.

¹¹ *See, e.g., APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 483; *VEPCO 2013 Biennial Review*, 2013 S.C.C. Ann. Rept. at 373; Ex. 70 (Carr) at 12-17; Ex. 53 (Smith) at 77-85; Ex. 124 (Bosta rebuttal) at 10-11; Staff's Post-Hearing Brief at 14-16; Committee's Post-Hearing Brief at 46; Consumer Counsel's Post-Hearing Brief at 21-22.

¹² For purposes of this calculation, we adopt the methodology proposed by APCo. *See, e.g., Ex. 117 (Vaughan rebuttal)* at Sched. 1.

¹³ *See, e.g., Ex. 57 (Ellis)* at 27-29; Ex. 53 (Smith) at 36-38; Staff's Post-Hearing Brief at 23-24; Consumer Counsel's Brief at 28-29.

should be adjusted to reflect the cost of equivalent commercial flights.¹⁴ This finding reduces 2012-2013 corporate aviation expense by \$462,833 and \$461,353 in 2012 and 2013, respectively.

4. *Cash Working Capital.* The Company has not shown that its proposed cash working capital ("CWC") calculations are reasonable for determining 2012-2013 earned return. Specifically, (a) the Twin Cities liability, which we include as an expense in the earnings review as requested by APCo, should likewise be reflected in CWC, and (b) accounts payable and accrued payroll associated with construction work in progress should be included in the lead/lag study.¹⁵ Thus, for regulatory accounting purposes and to determine earned return under the statute, CWC should be adjusted for (a) and (b), above.¹⁶ This finding reduces rate base by \$4,443,887 and \$3,957,496 in 2012 and 2013, respectively.¹⁷

5. *Putnam Coal Terminal.* The Company has not shown that it is reasonable to include the Putnam Coal Terminal ("Putnam") in rate base and expense for determining 2012-2013 earned return. Putnam was idled in 1998. In March 2013, APCo reclassified Putnam as Plant Held for Future Use ("PHFU"). In response to discovery, APCo also advised that it had not established a timeline for determining whether Putnam will provide utility service during the next four years.¹⁸ APCo excluded certain other PHFU from rate base, but not Putnam. On rebuttal, APCo asserted that certain Putnam assets are still in use.¹⁹ At the hearing, APCo further testified that part of the March 2013 reclassification to PHFU may have been in error.²⁰ We find that the Company has not, however, reasonably established the specific value of Putnam assets that were in use during 2012-2013, are currently in use, or that will be used in the immediate future, as part of its public service obligation.²¹ Thus, for regulatory accounting purposes and to determine earned return under the statute, Putnam should be removed from rate base and expense.²² This finding reduces rate base by \$2,873,873 and \$2,768,608 in 2012 and 2013, respectively, and reduces expense by \$452,086 and \$431,448 in 2012 and 2013, respectively.

6. *Amos Unit 3.* The Company has not shown that it is reasonable to double-count the remaining two-thirds of Amos Unit 3 ("Amos") by including it in rate base for December 2013 in determining 2012-2013 earned return. On December 31, 2013, APCo acquired from Ohio Power Company ("Ohio Power") the remaining two-thirds interest in Amos. APCo's capacity payments through the American Electric Power Company ("AEP") Pool Interconnection Agreement, however, already reflect payments for Ohio Power's two-thirds ownership of Amos for the entire month of December. We find the remaining two-thirds of Amos for December 2013 are properly reflected in actual capacity payments under the AEP Pool Interconnection Agreement. We further conclude that it is not reasonable also to reflect – again – that same two-thirds of Amos in rate base for the same month. Accordingly, we find that it is not reasonable – for regulatory accounting purposes and to determine earned return under the statute – to include the remaining two-thirds of Amos in rate base for December 2013.²³ This finding reduces rate base by \$20,063,181 in 2013.

7. *Lobbying and Political Activities and Industry Dues.* The Company has not shown that all of its proposed lobbying and political activities and industry dues expenses are reasonable for determining 2012-2013 earned return. We find, as we have in prior cases, that lobbying expenses should not be included in cost of service. We conclude that for regulatory accounting purposes and to determine earned return under the statute, it is reasonable: (a) to allocate 90% of the Virginia portion of AEP's Washington, D.C. office to lobbying activities; and (b) to remove industry dues attributable to lobbying or political activities.²⁴ This finding reduces expense by \$136,023 and \$109,234 in 2012 and 2013, respectively.

8. *Account 923.* The Company incorrectly booked a 2013 expense to Account 923 – Outside Services. For regulatory accounting purposes and to determine earned return under the statute, such expense should be excluded from cost of service.²⁵ This finding reduces expense by \$138,792 in 2013.

9. *Demand Response Interruptions.* We will not reduce the Company's capacity equalization charges, as requested by Consumer Counsel in determining 2012-2013 earned return, for failing to interrupt loads under its demand response riders in 2011 and 2012. Based on the specific record related

¹⁴ See, e.g., Ex. 57, 57-C (Ellis) at 20-22; Staff's Post-Hearing Brief at 27-30.

¹⁵ See, e.g., Ex. 63 (Morgan) at 9-11; Tr. 893-95; Staff's Post-Hearing Brief at 33-35.

¹⁶ See, e.g., Ex. 63 (Morgan) at 8-11, Appendix C.

¹⁷ This amount also reflects (1) Staff's and APCo's correction to use 365 days for the lead/lag study, and (2) CWC adjustments to reflect changes required herein to APCo's proposed earnings review. In addition, each regulatory accounting adjustment to rate base approved herein appropriately includes the resulting interest synchronization effect.

¹⁸ Ex. 59.

¹⁹ See, e.g., Ex. 91 (LaFleur rebuttal) at 7-8.

²⁰ Tr. 1396-97, 1407.

²¹ See, e.g., Ex. 53 (Smith) at 38-46; Ex. 57 (Ellis) at 30-31; Ex. 58, Ex. 59, Ex. 61; Ex. 100 (Allen rebuttal) at 14-22; Ex. 102; Tr. 781-82, 1500-05; Staff's Post-Hearing Brief at 37-38; Committee's Post-Hearing Brief at 45-46; Consumer Counsel's Post-Hearing Brief at 19-20; VML/VACO's Post-Hearing Brief at 14-15.

²² See, e.g., Ex. 53 (Smith) at 45; Ex. 57 (Ellis) at 31; Staff's Post-Hearing Brief at 37-38; Committee's Post-Hearing Brief at 46; Consumer Counsel's Post-Hearing Brief at 20; VML/VACO's Post-Hearing Brief at 16.

²³ See, e.g., Ex. 53 (Smith) at 63; Ex. 57 (Ellis) at 32-34; Tr. 744-48, 782-84; Ex. 104; Staff's Post-Hearing Brief at 7-10; Committee's Post-Hearing Brief at 45; Consumer Counsel's Post-Hearing Brief at 20-21.

²⁴ See, e.g., Ex. 57 (Ellis) at 22-24; Staff's Post-Hearing Brief at 24-25.

²⁵ See, e.g., Ex. 57 (Ellis) at 24; Staff's Post-Hearing Brief at 42.

to 2011 and 2012, we do not find that APCo's failure to interrupt demand-response customers was unreasonable.²⁶ We further note that Consumer Counsel raises relevant questions regarding the Company's failure to interrupt load under these demand-response tariffs and thus increase costs to customers, which also raises questions as to the efficacy of demand response tariffs if they are not appropriately and effectively implemented.²⁷ Based on facts of this instant case, however, for regulatory accounting purposes and to determine earned return under the statute, we find that it is reasonable not to reduce APCo's capacity charges as requested by Consumer Counsel. Consumer Counsel nonetheless identifies a valid item for continuing review and monitoring, and the result in this case obviously does not preclude the Commission from reaching a different result based on the record in future proceedings.

10. *Payroll Labor.* We find that APCo's proposed payroll labor functional allocation methodology is reasonable for determining 2012-2013 earned return.²⁸ We also conclude that using Federal Energy Regulatory Commission ("FERC") allocation factors, as suggested by Staff, is not *per se* unreasonable. If, however, a FERC allocation factor is used in the future as recommended by Staff, then additional adjustments would need to be made to account for other differences between FERC and Virginia allocation methods.

11. *Accumulated Deferred Virginia State Income Tax.* Accumulated deferred income taxes, including Accumulated Deferred Virginia State Income Tax ("ADVSIT"), are typically treated as reductions to rate base. This is because these accumulated balances are capital supplied by ratepayers, not by shareholders. Indeed, APCo does not dispute that ADVSIT is an appropriate reduction from rate base.²⁹ The Company, however, argues that ADVSIT should not be removed from rate base in the instant proceeding, because such adjustment was not made in its 2009 and 2011 rate cases. Specifically, APCo states that as part of a stipulation in its 2008 rate case, on-going deferral of ADVSIT was frozen, and the Company has not been recording an amortization of the balance.³⁰

The Commission must determine the reasonable earned return for the historical two-year period. The determination of a reasonable earned return must be based on the facts. Contrary to APCo's assertion, the statute does not require the Commission to include an unreasonable rate base component – whether it be overstated or understated – in determining the actual earned return for purposes of this biennial review. We agree that "shareholders have no claim to a return on capital that is, in fact, free to them."³¹ In other words, if ADVSIT is not deducted, the Company's earned return will be unreasonably decreased by including ratepayer-supplied capital in rate base, to the detriment of ratepayers. Indeed, as noted above, APCo acknowledges that accumulated deferred income taxes are properly deducted from rate base. We find that the Company has not shown that it is reasonable to include ADVSIT in rate base for determining its 2012-2013 earned return. Thus, for regulatory accounting purposes and to determine earned return under the statute, ADVSIT should be deducted from rate base. This finding reduces rate base by \$16,922,454 and \$17,023,461 in 2012 and 2013, respectively.

12. *Asset Retirement Obligations.* Asset Retirement Obligations ("AROs") primarily relate to the Company's legal liabilities for future clean-up of ash ponds and asbestos abatement upon asset retirement. The Company recovers ARO funds from ratepayers during the life of the asset, but any ARO cash expenditures of these funds by the Company do not occur until the asset is retired. Thus, the ARO asset – as it accumulates over time prior to an asset's retirement – benefits APCo but does not represent an investment made by shareholders. Indeed, APCo agrees that rate base should be reduced to recognize the cash benefit to the Company from ARO accounting. APCo, however, reduces rate base for a single year of cash benefit, while Staff reduces rate base for the cumulative cash benefit to APCo. The Company argues that the Commission should reject Staff's adjustment since a single year was apparently used in APCo's 2011 rate case due to an "oversight" by Staff.³² Conversely, Staff notes that its cumulative ARO adjustment was used in APCo's 2009 rate case, and that it is consistent with other rate base deductions (not opposed by APCo in this proceeding) for items presented on a cumulative basis, such as accumulated depreciation and cost of removal.³³

As explained above, the Commission must determine the reasonable earned return for the historical two-year period, and that determination is based on the facts. The statute does not require the Commission to include an unreasonable rate base component in determining the actual earned return for purposes of this biennial review. It is undisputed that the Company receives the cumulative cash benefit from the ARO asset, and APCo has not shown that it is reasonable to include only a single-year benefit in determining the earned return. In other words, the Company's earned return will be unreasonably decreased if only a single-year ARO benefit is deducted from rate base. Accordingly, for regulatory accounting purposes and to determine earned return under the statute, we find that rate base should be reduced by the cumulative ARO cash benefit to APCo.³⁴ This finding reduces rate base by \$13,783,958 and \$15,252,484 in 2012 and 2013, respectively.

12. *Prepaid Pension Asset.* The prepaid pension asset represents the amount of voluntary additional pension contributions that have been made by APCo. The prepaid pension asset was historically part of rate base, but this asset was not included in rate base in APCo's 2011 rate case. Upon review of the facts of the historical biennium, however, Staff found that it is reasonable to include this asset in rate base because it actually produces a net benefit to customers.³⁵

²⁶ See, e.g., Ex. 124 (Bosta rebuttal) at 22-24; Tr. 1752-54, 1778-94; APCo's Post-Hearing Brief at 41-44.

²⁷ See, e.g., Ex. 56 (Norwood) at 6-12; Consumer Counsel's Post-Hearing Brief at 37-43.

²⁸ See, e.g., Ex. 117 (Vaughan rebuttal) at 4-5; Tr. 1681-84; APCo's Post-Hearing Brief at 30-31.

²⁹ See, e.g., Tr. 1587.

³⁰ See, e.g., Ex. 14 (Kelly direct) at 15-16; APCo's Post-Hearing Brief at 44-45.

³¹ Staff's Post-Hearing Brief at 26 (emphasis removed).

³² See, e.g., Tr. 865; APCo's Post-Hearing Brief at 45.

³³ See, e.g., Ex. 62 (Armstrong) at 42-44; Tr. 863-67; Staff's Post-Hearing Brief at 30-32.

³⁴ See, e.g., Ex. 62 (Armstrong) at 42-44; Tr. 863-67; Staff's Post-Hearing Brief at 30-32.

³⁵ See, e.g., Ex. 57 (Ellis) at 47-48; Staff's Post-Hearing Brief at 99-100.

The Company asserts that if the Commission *reduces* rate base for ADVSIT and AROs to determine the reasonable earned return under the statute based on the facts of this case, then we should likewise *increase* rate base for the prepaid pension asset since it is undisputed that this asset is a reasonable rate base item for the biennium.³⁶ We agree. As repeated above, the statute does not require the Commission to reflect an unreasonable rate base component – whether it be overstated or understated – in determining the actual earned return for purposes of this biennial review. Accordingly, for regulatory accounting purposes and to determine earned return under the statute, we find that rate base should be increased to reflect the prepaid pension asset. This finding increases rate base by \$56,327,634 in each of the 2012 and 2013 earnings test years.

13. *Property Tax.* The Company has not shown that its proposed property tax expense is reasonable for determining 2012-2013 earned return in this case. Specifically, APCo's proposed property tax expense does not (a) reflect that portions of its net plant are exempt from property tax, and (b) accurately allocate distribution property taxes to Virginia.³⁷ The Company, however, argues that its proposed allocation must be deemed reasonable for determining earned return since it was used in APCo's 2011 rate case for ratemaking purposes. Contrary to APCo's assertion and as explained above, the statute does not require the Commission to include an unreasonable expense in determining 2012-2013 earned return.

Rather, the Commission must determine the reasonable earned return for the historical two-year period based on the facts of this case. In this instance, the facts show that APCo actually did not, and will not, pay property tax on generation equipment that was included in setting rates. We agree that this property tax adjustment is needed "to recognize that while you may have included one level of expense to set rates, the Company didn't end up paying property taxes on that generation equipment," and, thus, its actual reasonable expense was lower.³⁸ In addition, we agree that the Company's Virginia customers should only be allocated property tax on the distribution plant located in Virginia.³⁹ Accordingly, for regulatory accounting purposes and to determine earned return under the statute, APCo's property tax expense should be adjusted for (a) and (b), above, as proposed by Staff. This finding reduces property tax expense by \$3,969,527 and \$6,435,465 in 2012 and 2013, respectively.⁴⁰

14. *Coal Inventory.* Based on the specific facts of this case, the Company has shown that its actual coal inventory for 2012-2013 was reasonable for determining earned return under the statute. Consistent with the discussion on property taxes, above, we again emphasize that this is not a going-forward rate case where the Commission is projecting a reasonable amount of expenses and rate base to include in rates on a prospective basis. As also noted above, the Supreme Court of Virginia has explained that determination of earned return in a biennial review requires a "retrospective review" of APCo's "performance during the two successive 12-month periods immediately prior to such review[]." ⁴¹ This is the process the Commission has employed in reviewing all of the proposed earnings adjustments herein.

Staff and Consumer Counsel, however, argue that in setting APCo's rates in 2011, the Commission limited the amount of coal inventory in rate base to a thirty-five day supply of coal at average burn rates. This projected amount for ratemaking purposes, however, cannot predetermine the reasonableness of actual expenditures that may be incurred during the historical two-year period. In other words, an amount prospectively included in rates cannot automatically determine the reasonable expenditures that may be reflected in determining earned return. Thus, while an amount approved in rates on a prospective basis is evidence relevant to the question of reasonableness, it is not the end of the inquiry. Indeed, if it were the end of the inquiry, the Commission could not have lowered APCo's property tax expense in the prior section, even though the Company's actual expenditures were less than the amount built into rates.

Further, we agree with Consumer Counsel's explanation that "only a reasonable coal inventory amount should be included in rate base for regulatory purposes."⁴² Whether or not the coal inventory is reasonable for determining earned return must be based on the reasonableness of the Company's actions, not on the unforeseen vagaries of the market or the weather. In this regard, the Company has established that it acted reasonably in managing its coal inventory. Moreover, no party has identified even a single unreasonable action (or lack of action) on the Company's behalf in this matter. For example, no witness showed that any contract entered into by APCo, or that its administration of its contracts, was unreasonable. Indeed, Staff expressly acknowledges that it "has not asserted that the Company's management of coal inventory was imprudent . . ."⁴³ Based on the evidence in this record, we find that the Company's management of its coal inventory was reasonable and, as a result, that its actual 2012-2013 coal inventory amount is reasonable for purposes of determining earned return in this biennial review.

The Company has also shown that its actions were reasonable and necessary to provide reliable service to its customers, which also complies with our explicit directive in the 2011 rate case. Specifically, although the Commission found that APCo had not shown that the thirty-five day coal inventory built into rates would "expose the Company or its customers to risks of plant curtailments or shut downs due to a lack of coal," the Commission further directed that "we expect that the Company shall continue to meet its public service obligations in this regard."⁴⁴ In this instance, the Company showed that it met its public service obligations by reasonably managing its coal procurement based on the information available at the time decisions were made, and that

³⁶ See, e.g., APCo's Post-Hearing Brief at 47, 69 n.77.

³⁷ See, e.g., Ex. 53 (Smith) at 65-77; Ex. 56 (Norwood) at 11-12; Ex. 57 (Ellis) at 24-27; Staff's Post-Hearing Brief at 19-23; Consumer Counsel's Post-Hearing Brief at 23-25.

³⁸ Tr. 810; Staff's Post-Hearing Brief at 22.

³⁹ See, e.g., Ex. 57 (Ellis) at 26-27; Ex. 56 (Norwood) at 12-13.

⁴⁰ In addition, we find that APCo has not established on this record that its proposed corrections or adjustments (which APCo states would decrease Staff's earnings results by roughly \$6.6 million) must be made, are sufficiently related to the instant adjustment, or are otherwise appropriate based on this record. See, e.g., Ex. 117 (Vaughan rebuttal) at 6-7; Tr. 640-42, 752-53; APCo's Post-Hearing Brief at 33-34; Staff's Post-Hearing Brief at 22-23, 87-88.

⁴¹ *VEPCO v. SCC*, 284 Va. at 730, 736, 735 S.E.2d at 686, 688.

⁴² Consumer Counsel's Post-Hearing Brief at 17. See also Tr. 896.

⁴³ Staff's Post-Hearing Brief at 19. See also APCo's Post-Hearing Brief at 21.

⁴⁴ *APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 488.

the unprecedented drop in the demand for its coal-fired generation was not reasonably foreseeable and was driven by facts beyond its control.⁴⁵ While not determinative, we also note that due to coal supply and transportation disruptions in early 2014, the Company's coal inventory was needed to such a great extent – in order to meet its public service obligations and keep its coal units operating – that its coal inventory was reduced in a period of months by an amount greater than the entire inventory prospectively approved by the Commission in rates.⁴⁶

In addition, the fact that APCo can recover all of its reasonably incurred coal costs through its fuel factor is not relevant to the instant question. The practice of including coal inventory in rate base, and allowing the utility to earn a return thereon, is a long-standing regulatory practice that no party to this case contests. For purposes of this retrospective review of APCo's performance during the prior biennium, the question is whether the Company's actual amount of 2012-2013 coal inventory is reasonable for determining earned return under the statute, and we have found that it is.

Finally, we also emphasize that the approval of APCo's coal inventory in this case does not amount to a "blank check" for a utility to maintain any amount of coal inventory, no matter how excessive. The issue of reasonableness will always be present. In its next biennial review the Company will need to establish that it did not inventory unreasonable amounts of coal in 2014-2015. For example, APCo will need to show that its actions to manage such inventory were reasonable based on the specific factual circumstances relevant to the next biennium. In short, although we find based upon the factual record in this case that APCo's actual 2012-2013 coal inventory is reasonable for determining earned return under the statute, the facts in a future proceeding may be different.

13. *Vegetation Management Pilot.* On February 21, 2013, the Commission approved a Vegetation Management Pilot Program ("Pilot") for APCo. The Commission authorized, at APCo's request, a Pilot for purposes of additional vegetation management that included deferral of Pilot O&M expenses, and the Commission further directed that "recovery of deferred Pilot O&M expenses will be dependent upon earnings test results."⁴⁷ The deferral of costs is a unique and unusual action afforded to regulated companies, in this instance, at the discretion and direction of the regulating agency.⁴⁸ In such instance the utility defers an expense, which creates the regulatory asset, and carries that deferred expense (or portions thereof) on its books until the Commission concludes that the utility has earned sufficient revenues to accelerate recovery of such expense.

The Company sought the Commission's approval to institute the Pilot program and to defer the Pilot O&M costs, and the Commission granted such approval. Based on the record produced in such proceeding, the Commission explicitly authorized deferral "until further order of the Commission" and directed that "recovery of deferred Pilot O&M expenses will be dependent upon the results of an earnings test."⁴⁹ The Commission's order did not give APCo the discretion on whether or not to comply with these requirements.⁵⁰ Indeed, this is further demonstrated by the directive in the Pilot order for interested parties to address – in this instant biennial review – specific questions on how to recognize these deferred Pilot O&M costs.

In approving deferral and issuing directives as to its recovery for purposes of the Pilot program, there is no mention in the Pilot order that such deferral was at the "option" of APCo. Rather, APCo sought approval to institute the Pilot and defer these expenses, the Commission's order granted such approval (and directed how recovery would be addressed), and the Company shall comply therewith.⁵¹ One of the very purposes of the Pilot, as requested by APCo and approved by the Commission, was to track and defer the Pilot costs. Accordingly, for regulatory accounting purposes and to determine 2012-2013 earned return, 2013 Pilot O&M expenses should be deferred pursuant to the Commission's Pilot order. This finding reduces expenses by \$6,914,157 in 2013.

14. *Cost of Capital.* Finally, to calculate 2012-2013 earned return, we must also determine the Company's cost of capital for this period. In this regard, § 56-585.1 A 10 states in part as follows:

For purposes of this section, the Commission shall regulate the rates, terms and conditions of any utility subject to this section on a stand-alone basis utilizing the *actual end-of-test period capital structure and cost of capital of such utility*, unless the Commission finds that the debt to equity ratio of such capital structure is unreasonable for such utility, in which case the Commission may utilize a debt to equity ratio that it finds to be reasonable for such utility in determining any rate adjustment pursuant to clauses (i) and (iii) of subdivision 8, and without regard to the cost of capital, capital structure, revenues, expenses or investments of any other entity with which such utility may be affiliated. (Emphasis added.)

We find that the Company's actual end-of-test period capital structure – which is calculated by using APCo's *actual* end-of-test period balances of debt and equity – should be used in determining 2012-2013 earned return. This finding complies with the plain language of the above statute, follows

⁴⁵ See, e.g., Ex. 78 (West rebuttal).

⁴⁶ See, e.g., APCo's Post-Hearing Brief at 19-20.

⁴⁷ *Application of Appalachian Power Company, For approval of a cycle-based vegetation management pilot program*, Case No. PUE-2012-00069, 2013 S.C.C. Ann. Rept. 275, 277, Order on Application (Feb. 21, 2013) ("Pilot Order").

⁴⁸ See, e.g., Tr. 1134-35; Consumer Counsel's Post-Hearing Brief at 51-53; Staff's Post-Hearing Brief at 51-53. See also Tr. 1482.

⁴⁹ Pilot Order, 2013 S.C.C. Ann. Rept. at 277.

⁵⁰ Contrary to the Company's assertion, the Commission's implementation of its Pilot order (granting APCo's request) does not violate Generally Accepted Accounting Principles ("GAAP"). GAAP accounting does not dictate treatment of costs for regulatory accounting purposes. See, e.g., Tr. 749-50; Staff's Post-Hearing Brief at 40-41.

⁵¹ The Commission's interpretation of its own orders is entitled to deference. See, e.g., *Upper Occoquan Sewage Auth. v. Blake Constr. Co.*, 275 Va. 41, 61, 655 S.E.2d 10, 21 (2008) ("a circuit court's **interpretation** of its **own orders** is subject to review, but . . . **deference** is owed to the court's interpretation" (citation omitted)); *Fredericksburg Constr. Co. v. J.W. Wyne Excavating, Inc.*, 260 Va. 137, 144, 530 S.E.2d 148,152 (2000) ("Furthermore, when construing a lower court's order, a reviewing court should give deference to the interpretation adopted by the lower court." (citation omitted)).

Commission precedent in implementing this statute for both APCo and Dominion Virginia Power, and results in a reasonable cost of capital.⁵² Accordingly, we reject the Company's request to remove – from its actual capital structure – actual securitized debt that is included on its books for 2013; taking such action would result in something other than APCo's *actual* end-of-test period capital structure and would be contrary to the plain language of the statute.⁵³

The Company, however, argues that the securitized debt belongs to a wholly-owned subsidiary and is not a liability of APCo or its Virginia customers. This assertion does not dictate a different result. APCo's actual capital structure, in both this and prior proceedings, contains debt and equity from entities that are wholly owned by the Company.⁵⁴ Indeed, the capital structure proposed by APCo in this case still includes undistributed earnings from those same APCo subsidiaries.⁵⁵ Furthermore, APCo also includes this securitized debt, from its wholly-owned subsidiary, as part of its ratemaking capital structure submitted to FERC. Although APCo asserts that FERC has not explicitly ruled on the question of securitized debt, the Company does not claim that this issue is pending at FERC. Nor does APCo contest the fact that it has identified this securitized debt at FERC as "long term debt" of APCo, that this securitized debt of its wholly-owned subsidiary is included in its ratemaking capital structure at FERC, or that FERC's transmission cost determinations ultimately flow through to Virginia customers.⁵⁶

While not determinative of the legal issue, we also note that the record includes evidence on the impact of the securitized debt. For example, the securitized debt was the culmination of many years of under-recoveries in West Virginia jurisdictional costs, which resulted in a negative impact to the credit metrics of all of APCo.⁵⁷ A Moody's Investor Service report states that West Virginia's efforts to find a solution to this matter was "a credit positive," but that the securitization is also "a credit negative" to the Company since it will limit rate flexibility for other types of cost increases in the future.⁵⁸ We need not, however, rule on the benefits or detriments of this type of arrangement for Virginia ratepayers. Rather, for purposes of this proceeding, we use APCo's actual booked capital structure as required by the plain meaning of the statute, which includes the debt and equity from its wholly-owned subsidiaries and, also, results in a reasonable cost of capital.

Next, we find that the effective cost rate of long-term debt should be used as recommended by Staff. This complies with the statute, follows Commission precedent thereunder, and results in a reasonable cost of capital.⁵⁹

In sum, for regulatory accounting purposes and to determine earned return under the statute, the Company's 2012-2013 cost of capital should reflect: (a) APCo's actual end-of-test period capital structure as booked by the utility, which includes the debt and equity balances of wholly-owned subsidiaries; and (b) the effective cost rate of long-term debt. This finding increases the Company's combined 2012-2013 earned return by reducing net income by approximately \$5,948,622.

TEST PERIOD EARNINGS

Based on our findings in this case, APCo earned, on average, an ROE of approximately 11.86% during the 2012-2013 biennial review period. As noted above, the fair rate of return for purposes of this proceeding is 10.9%, which results in overearnings of \$24,366,969 over the two-year period on a revenue basis. Pursuant to § 56-585.1 A 8 (ii) of the Code, 60% of earnings above an ROE of 11.4% must be credited to customers' bills. In this instance, 60% of earnings above 11.4% equates to \$5,825,380 on a revenue basis, which shall be credited to customers' bills as required by statute.

CREDITS TO CUSTOMERS' BILLS

Section 56-585.1 A 8 of the Code directs in part as follows:

(ii) ... Any such credits shall be amortized over a period of six to 12 months, as determined at the discretion of the Commission, following the effective date of the Commission's order, and shall be allocated among customer

⁵² See, e.g., *APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 478; *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*, Case No. PUE-2013-00009, 2013 S.C.C. Ann. Rept. 357, 358, Final Order (Dec. 17, 2013) ("*Dresden Generating Plant*"); *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, 310, Final Order (July 15, 2010) ("*APCo 2009 Rate Case*"); Ex. 64 (Maddox) at 7-14; Tr. 931-32; Tr. 1362; APCo's Post-Hearing Brief at 27; Staff's Post-Hearing Brief at 42-49.

⁵³ Indeed, the only time that the Commission has not utilized an actual capital structure under this section is when we found that the actual equity ratio was unreasonable. *VEPCO 2013 Biennial Review*, 2013 S.C.C. Ann. Rept. at 379. In that instance, we found that an equity ratio of 55.02% was neither reasonable nor prudent. In this instance, we find that APCo's actual capital structure, which reflects an equity ratio of 42.89% for 2013 and 44.28% for 2012, is reasonable. See, e.g., Ex. 64 (Maddox) at 9-10, 37-38, Sched. 3-B, Sched. 3-C, workpapers; Ex. 43 (Woolridge) at JRW-15; Ex. 22 (Avera direct) at Sched. 3.

⁵⁴ For example, most recently in a rate adjustment clause proceeding conducted last year, APCo specifically requested, and was granted, Commission approval of an actual capital structure pursuant to § 56-585.1 A 10 that contains debt and equity from entities that are wholly owned by the Company. See *Dresden Generating Plant*, 2013 S.C.C. Ann. Rept. at 358.

⁵⁵ See, e.g., Tr. 1360-62; Staff's Post-Hearing Brief at 45.

⁵⁶ See, e.g., Ex. 65; Ex. 66; Tr. 937-41; Staff's Post-Hearing Brief at 46-47.

⁵⁷ See, e.g., Ex. 64 (Maddox) at 10-11; Tr. 934.

⁵⁸ See, e.g., Ex. 64 (Maddox) at 13-14, Appendix E.

⁵⁹ See, e.g., Ex. 64 (Maddox) at 14-15, 17-18; Ex. 88 (Hawkins rebuttal) at 11; Tr. 1357-58; Staff's Post-Hearing Brief at 49.

classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates;

[A]ny revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order.

We find that such credits to customers' bills, which must total not less than \$5,825,380, shall: (1) be amortized over a period of six (6) months; (2) be based on each customer's usage during calendar years 2012 and 2013; and (3) begin to take effect within sixty (60) days after the date of this Final Order.

These rate credits "shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates."⁶⁰ In this regard, the rate credits shall be allocated among customer classes based on the percentages approved in APCo's 2011 Biennial Review.⁶¹

SECTION 56-585.1 A 3 OF THE CODE

Since the Commission has determined that there shall be credits to customers' bills as a result of this biennial review, the statute requires the Commission to take specific action regarding previously-approved rate adjustment clauses ("RACs"). Specifically, § 56-585.1 A 7 states that "[a]ny petition [for a RAC] filed pursuant to subdivision 4, 5, or 6 shall be considered by the Commission on a stand-alone basis without regard to the other costs, revenues, investments, or earnings of the utility." After a RAC is approved and implemented, however, § 56-585.1 A 3 directs in part as follows:

If the Commission determines that rates should be revised or credits be applied to customers' bills pursuant to subdivision 8 or 9, any rate adjustment clauses previously implemented pursuant to subdivision 5 or those related to facilities utilizing simple-cycle combustion turbines described in subdivision 6, shall be combined with the utility's costs, revenues and investments until the amounts that are the subject of such rate adjustment clauses are fully recovered. The Commission shall combine such clauses with the utility's costs, revenues and investments only after it makes its initial determination with regard to necessary rate revisions or credits to customers' bills, and the amounts thereof, but 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.

APCo has two previously implemented RACs that fall within the above statute.⁶² These two RACs provide for the recovery of certain renewable power costs ("RPS-RAC") and certain environmental compliance costs ("E-RAC").

Thus, the above statute: (1) requires the Commission to "combine" these RACs with the utility's costs, revenues, and investments "until the amounts that are the subject of such [RACs] are fully recovered;" and (2) directs that after these RACs are combined, they "shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial reviews."

In this proceeding, Staff has identified concerns associated with combining, for any extended period, into base rates either the E-RAC, for which the Company has ceased deferred accounting because base rates alone are adequate for recovery of the subject costs, or the RPS-RAC.⁶³ For this reason, Staff proposes that the Commission limit any combination of the \$37.6 million and \$7.3 million levels of costs currently recovered through these two RACs to the duration when those costs are expected to be "fully recovered."

Based on the specific facts and circumstances of the E-RAC, combination of this RAC should be implemented at the currently approved cost level for the period December 1, 2014, until February 11, 2015, as recommended by Staff. The record indicates that including in base rates the level of costs currently recovered through the E-RAC would, if extended beyond February 11, 2015, require customers to continue paying costs that APCo would have already fully recovered.⁶⁴ Although APCo proposes addressing any over- or under-recovery of environmental costs in a subsequent RAC filing,⁶⁵ our approval to extend the combined recovery identified herein through February 11, 2015, is intended to provide the Company with recovery of all E-RAC costs identified in the record.⁶⁶ Furthermore, APCo acknowledges that the Company has "since 2013 . . . been generally recovering its environmental costs

⁶⁰ Va. Code § 56-585.1 A 8 (ii).

⁶¹ See, e.g., Va. Code § 56-585.1 A 8 (ii); Ex. 68 (Abbott) at 42-43; *APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 489, n.101; Staff's Post-Hearing Brief at 50-51.

⁶² See, e.g., Ex. 70 (Carr) at 56; APCo's Post-Hearing Brief at 92-95; Staff's Post-Hearing Brief at 56.

⁶³ See, e.g., Ex. 70 (Carr) at 56-62; Tr. 1092-1093; Staff's Post-Hearing Brief at 57-58.

⁶⁴ Ex. 70 (Carr) at 57-58.

⁶⁵ See, e.g., Ex. 124 (Bosta rebuttal) at 29; APCo's Post Hearing Brief at 93.

⁶⁶ Ex. 100 (Allen rebuttal) at 29-30; Tr. 1092-93. The intervening requirements of § 56-585.1 A 3 supersede the prior directive for the Company to file, on or before May 1, 2015, an E-RAC petition. See *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-2013-00010, 2013 S.C.C. Ann. Rept. 361, Order Nunc Pro Tunc (Dec. 9, 2013). However, should APCo, in the future, seek the recovery of environmental costs through a RAC, the Company shall provide, as part of any such filing, sufficient information for the Commission to fully evaluate and determine whether any such request "should be offset by any over-recoveries the Company has experienced but not yet credited to customers." Ex. 70 (Carr) at 59.

through current base rates" and that the Company "ceased recording E-RAC over/under-recovery deferrals and tracking its environmental compliance costs effective January 2014."⁶⁷

Based on the statute and the unique circumstances of the RPS-RAC, combination of this RAC shall be implemented at the currently approved cost level for the period December 1, 2014, until January 31, 2015, as recommended by Staff.⁶⁸ The record indicates that including in base rates the level of costs currently recovered through the RPS-RAC would, if extended beyond January 31, 2015, require customers to continue paying costs that APCo would have already fully recovered.⁶⁹ Additionally, the framework for potentially considering RPS-RAC costs, revenues, and investments in future biennial reviews is not addressed by the statute as it is for the E-RAC. APCo's RPS-RAC was established pursuant to § 56-585.1 A 5 for the purpose of recovering purchased power costs, which the statute generally considers as fuel costs reviewed and recoverable under § 56-249.6.⁷⁰

Accordingly, given the facts and circumstances in this case, we adopt the above recommendations for combining the E-RAC and RPS-RAC, which we find complies with the statute and protects customers from paying rates in excess of costs, while at the same time allowing the Company to fully recover its costs.

FAIR RATE OF RETURN ON COMMON EQUITY

The final action that the statute requires the Commission to take in this biennial review proceeding involves ROE. Specifically, § 56-585.1 A 2 requires the Commission to determine a fair ROE in each biennial review. We follow a similar process in determining a fair ROE herein as we have in prior biennial reviews. 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"⁷¹ Staff calculated APCo's cost of equity to be between 8.80% and 9.80%.⁷² The Committee examined the testimony presented by APCo witness Dr. Avera, Staff witness Maddox, and Consumer Counsel witness Woolridge and recommended that the Company's return on equity should be set no higher than 9.3%.⁷³ Based, in part, on Consumer Counsel witness Woolridge's finding that APCo's cost of equity is 8.75%, Consumer Counsel asserts that APCo's market cost of equity does not exceed 9.3%.⁷⁴ VML/VACo contends that the credible evidence on ROE comes from Staff witness Maddox and Consumer Counsel witness Woolridge, which "respectively support a ROE of 9.3% and 8.75%."⁷⁵ Wal-Mart witness Chriss recommended that the Commission "should closely examine APCo's proposed forward-looking ROE in light of the ROE recently approved for Dominion Virginia Power, ROEs approved by Commissions nationwide, and the potential impact of ROE on customer rates."⁷⁶ APCo, based on the testimony of Dr. Avera, and on a comparison of risks between APCo and Dominion Virginia Power, recommended that its cost of equity be set at 10.52%.⁷⁷

We find that a market cost of equity within a range of 8.80% to 9.80% fairly represents the actual cost of equity in capital markets for companies comparable in risk to APCo seeking to attract equity capital. Furthermore, under the circumstances of this case and for purposes of implementing the statute, we find that using a cost of equity of 9.70% – which is near the top of the range – is fair and reasonable for these purposes. We conclude that this return is supported by evidence in the record and results in a fair and reasonable return on common equity.⁷⁸ Conversely, we find that APCo's proposed cost of equity

⁶⁷ APCo's Post-Hearing Brief at 93. See also Ex. 100 (Allen rebuttal) at 28-29.

⁶⁸ See, e.g., Ex. 70 (Carr) at 58-60; Staff's Post-Hearing Brief at 58-59.

⁶⁹ See, e.g., Ex. 70 (Carr) at 60.

⁷⁰ For the wind purchase power costs currently recovered through the RPS-RAC, the Commission has previously identified the "costs from these agreements – whether incremental or non-incremental – . . . as 'fuel costs' consistent with APCo's Definitional Framework for Fuel Expenses." *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. Ann. Rept. 471, 473, Order Approving Rate Adjustment Clause (Nov. 3, 2011).

⁷¹ Va. Code § 56-585.1 A 2 a.

⁷² Ex. 64 (Maddox) at Sched. 18; Staff's Post-Hearing Brief at 62.

⁷³ Committee's Post-Hearing Brief at 33.

⁷⁴ Ex. 43 (Woolridge) at 2; Consumer Counsel's Post-Hearing Brief at 4.

⁷⁵ VML/VACo's Post-Hearing Brief at 3.

⁷⁶ Ex. 44 (Chriss) at 13-14. On brief, Wal-Mart recommended that the cost of equity be set at no more than 10.0%. Wal-Mart's Post-Hearing Brief at 5.

⁷⁷ Ex. 22 (Avera direct); Ex. 73 (Avera rebuttal); Ex. 47; APCo Post-Hearing Brief at 61-64.

⁷⁸ See, e.g., Staff's Post-Hearing Brief at 62; Wal-Mart's Post-Hearing Brief at 5; Committee's Post-Hearing Brief at 33; Consumer Counsel's Post-Hearing Brief at 4; APCo's Post-Hearing Brief at 61-64; Ex. 22 (Avera direct); Ex. 43 (Woolridge); Ex. 64 (Maddox); Ex. 73 (Avera rebuttal). We also included in our analysis a broad range of economic factors addressed in the evidence.

of 10.52% represents neither the actual cost of equity in the marketplace for comparable electric utility companies nor a reasonable return on common equity for the Company.

We conclude that a market cost of equity of 9.70% is supported by reasonable proxy groups, growth rates, discounted cash flow methods, and risk premium analyses. We also find that approving an ROE of 9.70%, which is at the high end of the range found reasonable herein, is supported by the concept of gradualism in ROE determinations, and by the Company's current debt-to-equity ratio as represented in its actual end-of-test period capital structure discussed above. In addition, we find that Dr. Avera's DCF, CAPM and ECAPM analyses use unreasonably high growth rates that upwardly skew his results.⁷⁹ We also find that Dr. Avera's analyses were further inflated by his asymmetric exclusion of approximately one-third of his DCF results, and that his "size adjustments" were unsupported by the evidence.⁸⁰ In addition, we agree with Consumer Counsel that APCo's comparisons to Dominion Virginia Power fail to consider the continued reduction in capital costs and interest rates that have occurred since the 2013 biennial review.⁸¹ In sum, we conclude that a market cost of equity of 9.70% is supported by the record and satisfies all applicable constitutional standards.⁸²

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.

No party contested the composition of the peer group as required by statute, which in this case comprises nine utilities after removing the companies with the two highest, and the two lowest, reported returns as required by § 56-585.1 A 2 b.⁸³

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 mid-point of the ROE range found fair and reasonable herein.⁸⁴ This results in a statutory floor of 9.34%, which is close to the 9.3% mid-point of the ROE range determined above.⁸⁵

As we discussed in prior biennial reviews, 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.⁸⁶ If the General Assembly wanted the Commission to

⁷⁹ See, e.g., Ex. 64 (Maddox) at 49-53; Ex. 43 (Woolridge) at 55-56, 59-63; Tr. 449-50, 941-44; Staff's Post-Hearing Brief at 63-68.

⁸⁰ See, e.g., Ex. 43 (Woolridge) at 54-55; Ex. 64 (Maddox) at 50; Tr. 947-48; Ex. 26; Staff's Post-Hearing Brief at 68-71.

⁸¹ See, e.g., Tr. 1164-71; Ex. 77; Consumer Counsel's Post-Hearing Brief at 9-10.

⁸² See, e.g., Ex. 64 (Maddox) at 20. We also note that the 50 basis-point RPS "adder" that was automatically added to the market ROE set in APCo's most recent biennial review has been repealed by the General Assembly and, thus, will not be added to the market ROE determined herein.

⁸³ See, e.g., Ex. 2 at Sched. 45; APCo's Post-Hearing Brief at 62 n.62; Staff's Post-Hearing Brief at 73; Ex. 64 (Maddox) at 41-43; Scheds. 20 and 21.

⁸⁴ We find, based on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

⁸⁵ Specifically, the statutory floor is comprised of the following six companies: Duke Energy Progress Inc.; South Carolina Electric and Gas Company; Entergy Mississippi, Inc.; Duke Energy Carolinas LLC; Gulf Power Company; and Tampa Electric Company. (For a list of utilities, see, e.g., Ex. 64 (Maddox) at Sched. 21.)

⁸⁶ 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*

apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not.⁸⁷ We continue to find – as we have in prior biennial reviews – that it is reasonable in this proceeding to select a majority that has a reported return that is close to a 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.⁸⁸ 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. No participant, including the Company, has requested a performance adjustment under this statute. We likewise 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.

Fair ROE

In sum, we conclude that the fair ROE for APCo under § 56-585.1 A 2 is 9.70%. We find that this ROE is fair and reasonable to the Company within the meaning of the statute and based on the Company's current debt-to-equity ratio as represented in its actual end-of-test period capital structure, 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.⁸⁹ This ROE will, among other things, serve as the fair combined rate of return against which APCo's earned return will be compared in its next biennial review proceeding, which will cover the 2014-2015 two-year period.⁹⁰

TARIFFS, RATE DESIGN, AND REVENUE APPORTIONMENT

The Company and various parties to this case have proposed changes related to tariffs, rate design, and revenue apportionment pursuant to the Commission's regulatory authority under Chapter 10 of Title 56 of the Code of Virginia. Even though such proposals would result in changing rates for certain customers, none of the parties assert that the Commission is prohibited from making such changes as part of this biennial review proceeding, as long as the Commission does not change the Company's aggregate revenue requirement.

Although § 56-585.1 does not require the Commission to address these matters within a biennial review proceeding, we have considered the parties' proposals and find that the tariff, rate design, and revenue apportionment findings below are reasonable and supported by evidence in the record. In addition, many of the rejected proposals below would have *raised* rates to certain customers in the circumstance where, although APCo is found to be earning more than cost of service and a reasonable return, those customers' rates cannot be reduced accordingly at this time.

1. *Customer Charges.* We reject APCo's proposed increases to the customer charges for Residential Service ("RS"), Small General Service ("SGS"), and Sanctuary Worship Service ("SWS"). We agree with Consumer Counsel and Staff that APCo has not established that it is reasonable to increase such costs to these customers at this time and in the manner proposed by the Company.

2. *General Service and Medium General Service Rate Schedules.* We reject the Company's proposal to merge the General Service ("GS") and Medium General Service ("MGS") rate schedules into a new MGS schedule. Under this proposal, approximately 90% of current GS customers would receive a rate increase, and approximately 78% of current MGS customers would receive a rate increase.⁹¹ We agree with Staff that the Company has not established that it is reasonable to increase such costs to these customers at this time and in the manner proposed by the Company.

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)).

⁸⁷ 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.").

⁸⁸ Indeed, the statutory floor selected in this case is not necessarily the lowest (*i.e.*, 8.04%), or the highest (*i.e.*, 9.88%), that could be selected consistent with the statute. See Ex. 64 (Maddox) at Sched. 21.

⁸⁹ 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 Lough presented comparisons of APCo's relevant performance to statutory peer group utilities, among others. See, *e.g.*, Ex. 83 (Lough).

⁹⁰ The fair ROE approved herein shall also apply to the Company's applicable RACs under Va. Code §§ 56-585.1 A 5 and 6, effective November 30, 2014.

⁹¹ See, *e.g.*, Ex. 68 (Abbott) at 34; Staff's Post-Hearing Brief at 117.

3. *Advanced Time-of-Day and Critical Peak Pricing Rate Schedules.* We reject APCo's proposal to eliminate its Advanced Time-of-Day ("ATOD") tariff and to replace it with a new Critical Peak Pricing tariff. Currently, only one customer – SDI – is on ATOD, and we do not find that it is reasonable to change this tariff at this time. In addition, based on the record in this case, we agree with Staff that the Company did not establish that SDI is receiving a subsidy from other Large Power Service customers, and that inclusion of SDI did not cause APCo to under-earn on this subclass. We also agree with Staff that it may have been appropriate to replace ATOD with a pricing structure that no longer reflects the AEP Pool Interconnection Agreement, as long as "the affected customer does not experience a rate increase based on calendar year 2013 usage patterns, if the customer avoids the highest-priced" hours.⁹² The Company, however, did not include and support such a proposal in this proceeding.

4. *Large General Service.* Kroger and Wal-Mart propose changes to the Large General Service ("LGS") rate schedule, which would shift certain costs currently recovered through the energy charge to the customer charge and the demand charge. The Company, however, asserts that such proposals "fail to strike a balance between higher and lower load factor LGS customers, and would only benefit higher load factor LGS customers."⁹³ We agree with APCo and Staff that it has not been established herein that it is reasonable to increase the customer and demand charges to lower load factor LGS customers at this time and in the manner proposed by either Kroger or Wal-Mart.

5. *General Service Time-of-Day and Large General Service Time-of-Day Rate Schedules.* Based on the specific facts set forth in this proceeding, we approve the Company's proposal to revise the existing General Service Time-of-Day rate schedule and create a new Large General Service Time-of-Day rate schedule.

6. *Cogeneration and Small Power Production Rate Schedule.* Based on the specific facts set forth in this proceeding, we approve the Company's proposal to modify its Cogeneration and Small Power Production ("Cogen/SPP") rate schedule to be applicable to customers with qualifying cogeneration or small power production facilities that have a net capacity of 5 MW or less (up from 100 kW or less). In addition, we note that "[b]ecause there are currently no customers served by the existing Cogen/SPP rate schedule, the proposed modified Cogen/SPP rate schedule will not have any effect on the Company's revenues in the near term."⁹⁴

7. *Vegetation Management Pilot.* We reject APCo's request to extend its Vegetation Management Pilot. We agree with Consumer Counsel that this Pilot should conclude in 2015 as currently approved by Commission order.⁹⁵ Consumer Counsel also raises a relevant concern as to whether the Pilot is negatively impacting non-Pilot vegetation management. The Commission's Pilot order addressed this matter and expressly directed that the Pilot "shall not in any way negatively impact non-Pilot vegetation management spending on the Company's Virginia distribution system during the Pilot program."⁹⁶ In this regard, APCo's annual reports on the Pilot should address how this program has impacted vegetation management of non-Pilot circuits.

8. *Demand-Side Management Programs.* The Company proposed a three-year Residential Low Income Program, which will provide weatherization and energy efficiency services to customers with annual household income at or below 60% of the state median income level and who live in electrically-heated, single-family homes. The Company also proposed an ongoing Residential Direct Load Control Program, which is designed to reduce residential peak demand by the use of direct load controllers attached to the air conditioning systems and heat pumps of participating residential customers. As recommended by Staff, we find that both programs should be approved and that the Residential Direct Load Control Program should be limited to three years (like the Residential Low Income Program).⁹⁷

9. *Standby Charge.* We approve the Company's proposed Standby Charge as modified below. Having considered the evidence and arguments, we conclude that the Standby Charge approved herein is reasonable based on the specific components contained therein, is consistent with the previous Standby Charge approved by the Commission,⁹⁸ and complies with the statute. In this regard, § 56-594 F states as follows:

F. Any residential eligible customer-generator or eligible agricultural customer-generator who owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility with a capacity that exceeds 10 kilowatts shall pay to its supplier, in addition to any other charges authorized by law, a monthly standby charge. The amount of the standby charge and the terms and conditions under which it is assessed shall be in accordance with a methodology developed by the supplier and approved by the Commission. The Commission shall approve a supplier's proposed standby charge methodology if it finds that the standby charges collected from all such eligible customer-generators and eligible agricultural customer-generators allow the supplier to recover only the portion of the supplier's infrastructure costs that are properly associated with serving such eligible customer-generators or eligible agricultural customer-generators. Such an eligible customer-generator or eligible agricultural customer-generator shall not be liable for a standby charge until the date specified in an order of the Commission approving its supplier's methodology.

⁹² Staff's Post-Hearing Brief at 115. See also Ex. 68 (Abbott) at 28-31.

⁹³ APCo's Post-Hearing Brief at 107. See also Ex. 117 (Vaughan rebuttal) at 26.

⁹⁴ Staff's Post-Hearing Brief at 117-18. See also Ex. 68 (Abbott) at 35-36.

⁹⁵ See, e.g., Tr. 80, 1578-81; Consumer Counsel's Post-Hearing Brief at 45-50.

⁹⁶ Pilot Order, 2013 S.C.C. Ann. Rept. at 277.

⁹⁷ See, e.g., Ex. 84 (Carsley) at 10; Staff's Post-Hearing Brief at 132-33.

⁹⁸ *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, Final Order (Nov. 23, 2011).

We find that APCo's proposed Standby Charge, as modified herein, "collected from all such eligible customer-generators and eligible agricultural customer-generators allow the supplier to recover only the portion of the supplier's infrastructure costs that are properly associated with serving such eligible customer-generators or eligible agricultural customer-generators" as set forth in the above statute.⁹⁹ The distribution component of the Standby Charge is based on APCo's class cost of service study. The transmission component is based on APCo's approved transmission costs and is discounted by 3.5% to recognize that "net metering customers might not necessarily contribute to all of APCo's transmission peaks."¹⁰⁰ We conclude, however, that such discount should be increased to 8%, which is within the increased discount range proposed in Staff's testimony and is consistent with the discount approved for Dominion Virginia Power's Standby Charge.¹⁰¹

We also conclude that it is reasonable, based on the record in this proceeding, not to incorporate a generation component or to reflect alleged benefits accruing to APCo. The record supports a finding that, at this time, no such generation or benefit component is needed in order for the Standby Charge to be reasonable or for it to satisfy the above statute. This finding is also consistent with our prior approval of Dominion Virginia Power's Standby Charge.¹⁰²

In sum, we find that APCo's proposed Standby Charge, as modified and approved herein, is reasonable, complies with the statute, and will become effective the date of this order.

10. *Economic Development Rider.* We approve the Company's proposed Economic Development Rider, which was not opposed in this proceeding.

11. *Reconnection Policy.* We approve the Company's proposed reconnection fees, which were not opposed by any participant in the case.¹⁰³ We reject, however, APCo's proposal to change its tariff so that reconnections are not made after dark. We are not unmindful of the potential safety concerns raised by the Company, concerns that are not limited to APCo but may apply to other utilities as well. The Company, however, did not cite any other Virginia utility that has explicitly sought or received such an exception as part of its filed tariff. This does not mean that APCo, or any utility, must endanger the safety of its employees in order to perform a reconnection. To the contrary, it means that a restrictive tariff change is not required in this regard for utilities to protect employee safety. If APCo or any utility reasonably believes that a specific after-dark reconnection will endanger the safety of its employees, it should document the situation and perform the reconnection upon sunrise or when conditions reasonably permit.

12. *Residential Underground Installation.* We approve the Company's proposed residential underground installation fees, which were not opposed by any participant in the case.¹⁰⁴

13. *Customer Investigative Charge.* We do not find that the proposed Customer Investigative Charge – in both amount and description – is sufficiently supported or required by the facts in this case, and it is therefore rejected.

14. *Commercial and Industrial Customer Deposits.* We do not find that the proposed changes to Commercial and Industrial Customer Deposits are sufficiently supported or required by the facts in this case, and they are therefore rejected.

15. *Miscellaneous Terms and Conditions.* We approve the Company's proposal to change the time on which full payment is due from "prior to receipt of the next bill" to "on or before the scheduled due date" for residential, commercial, and industrial customers, which was not opposed in this case.

16. *Metering and Billing Terms and Conditions.* We approve the Company's proposal to change tariff language addressing metering equipment, as clarified by the definition of "telemetering equipment" recommended by Staff, which was not opposed in this case.¹⁰⁵

17. *Use of Energy by Customer Terms and Conditions.* We do not find that the proposed changes to this section of the Company's terms and conditions are sufficiently supported or required by the facts in this case, and they are therefore rejected.¹⁰⁶

⁹⁹ Although we find that the proposed Standby Charge meets this standard, we note that the statute does not state that this is the *only* standard upon which a Standby Charge may be found reasonable by the Commission. *Compare, e.g.,* § 56-585.1 A 5 c ("The Commission shall *only* approve such a petition if The Commission shall *only* allow such recovery to the extent that") (emphasis added).

¹⁰⁰ APCo's Post-Hearing Brief at 116. *See also* Ex. 37 (Sebastian direct) at 5.

¹⁰¹ *See, e.g.,* Ex. 85 (Grant) at 7-9; Tr. 1298; Staff's Post-Hearing Brief at 123-24; *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, Final Order (Nov. 23, 2011).

¹⁰² *See, e.g.,* Ex. 85 (Grant) at 4; Ex. 112 (Sebastian rebuttal) at 2; APCo's Post-Hearing Brief at 116-118. In addition, similar to the requirement placed on Dominion Virginia Power when we approved its Standby Charge, the Company shall undertake the studies discussed by Staff and APCo related to the load characteristics of net metering customers and the generation-related impacts of customer-generators. *See, e.g.,* Ex. 85 (Grant) at 11; Ex. 112 (Sebastian rebuttal) at 3-4; APCo's Post-Hearing Brief at 116-17; Staff's Post-Hearing Brief at 122. The results of such studies shall be filed with the Commission as part of APCo's next biennial review application.

¹⁰³ *See, e.g.,* Ex. 85 (Grant) at 12-13; APCo's Post-Hearing Brief at 111.

¹⁰⁴ *See, e.g.,* Ex. 85 (Grant) at 12.

¹⁰⁵ As recommended by Staff, our approval herein shall have no ratemaking implications. Ex. 81 (Joshiपुरa) at 7.

¹⁰⁶ *See, e.g.,* Ex. 81 (Joshiपुरa) at 8-9; Ex. 110 (Simmons rebuttal) at 2-3.

18. *Revenue Apportionment Among Rate Classes.* We agree with Consumer Counsel and Staff that revenue should not be reapportioned among rate classes, as requested by the Committee and SDI, as part of this proceeding. We do not find that such reapportionment is sufficiently supported or required by the facts in this case, and it is therefore rejected. Such reapportionment will necessarily increase rates to the RS, SWS, and MGS classes at a time when APCo's own cost of service study already shows that its rates are producing revenues in excess of its costs plus a fair rate of return.¹⁰⁷ As further stated by Consumer Counsel: "When rates are designed in a fashion that they are producing such excess revenues, it is possible that a class could be paying its full cost of service but that class would still be shown to be below parity because another class was paying even more than its allocated revenue requirement."¹⁰⁸

ACCOUNTING ADJUSTMENTS

The Company and various participants in this case have proposed additional accounting adjustments pursuant to the Commission's regulatory authority under Chapter 10 of Title 56 of the Code of Virginia. The proponent of each adjustment, in general, asserts that its proposal is not prohibited by the statute and may be made as part of this biennial review proceeding.

Although § 56-585.1 does not require the Commission to address these matters in this biennial review proceeding, we have considered specific proposals and conclude that the findings below are reasonable and supported by evidence in the record.

1. *Depreciation.* While proposing new depreciation rates, the Company and Staff both acknowledge that unique circumstances and uncertainty exists related to this matter, especially involving the potential impacts associated with the Environmental Protection Agency's ("EPA") Clean Power Plan and the uncertainty regarding estimated retirement dates for many of APCo's coal facilities.¹⁰⁹ The EPA's proposed 111(d) regulations will likely affect the useful lives of all coal-fired plants in ways that cannot be fully understood at this time. We find that these are significant circumstances and uncertainties that could substantially impact the reasonableness of the depreciation studies and the resulting depreciation rates in this case. As a result, we find that depreciation rates should not be changed at this time. Rather, the Commission will revisit this issue as part of APCo's next biennial review, which will occur after the EPA's expected issuance of final rules under 111(d). We conclude that it is reasonable to review depreciation rates at that time, when the potential impacts of the EPA's proposed regulations on coal-fired plants should be further known.

2. *Coal Inventory.* We find that APCo has not shown that its proposed changes to its future, or going-forward, coal inventory targets are necessary or reasonable.¹¹⁰ Rather, we continue to find – as we did for projecting a reasonable going-forward amount in APCo's 2011 case – that the Company's coal inventory targets should reflect average burn rates and a thirty-five day supply of coal.¹¹¹

3. *Amos Unit 3.* APCo established that for Virginia jurisdictional ratemaking purposes, the Company's accounting for the transfer of the remaining two-thirds of Amos results in the rate level required by the Commission's approval of such transaction.¹¹² Thus, we conclude that APCo does not need to seek a return of a portion of the purchase price for the remaining two-thirds of Amos as requested by Staff.¹¹³

4. *Major Storm Damage Expense.* The Company includes an estimate of major storm damage expense for the prospective rate year. We agree with Consumer Counsel and Staff that under the current statutory framework for biennial reviews, it is no longer appropriate to include an estimated cost for future major storm damage in operating expenses for prospective ratemaking.¹¹⁴ Section 56-585.1 A 8 allows APCo to defer and recover costs associated with "severe weather events" under certain circumstances. This statute provides APCo the opportunity to recover these costs. Thus, we find that major storm damage expense should not be included as a normalized expense for ratemaking and should be removed from the prospective rate year. We further note, as referenced by Consumer Counsel, that we required the same treatment by Dominion Virginia Power in its most recent biennial review.¹¹⁵

5. *Ohio Valley Electric Corporation.* The demand costs associated with APCo's purchase of power from Ohio Valley Electric Corporation should be recognized as a base rate component effective January 1, 2014, as proposed by the Company and accepted by Staff and Consumer Counsel.¹¹⁶

¹⁰⁷ See, e.g., Ex. 2 at Sched. 21; Consumer Counsel's Post-Hearing Brief at 61-62; Staff's Post-Hearing Brief at 118-19.

¹⁰⁸ Consumer Counsel's Post-Hearing Brief at 62 (citation omitted). See also Tr. 1038.

¹⁰⁹ See, e.g., Ex. 62 (Armstrong) at 19-21; Staff's Post-Hearing Brief at 76; APCo's Post-Hearing Brief at 66.

¹¹⁰ See, e.g., Ex. 78 (West rebuttal) at 3-5, 12-14; Tr. 1196; APCo's Post-Hearing Brief at 21-23.

¹¹¹ See, e.g., Tr. 896-99; Consumer Counsel's Post-Hearing Brief at 18; Staff's Post-Hearing Brief at 89.

¹¹² See, e.g., Tr. 1451-52; APCo's Post-Hearing Brief at 91.

¹¹³ We note that Staff corrected the transfer's impact on accumulated deferred income taxes in this proceeding, as well as the impact on the Company's depreciation study filed with its Application. In future cases, the Company should properly reflect the transferred portion of Amos for regulatory accounting purposes.

¹¹⁴ Ex. 53 (Smith) at 86-87; *VEPCO 2013 Biennial Review*, 2013 S.C.C. Ann. Rept. at 377; Consumer Counsel's Post-Hearing Brief at 31; Ex. 70 (Carr) at 38-39.

¹¹⁵ Consumer Counsel's Post-Hearing Brief at 31.

¹¹⁶ See, e.g., Ex. 16 (Bosta direct) at 8; Ex. 70 (Carr) at 34; APCo's Post-Hearing Brief at 82-83.

6. *Integrated Gasification Combined Cycle Study Costs.* APCo seeks authority to amortize and recover \$9.2 million, in 2014 and 2015, for certain deferred costs associated with the Company's 2007 proposal to construct an Integrated Gasification Combined Cycle ("IGCC") facility. The Company has not established that the \$9.2 million in expenditures was reasonable. We agree that the "vast majority of the IGCC study costs were related to detailed engineering studies and construction schedule and costs development for the IGCC project."¹¹⁷ The Commission previously found that this project was unreasonable and imprudent, and the Company has not established otherwise in this instant case regarding its detailed engineering studies and development costs attendant thereto.¹¹⁸ We also recognize, as did Consumer Counsel, that a limited amount of costs for normal analysis as to the feasibility of various generation alternatives may be reasonable. The Company, however, has not established what, if any, portion of its requested \$9.2 million recovery of deferred costs may fall into this category. We reject APCo's request to amortize and recover \$9.2 million for IGCC study costs.

7. *Joint-Use Assets.* The Joint-Use Assets herein reflect certain information technology assets that are jointly utilized by multiple affiliated companies. For the reasons set forth by Staff, we find that these Joint-Use Assets should be on AEP Service Company's books, and that APCo should pay an appropriate facilities charge to AEP Service Company. Furthermore, due to APCo's practical inability to track these costs retroactively, we adopt Staff's alternative recommendation "that all *future* Joint-Use Assets be required to remain on AEP Service Company's books and that APCo pay an appropriate facilities charge to AEP Service Company."¹¹⁹ We find that the Company has failed to show, on this record, that such implementation is impractical on a *prospective* basis.

8. *Production O&M Expense.* APCo proposes to use 2013 O&M expense levels as the basis for its ongoing level of certain production O&M expense. Consumer Counsel asserts that "[u]sing the 2013 O&M level of expense is unreasonable because 2013 includes the costs associated with operating seven coal units that are scheduled to be retired during the first half of 2015 ('Disposition Units')."¹²⁰ We agree. The Company's ongoing production O&M expense should be adjusted as recommended by Consumer Counsel witness Norwood to reflect "the Company's budgeted O&M expense at the Disposition Units in 2014 and 2015."¹²¹ In addition, we recognize, as did Staff, that this going-forward adjustment does not pre-determine prudently-incurred O&M expense for 2014-2015;¹²² the reasonableness of APCo's actual production O&M expense for 2014-2015 is an issue that may be addressed in determining earned return in the Company's next biennial review.

9. *Projected Merit Wage Increase.* We find that, based on the facts of this case, the Company's proposed merit wage increase serves as a reasonable projection on a going-forward basis.¹²³

10. *Virginia Sales and Use Tax.* We adopt Staff's proposal that, "[e]ffective January 1, 2014, the surcharge mechanism and the related deferral should be limited to [Virginia Sales and Use Tax] associated with 'the repeal of the exemption' in House Bill 5018."¹²⁴

11. *Vegetation Management Pilot.* Consistent with our findings above regarding APCo's Vegetation Management Pilot, the Company shall defer the costs of this program in 2014 and 2015 as previously required by Commission order. As noted above, the Commission previously required such treatment as part of the approved Pilot, and we find that the Company has not established that it is necessary or appropriate to modify the directives of that order as part of this biennial review proceeding.

12. *Regulatory Assets.* As noted above, the concept of a "regulatory asset" is unique to regulated companies. A utility may, at the Commission's discretion, defer actual costs beyond the period within which they are incurred. This is an unusual and extraordinary action – *i.e.*, being permitted to recognize expenses outside of the period incurred – that benefits the public utility by allowing it to defer expensing costs to future periods.¹²⁵ Accordingly, when the Commission permits regulatory asset treatment for deferred costs, it must subsequently determine whether the utility has received sufficient revenues to accelerate recovery of those costs.

The Commission has previously recognized regulatory assets for APCo, including: Vegetation Management Pilot costs; 2009 storm damage costs; Other Post Employment Benefit ("OPEB") transition obligation costs; and environmental and reliability ("E&R") surcharge costs. The exercise of the Commission's discretion cannot end with the creation of these regulatory assets. The Commission must determine when these deferred costs have been recovered, because no cost that has been actually recovered should continue to be deferred on the Company's books.¹²⁶ Staff recommends that the Commission perform this analysis now. The Company, however, contends that such action would be "illegal."¹²⁷

¹¹⁷ Consumer Counsel's Post-Hearing Brief at 35. *See also* Ex. 92; Tr. 713-14; VML/VACo's Post-Hearing Brief at 8-12.

¹¹⁸ *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, 406, 408, Final Order (Apr. 14, 2008), 2008 S.C.C. Ann. Rept. 411, 413, Order on Reconsideration (May 29, 2008).

¹¹⁹ Staff's Post-Hearing Brief at 98 (emphasis added). *See also* Ex. 57 (Ellis) at 18-19.

¹²⁰ Consumer Counsel's Post-Hearing Brief at 43. *See also* Ex. 56 (Norwood) at 23-24.

¹²¹ Consumer Counsel's Post-Hearing Brief at 45. *See also* Ex. 56 (Norwood) at 23-24; Ex. 56-C (Norwood) at SN-9.

¹²² Tr. 1115-17.

¹²³ *See, e.g.*, Ex. 100 (Allen rebuttal) at 24; APCo's Post-Hearing Brief at 96-97.

¹²⁴ Staff's Post-Hearing Brief at 102. *See also* Ex. 63 (Morgan) at 6-8.

¹²⁵ *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 51-53; Staff's Post-Hearing Brief at 51-53.

¹²⁶ *See, e.g.*, Staff's Post-Hearing Brief at 53.

¹²⁷ *See, e.g.*, APCo's Post-Hearing Brief at 13, 16.

We find that this matter raises important questions that should be reviewed in a separate proceeding in which the participants can further develop the record and legal arguments on, for example, how and when the Commission can address sufficiency of earnings related to the regulatory treatment of deferred costs that have been permitted to be carried on APCo's books at the discretion of the Commission. We anticipate initiating such a proceeding for APCo forthwith.¹²⁸

13. *Additional Adjustments.* The Commission's findings above on the following items (in determining 2012-2013 earned return) likewise should apply on a going-forward basis for regulatory accounting purposes: Incentive Compensation; Charitable Contributions; Corporate Aviation; CWC; Putnam; Lobbying Expense; Payroll Labor; ADVSIT¹²⁹; AROs; Prepaid Pension Asset; and Property Tax Expense.¹³⁰ We again note, however, that while going-forward approval of any particular item may be relevant to the question of reasonableness in the next biennial review, it is not the end of the inquiry. That is, as emphasized repeatedly in this order, rate case or other findings that are made on a *prospective* basis do not predetermine the reasonableness of actual items that may be incurred in the next biennium for purposes of reviewing the utility's performance – and determining the just and reasonable earned return – in the next *retrospective* biennial review.

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.

JAGDMANN, Commissioner, Dissenting in Part:

I dissent to the parts of this Final Order that require APCo to defer its Vegetation Management Pilot program costs. The plain language of the Commission's Pilot order "authorized" the Company to defer Pilot expenses. There is no language in the Pilot order that directed, mandated, or otherwise required the Company to defer such costs in all circumstances. In my view, it would be unusual and inappropriate for the Commission to force the creation of a regulatory asset for a period in which the Company has sufficient earnings to book such expenses and still earn its authorized rate of return. Accordingly, I would find, as requested by APCo, that it was appropriate to expense the Pilot program costs for purposes of determining earned return in this biennial review. Similarly, I would also find that APCo has the discretion to expense Pilot costs in future periods, as well.

DIMITRI, Commissioner, Dissenting in Part:

I strongly disagree with the majority's ruling on the issue of a rate base return on APCo's coal inventories in 2012 and 2013. This ruling costs customers – residential, commercial and large business – \$6.9 million in what should be refunds to them.

While APCo is reimbursed dollar-for-dollar through the fuel factor for *all* coal it burns, the level of inventory it is allowed to earn a return on (*i.e.*, the carrying costs) is subject to a standard of reasonableness because it affects rates to customers and company earnings. This Commission, in the last two APCo biennial review/rate cases,¹³¹ ruled on the reasonable level of coal inventory to be built into rates, both times determining that a volume reflecting a 35-day average burn rate was appropriate.¹³² In fact, in 2009, APCo proposed the 35-day average burn rate as the reasonable level for the Commission to approve for ratemaking purposes.¹³³ And in 2011, the Commission specifically ruled that the 35-day average burn level remained appropriate.¹³⁴

In this case where significant revenues are at stake, the majority abandons the 35-day level found reasonable for setting rates in past cases and finds that APCo's actual coal inventory levels for 2012 and 2013 were (a) reasonable because some level of the excessive amount was used in 2014; and (b) Staff and other parties apparently had the burden to prove imprudence, a standard not applied in the order to any other determination of reasonableness for adjustments to earnings in 2012-2013. The record, however, shows APCo's coal inventory levels throughout the 2012-2013 earnings test period were extremely excessive and anything but reasonable. For this period, APCo's actual average coal inventory was *more than triple* the 35-day average daily burn

¹²⁸ In doing so, we do not foreclose any arguments or options for addressing such matters, including but not limited to the proposals set forth in the instant case.

¹²⁹ Additionally, the Commission finds to be reasonable and hereby approves the Company's proposal to amortize these deferred credits over the 20-year period beginning February 1, 2015. *See, e.g.*, Ex. 14 (Kelly direct) at 6-7, 15-16; Ex. 70 (Carr) at 21-22.

¹³⁰ We also adopt Staff's rate year revenue adjustments and resulting billing determinants. We note that the Company will realize modest revenue increases from the standby charge, reconnection charge, and residential underground charge approved herein. Such charges shall be designed with offsetting revenue decreases to the affected rate classes based on Staff's billing determinants in order to maintain revenue neutrality.

¹³¹ *APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 487-88; *APCo 2009 Rate Case*, 2010 S.C.C. Ann. Rept. 308; Ex. 63 (Morgan) at 2.

¹³² Too high a level of inventory in rate base inflates rates (or reduces refunds) to customers because they must pay a return, or profit, to the utility based upon the size of the inventory.

¹³³ Ex. 63 (Morgan) at 2.

¹³⁴ *APCo 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 487-88.

rate this Commission found reasonable in APCo's 2011 biennial review and *more than triple* the same 35-day average daily burn rate level this Commission finds reasonable going forward in this proceeding.¹³⁵ Stated in tons of coal inventory, for 2012 a 35-day average burn for APCo (what the Commission in 2011 had found reasonable) came to 820,085 tons. APCo's *actual* average inventory in 2012 was 2,476,048 tons.¹³⁶ In 2013 the 35-day allowance was 701,260 tons, while the *actual* level was 2,385,747 tons.¹³⁷ Even the Company's witness acknowledged that "we had too much" when testifying about APCo's earnings test coal inventory.¹³⁸ And APCo's *current* target, even with the addition of its recently acquired interest in Amos Unit 3, is only 1,299,720 tons,¹³⁹ approaching half of the inflated level that the majority finds reasonable for the earnings test period. The Commission set a 35-day standard in 2011 and sets a 35-day level going forward for 2015. The majority ruling ignores the overwhelming evidence of abnormal levels in 2012 and 2013 and requires customers to pay a return on these excessive amounts and simply declares it "reasonable."

The record shows that APCo's excessive earnings test period coal inventory was a direct result of actions or decisions made by the Company.¹⁴⁰ Specifically, APCo failed to forecast demand for coal-fired generation accurately, and executed coal purchase contracts that required APCo to take coal shipments regardless of APCo's need or its existing inventory level.¹⁴¹ These were analyses and decisions within the Company's control that turned out to be wrong. Moreover, the monthly balances in 2012 and 2013 show no significant progress in reducing the excessive levels.¹⁴² Based on the record in this case, APCo should not be rewarded with additional earnings through an inflated rate base for such decisions.

While the majority makes much of the ultimate use of some of the high inventory levels during the cold weather of the winter of 2014 as a result of the Polar Vortex, those circumstances actually demonstrate the opposite – that APCo's earnings test period coal inventories were in fact excessive.¹⁴³ Even after the unusually high winter coal burn rates, coupled with only limited coal deliveries from January through March 2014, APCo's coal inventory only then approached a level near the Company's own target and a level near what the Commission had found to be reasonable in APCo's 2011 biennial review and on a going-forward basis in this proceeding. On March 23, 2014, APCo had 1.1 million tons in inventory.¹⁴⁴ In other words, it took an extreme occurrence, after 24 months of greatly excessive inventory levels, to bring the Company's coal inventory down to a level approaching reasonable, well after the end of the biennial review period.

APCo asserted that during the winter of 2014, its coal inventory was reduced by more than the entire inventory found to be reasonable in the 2011 biennial review. Through this assertion the Company attempts to imply that excessive average inventories for 2012 and 2013 are now justified by an extreme occurrence and drawdown subsequent to the earnings test period. This assertion ignores that the 35-day average burn inventory is an average inventory. Actual inventories are expected to be built higher during the fall and the spring, and drawn down during the winter and the summer.¹⁴⁵ Focusing on the drawdown during the winter of 2014, at best, may provide some insight concerning the inventory balances for the fall of 2013, but provides no meaningful information concerning earlier inventory balances. Thus, APCo's comparison of the winter of 2014 drawdown to the 13-month average balance provides little, if any, probative evidence. The majority's reliance on an extreme weather event in 2014 to deem reasonable the inventory levels in 2012 and 2013 (far in excess of Commission standards and APCo's own targets) defies logic, and the order's claim that this is not a "blank check" for the future must ring hollow for customers who are today presented with just such a check for payment in this case. When levels that are multiples of those previously deemed and prospectively declared reasonable by the Commission are allowed, the clear precedent from this ruling is that there is no standard of reasonableness applied in such matters, sending precisely the wrong signal to the utility and penalizing customers.

¹³⁵ For the thirteen average monthly balances for 2012, APCo's actual coal inventory amounted to over a 105-day average daily burn inventory, and for 2013 APCo's actual coal inventory amounted to over a 119-day average daily burn inventory. See Ex. 63 (Morgan), Appendix A at 3-4 (13 Month Average (Tons) divided by Average daily burn (Tons)).

¹³⁶ Ex. 63 (Morgan), Appendix A at 4.

¹³⁷ Ex. 63 (Morgan), Appendix A at 3.

¹³⁸ Tr. 1220.

¹³⁹ Ex. 78 (West rebuttal) at 13; Tr. 1205.

¹⁴⁰ As Company witness West testified concerning what he deemed "a large inventory:" "If you look at – we were above inventory on our coal plants for '12 and '13 and it was almost exclusively low-sulfur barge coal that was the high inventory. Again, that was because of that decision we made in 2011." Tr. 1221.

¹⁴¹ Tr. 1220-21; APCo's Post-Hearing Brief at 18-19.

¹⁴² Ex. 63 (Morgan), Appendix A at 3-4.

¹⁴³ The drawdown of coal inventory during the cold 2014 supply disruptions occurred after the end of the earnings test period and, generally, is outside the earnings test study period.

¹⁴⁴ Tr. 1206-07.

¹⁴⁵ Tr. 1213, 1215.

**CASE NO. PUE-2014-00026
DECEMBER 17, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a 2014 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

ORDER GRANTING RECONSIDERATION

On November 26, 2014, the State Corporation Commission ("Commission") issued its Final Order in this proceeding. On December 12, 2014, the Old Dominion Committee for Fair Utility Rates filed a petition for rehearing and reconsideration of the Final Order ("Committee's Petition"). On December 15, 2014, Appalachian Power Company filed a petition for reconsideration and clarification of the Final Order ("APCo's Petition").

NOW THE COMMISSION, upon consideration of these matters, for the purpose of continuing the Commission's jurisdiction over these matters, will grant reconsideration to consider the Committee's Petition and APCo'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 Committee's Petition and APCo's Petition.

(2) This matter is continued.

**CASE NO. PUE-2014-00028
MAY 19, 2014**

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY
and
ANGD LLC

For authority to incur debt and receive cash capital contributions from an affiliate under Chapters 3 and 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On April 7, 2014, Appalachian Natural Gas Distribution Company ("Appalachian" or the "Company") and its parent company affiliate, ANGD LLC ("ANGD") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code") to request authority to enter into an intermediate construction line-of-credit ("Construction Note") for borrowings of up to \$21,000,000, for the purpose of constructing a natural gas pipeline ("Project") to support the approved conversion of the Appalachian Power Company Clinch River plant to a gas-fired facility. Following completion of the Project, the Company further requests authority to convert the Construction Note to a term note ("Term Note") that will have monthly payments of principal and interest based upon a ten-year amortization. On April 18, 2014, the Applicants subsequently submitted the requisite fee of \$250, along with a request to amend the Application to include authority for ANGD to provide cash capital contributions to the Company from time to time prior to January 1, 2016, up to an aggregate amount of \$5,000,000. On May 9, 2014, Applicants filed a letter requesting to amend the Application to borrow at a fixed interest rate for the entire term of the Construction Note and the Term Note instead of the original request to borrow at a variable interest rate with the option to convert at any time to a fixed rate through an interest rate swap.

Based upon current negotiations with prospective lenders, the Applicants anticipate that the interest rate on the Construction Note will be a fixed rate in the range of 4.50% to 5.95%. The Construction Note will have monthly payments of interest only on outstanding borrowings. The Applicants expect the Construction Note to incur a credit facility fee of approximately 0.25% of the loan amount, and attorney fees not to exceed \$25,000 for the closing. The Construction Note will be secured by the assets of the Project and guaranteed by ANGD.

The Applicants anticipate the interest rate on the Term Note will be a fixed rate in the range of 4.50% to 5.95%. The Term Note will have monthly payments of principal and interest, based upon a 10-year amortization period matching its maturity. Applicants do not anticipate any additional fees or costs associated with conversion of the Construction Note to the Term Note. The Term Note will be secured by the assets of the Project and guaranteed by ANGD.

Finally, Applicants request the flexibility for Appalachian to receive cash capital contributions from ANGD up to an aggregate amount of \$5,000,000 through January 1, 2016. Applicants' state that such additional equity would assist in the development of the Project and help support an adequate equity component in Appalachian's capital structure. There would be no ancillary costs associated with such contributions.

NOW THE COMMISSION, upon consideration of the Application, as amended, and having been advised by its Staff, is of the opinion and finds that approval of the Application is reasonable and will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Appalachian is authorized to borrow up to \$21,000,000 for the Construction Note in the manner and for the purposes as set forth in its Application through January 1, 2016.
- (2) Appalachian is authorized to convert up to \$21,000,000 of borrowings under the Construction Note into a Term-Note in the manner and for the purposes as set forth in its Application, on or before January 21, 2016.
- (3) Appalachian is authorized to receive cash capital contributions from ANGD, from time to time prior to January 1, 2016, up to an aggregate amount of \$5,000,000, in the manner and for the purposes as set forth in its Application.
- (4) Applicants shall file a copy of the executed Construction Note within thirty (30) days of its closing, along with a summary of attorney fees and credit facility fees associated with the Construction Note.
- (5) Applicants shall file a final Report of Action on or before March 31, 2016, with respect to any authority exercised pursuant to Ordering Paragraphs (1) through (3) to include:
 - (a) The average monthly balance, and the monthly interest rate payments for borrowings under the Construction Note during its term outstanding;
 - (b) A copy of the executed Term Note;
 - (c) A summary of the amount and date of all cash capital contributions from ANGD; and
 - (d) A balance sheet that reflects the capital structure following the exercise of all authority granted pursuant to this Order.
- (6) Approval of the Application shall have no implications for ratemaking purposes.
- (7) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.
- (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) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00029
JULY 8, 2014**

PETITION OF
WESTERN VIRGINIA WATER AUTHORITY
and
LAKEWOOD SERVICE CORPORATION

For approval of the transfer of a public utility pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On April 9, 2014, Western Virginia Water Authority ("WVWA") and Lakewood Service Corporation ("Lakewood") (together, "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 the Lakewood Forest Water System (the "System") from Lakewood to WVWA.

WVWA is a public service authority that was formed by the Council of the City of Roanoke and the Board of Supervisors of the County of Roanoke 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. Lakewood is a Virginia corporation that provides water to the homes and lots in the Lakewood Forest Subdivision located in Franklin County, Virginia. Lakewood currently provides water service to 75 residential customers.

The Petitioners request Commission approval for the transfer of the System from Lakewood to WVWA ("Proposed Transaction"). The Petitioners represent that WVWA assumed operation of the System on March 1, 2013, at Lakewood's request. WVWA plans to adopt its existing Franklin County user rates for the Lakewood customers, which are higher than current rates, and an additional monthly capital assessment in order to provide funding for the installation of meters and other necessary capital items for the System. The Petitioners represent that Lakewood has notified its customers of 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 and 56-90 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-2014-00030
JUNE 3, 2014**

IN THE MATTER OF
VIRGINIA ELECTRIC AND POWER COMPANY

ORDER MODIFYING STIPULATION

On April 8, 2014, Virginia Electric and Power Company ("Virginia Power" or "Company") filed, in former Case No. PUF9700019,¹ its Motion to Modify Approved Stipulation ("Motion"). The Stipulation, approved by the State Corporation Commission ("Commission") in 1997, declared that interest rate swap transactions constituted securities for the purpose of Chapter 3 of Title 56 of the Code of Virginia and established certain limitations on the participation by the Company in such transactions. The Staff of the Commission ("Staff"), the only other signatory to the Stipulation, subsequently requested and was granted an extension of time in which to file its response to the Motion until Friday, May 2, 2014. The Staff Response was filed on May 2, 2014, and noted that the parties had agreed on a simpler modification of the Stipulation than proposed by Virginia Power in its Motion.

The parties agreed that a footnote should be added to the original Stipulation that would read:

'Interest rate swap agreements,' for purposes of this Stipulation, shall apply only to such agreements on existing debt securities of the Company with an ongoing accrual of a current payment obligation and shall not apply to forward starting swaps used for anticipatory hedges of planned debt issuances. Anticipatory hedges on planned debt issuances will be considered by the Commission under Chapter 3 in separate docket(s).

NOW THE COMMISSION, upon review of the pleadings and being sufficiently advised, finds that the proposed modification, as reflected in attached Exhibit A to the Stipulation originally approved in Case No. PUF9700019, will not be detrimental to the public interest and should be approved.

Accordingly IT IS ORDERED THAT:

- (1) The amendment proposed by Staff in its Response, and accepted by the Company, is approved and ordered added to the Stipulation.
- (2) There being nothing further to come before the Commission, this matter is dismissed.

¹ Changes to the Commission's Case Management system in the intervening years required the establishment of a new case number to accommodate the Company's filing.

**CASE NO. PUE-2014-00031
MAY 8, 2014**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER

For authority to issue securities and assume obligations under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On April 16, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or the "Company") filed an application with the State Corporation Commission ("Commission") for authority under Chapter 3 of Title 56 of the Code of Virginia ("Code") to issue up to \$500 million of long-term debt in the form of First Mortgage Bonds ("FMB") from time to time through December 31, 2015; to replace or extend the term of its multi-year revolving line of credit ("Revolving Line of Credit") through December 31, 2019; and to engage in one or more interest rate hedging agreements. KU/ODP also seeks authority under Chapter 4 of Title 56 of the Code to engage in an affiliate arrangement in connection with the proposed hedging agreements ("Application").

The Company requests authority to issue up to \$500 million of long-term debt in the form of FMB, which will be sold at various times through the remainder of 2014 and 2015, in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation. The price, maturity date(s), interest rate(s), the redemption provisions and other terms and provisions of each series of FMB (including, in the event all or a portion of the FMB bear a variable rate of interest, the method for determining the interest rates) would be determined on the basis of

negotiations among KU/ODP and the underwriters of other purchasers of such FMB. KU/ODP represents that it does not assign financing to any particular project or use and does not project-finance capital projects. The Company expects to incur approximately \$1.1 billion in construction costs for environmental controls and projects at its existing generation stations and for the construction of a new jointly owned generating unit during 2014 and 2015.

In addition, the Company requests authority to replace or extend, in one or more installments from time to time, its existing, or previously authorized but not yet entered, Revolving Line of Credit through December 31, 2019. KU/ODP also seeks to maintain the total aggregate limit on its Revolving Line of Credit of \$500 million, as previously authorized in Case No PUE-2012-00078. The extended credit facilities would be on substantially the same terms as KU/ODP's existing revolving credit facilities and would be available for the same purposes for which revolving credit is currently available. For example, loan proceeds could be used to provide short-term financing for KU/ODP's general financing needs, general costs of operation or costs of KU/ODP's various construction programs or other obligations, until permanent or long-term financing can be arranged. In addition, the extended credit facilities could be used to provide liquidity or credit support for KU/ODP's other debt. While KU/ODP believes that the conditions and fees on similar credit facilities are likely to be less favorable to the borrower in 2017 than today, KU/ODP is not able to quantify such differences. However, KU/ODP believes that the cost of an extension of its existing revolving credit line would be approximately 15 basis points.

In connection with issuing the FMB, the Company seeks authority to enter into one or more interest rate hedging agreements (including an interest rate cap, swap, collar, or similar agreement (collectively, the "Hedging Facility")) and authority to engage in an affiliate arrangement in conjunction with the Hedging Facility. KU/ODP requests authority to enter into a Hedging Facility either through PPL, in which PPL would act as a pass-through entity, or directly with an outside bank or financial institution ("Counterparty"). The Hedging Facility would be an interest rate agreement designed to allow KU/ODP to either manage the risk of interest rates rising before the dates of issuance of the FMB or to actively manage and limit its exposure to variable interest rates. Using PPL as a pass-through entity eliminates the need for KU/ODP to negotiate the terms of an agreement independently, as it would be able to take advantage of the master agreements for hedging arrangements that PPL has or may establish. KU/ODP represents that it would not be charged or assigned any costs or expenses by PPL in connection with the Hedging Facility other than those fees charged to PPL by the unaffiliated Counterparty, and such Hedging Facility would be on at least as favorable terms as KU/ODP could obtain on its own.

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) The Company is hereby authorized to issue long-term debt in the form of First Mortgage Bonds in an amount not to exceed \$500 million, through December 31, 2015, under the terms and conditions and for the purposes set forth in the captioned Application.

(2) The Company is hereby authorized to amend its existing revolving line of credit, or enter into one or more new revolving lines of credit, with an aggregate principal amount not to exceed \$500 million and a term not to exceed December 31, 2019.

(3) The Company is authorized to enter into interest rate hedging agreements as set forth in its Application, in an amount not to exceed the notional amount of the bonds issued or anticipated to be issued.

(4) The Company is authorized to engage in an affiliate arrangement with PPL as set forth in its Application, provided that any hedging agreement secured through PPL is on at least as favorable terms as the Company can obtain on its own.

(5) The Company shall file a preliminary Report of Action within ten (10) days after any long-term debt securities are issued and/or any hedging agreement is entered into pursuant to this Order to include the type of security or hedging agreement, the issuance date, the amount of issuance, the interest rate or yield, the maturity date, and a brief explanation of reasons for the term of maturity chosen.

(6) Within sixty (60) days after any debt securities are issued, the Company shall file with the Commission a detailed Report of Action with respect to such securities to include:

- (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to KU/ODP, and an updated cost benefit analysis that reflects the impact of any Hedging Facility;
- (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions to lock-in the interest rate on an associated issuance of secured debt; and
- (c) The cumulative principal amount of secured debt issued under the authority granted herein and the amount remaining to be issued.

(7) KU/ODP shall file a copy of any revolving line of credit extension agreements promptly after they become available.

(8) On or before February 28, 2020, the Company shall file a Final Report of Action to include all details required in Ordering Paragraph (6) concerning all financing activities, including the Hedging Facility, completed pursuant to this authority. The Company also shall submit a balance sheet that reflects the capital structure following the issuance of any long-term debt. The Final Report of Action shall further provide a term sheet for the revolving credit facilities authorized in Ordering Paragraph (2), whether the current Revolving Line of Credit is amended or an additional facility is entered into, and a detailed account of all upfront line of credit fees and a summary of the actual expended and ongoing line of credit fees associated with the Revolving Line of Credit. Further, the Final Report of Action shall provide a detailed account of all the actual expenses and fees paid to date for all secured debt issued pursuant to the authority granted herein with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the Application. Finally, the Final Report of Action should quantify the benefit of using PPL as a pass-through entity in any hedging agreements that PPL serves such purpose.

(9) Approval of this Application shall have no implications for ratemaking purposes.

- (10) 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 authority granted herein.
- (11) This matter shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00032
AUGUST 21, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authorization to extend its Gas Cost Hedging Program

FINAL ORDER

On April 18, 2014, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application with the State Corporation Commission ("Commission") for authorization to extend its Gas Cost Hedging Program ("Hedging Program"), originally approved and modified in Case No. PUE-2005-00087¹ and reauthorized and amended in Case Nos. PUE-2009-00044² and PUE-2011-00065³ ("Application").

Specifically, the Company requests that the Commission approve an extension to continue the purchase and sale of futures contracts through the 2018-2019 Winter Season⁴ "at the current predetermined volumes relative to forecasted non-storage demand of retail sales customers for a Winter Season."⁵

On May 13, 2014, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; established a procedural schedule; directed Commission Staff ("Staff") to investigate CGV's Application and file a report ("Report") on its findings; and permitted the Company to file a response ("Response") to the Staff Report. There were no written comments filed, and no interested persons filed a notice to participate in the proceeding.

On July 29, 2014, the Staff filed its Report wherein it discussed the specific impact of the Hedging Program on CGV's total gas costs, inclusive of hedging costs, and noted that the Company should continue to assess the annual performance of the Hedging Program in order to seek a balance between the costs and benefits to customers. The Staff further noted that the Hedging Program has met its purpose of locking in a price for a portion of the natural gas purchased for the specified Winter Heating Season months. In concluding its Report, the Staff stated that the Company's Application to extend the Hedging Program is reasonable, and therefore recommended that the Commission approve it. However, the Staff recommended that the Commission require CGV to continue to file with the Commission a hedging report showing its financial hedging activity for each completed hedging period. Further, the Staff recommended that the report made by the Company should clearly indicate and differentiate the various component costs, *i.e.*, margin financing costs, costs related to purchases and sales of futures contracts, and any other transaction costs.

On August 5, 2014, the Company filed its Response to the Staff Report. In its Response, the Company stated that it "supports the Staff's conclusions and recommendations included in the Report, and respectfully requests the Commission approve the Company's Application."⁶

NOW THE COMMISSION, having considered the Company's Application, is of the opinion and finds that an extension of its Hedging Program for one (1) year, through the 2016-2017 Winter Season, should be approved subject to the Company's full compliance with the reporting requirements recommended by Staff in its Report. The Company may file its attachments to the hedging reports confidentially under seal with the Directors of the Divisions of Utility Accounting and Finance and Energy Regulation.

The Company should be required to file on or before May 15, 2015, its application requesting authority to continue, amend, or terminate the Hedging Program. The Company's Hedging Program will not lapse prior to May 15, 2015, and the Company will have authorization through the 2016-2017 Hedging Season.

¹ *Application of Columbia Gas of Virginia, Inc., For authorization to implement a Gas Cost Hedging Program*, Case No. PUE-2005-00087, 2006 S.C.C. Ann. Rept. 358, Final Order (Feb. 1, 2006), 2006 S.C.C. Ann. Rept. 359, Order on Reconsideration (Feb. 16, 2006).

² *Application of Columbia Gas of Virginia, Inc., For authorization to continue its Gas Cost Hedging Plan*, Case No. PUE-2009-00044, 2009 S.C.C. Ann. Rept. 476, Final Order (Sept. 24, 2009).

³ *Application of Columbia Gas of Virginia, Inc., For authorization to amend and extend its Gas Cost Hedging Program*, Case No. PUE-2011-00065, 2011 S.C.C. Ann. Rept. 516, Final Order, (Sept. 12, 2011) ("2011 Final Order").

⁴ "Winter Season" refers to the months for which natural gas volumes will be hedged, and is currently defined, as approved by the Commission in the 2011 Final Order, as December through February of each year.

⁵ Application at 2.

⁶ Response at 2.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application hereby is approved as described herein, subject to the Company's full compliance with all of the Staff's reporting recommendations.
- (2) On or before May 15, 2015, the Company shall file its application requesting authority to continue, amend, or terminate the Hedging Program.
- (3) This matter is dismissed.

**CASE NO. PUE-2014-00033
MAY 14, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2014-2015 FUEL FACTOR PROCEEDING

On May 2, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56 249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor from 2.572 cents per kilowatt hour ("¢/kWh") to 3.018¢/kWh, or, alternatively, 3.218¢/kWh, effective for usage on and after July 1, 2014. With its Application, Dominion Virginia Power also filed a Motion for Entry of a Protective Order, along with a proposed protective order, requesting that the Commission establish procedures designed to protect from public disclosure the Company's confidential and extraordinarily sensitive information.

The Company's proposed fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. At the full recovery rate, the Company's proposed current period factor for Fuel Charge Rider A of 2.819¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately \$1.9 billion for the period July 1, 2014, through June 30, 2015. At the full recovery rate, the Company's proposed prior period factor for Fuel Charge Rider A of 0.399¢/kWh is designed to recover approximately \$267.8 million in estimated under recovered Virginia jurisdictional fuel expenses for the period July 1, 2013, through June 30, 2014.

In total, Dominion Virginia Power's proposed fuel factor at the full recovery rate represents a 0.646¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042. According to the Company, this proposal would result in an annual fuel revenue increase of approximately \$433.9 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales. The total proposed fuel factor at the full recovery rate would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.46, or approximately 6.0%.

However, Dominion Virginia Power states in its Application that it recognizes the impact of such an increase in fuel rates on its customers. To mitigate this impact, the Company offers in its Application an alternative mitigation proposal to the full recovery rate, under which the Company would waive its right to recovery of the full deferral balance over the current period in favor of recovery of this balance equally over two fuel periods. Specifically, the Company states that, if approved, its mitigation proposal would amortize the \$267.8 million projected June 30, 2014 fuel deferral balance for recovery equally over the fuel periods of July 1, 2014, through June 30, 2015, and July 1, 2015, through June 30, 2016, a total of 24 months. As part of its mitigation proposal, Dominion Virginia Power would further agree that any incremental costs associated with financing the deferral balance over the extended period of 24 months, as opposed to 12 months, would be borne by the Company. Thus, under the Company's mitigation proposal, Fuel Charge Rider A would contain the same current period factor of 2.819¢/kWh, but be comprised of a prior period factor of 0.199¢/kWh, designed to recover approximately \$133.9 million, or one half of the Virginia jurisdiction's projected June 30, 2014 fuel deferral balance. As such, Dominion Virginia Power represents that the proposed mitigated fuel factor rate would be 3.018¢/kWh, rather than the 3.218¢/kWh full recovery rate.

The proposed mitigated fuel factor represents a 0.446¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042. According to Dominion Virginia Power, its mitigation proposal would result in an annual fuel revenue increase of approximately \$299.5 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales. The proposed fuel factor resulting from the Company's mitigation proposal would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.46, or approximately 4.1%.

Dominion Virginia Power states that it supports the Commission finding that its mitigation proposal is in the public interest. However, should the Commission decline to adopt the Company's mitigation proposal, the Company requests the Commission approve and implement the total fuel factor full recovery rate of 3.218¢/kWh, as described above.

In its Application, Dominion Virginia Power also proposes a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company ("Definitional Framework"). Specifically, the Company states that in the next several years there will be an increase in the natural gas percentage of the Company's system energy from 14% to 29%, as new efficient gas-fired generation comes on-line, such as the Warren and Brunswick County Power Stations. The Company also states that natural gas prices tend to be more volatile than nuclear fuel or coal prices. Accordingly, Dominion Virginia Power believes it is prudent to expand its approach to securing the supply of natural gas necessary to fuel its power plants, by considering additional natural gas procurement policies and hedging to assist in promoting the reliability of fuel supply and rate stability for customers. To support expansion of its hedging activities, the Company proposes to add a new Paragraph (d) to the existing Definitional Framework to explicitly state that reasonable costs, gains, or losses arising from the use of derivative instruments to financially hedge fuel and purchased power are recoverable through the Company's fuel factor. Specifically, the Company's proposed Paragraph (d) states: "[t]he commodity costs referenced in items a., b., and c. above shall include any costs, gains or losses arising from the use of derivative instruments associated with such commodities." The commodity costs referenced in

items a., b., and c. of the Definitional Framework refer to fossil fuel costs, nuclear fuel costs, and purchased power costs, respectively. The Company believes that this change in the Definitional Framework is important and appropriate at this time for the hedging activities to continue to provide benefits for customers in the future, particularly given changing market dynamics.

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that this matter should be docketed, that public notice and an opportunity for participation in this proceeding should be given, and that a hearing should be scheduled. The Commission further finds that the Company's proposed mitigated fuel factor of 3.018¢/kWh should be placed into effect on an interim basis for usage on and after July 1, 2014.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2014-00033.
- (2) The Company's proposed mitigated fuel factor of 3.018¢/kWh shall be placed into effect on an interim basis for usage on and after July 1, 2014.
- (3) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, Procedure before hearing examiners, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding, including the Company's Motion for Entry of a Protective Order.
- (4) A public hearing shall be convened on August 19, 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 evidence offered by the Company, respondents, and the Commission's Staff ("Staff") on the Company's Application. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's Courtroom fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Company shall forthwith make copies of the public versions of its Application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in the Commonwealth of Virginia. Interested persons also may review a copy of the public version of Dominion Virginia Power's Application 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 request a copy of the same, at no charge, by written request to counsel for Dominion Virginia Power, William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before June 6, 2014, Dominion Virginia Power shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF
VIRGINIA ELECTRIC AND POWER COMPANY'S
REQUEST TO INCREASE ITS FUEL FACTOR
CASE NO. PUE-2014-00033

On May 2, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56 249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor from 2.572 cents per kilowatt hour ("¢/kWh") to 3.018¢/kWh, or, alternatively, 3.218¢/kWh, effective for usage on and after July 1, 2014.

The Company's proposed fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. At the full recovery rate, the Company's proposed current period factor for Fuel Charge Rider A of 2.819¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately \$1.9 billion for the period July 1, 2014, through June 30, 2015. At the full recovery rate, the Company's proposed prior period factor for Fuel Charge Rider A of 0.399¢/kWh is designed to recover approximately \$267.8 million in estimated under-recovered Virginia jurisdictional fuel expenses for the period July 1, 2013, through June 30, 2014.

In total, Dominion Virginia Power's proposed fuel factor at the full recovery rate represents a 0.646¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042. According to the Company, this proposal would result in an annual fuel revenue increase of approximately \$433.9 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales. The total proposed fuel factor at the full recovery rate would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.46, or approximately 6.0%.

However, Dominion Virginia Power states in its Application that it recognizes the impact of such an increase in fuel rates on its customers. To mitigate this impact, the Company offers in its Application an alternative mitigation proposal to the full recovery rate, under which the Company would waive its right to recovery of the full deferral balance over the current period in favor of recovery of this balance equally over two fuel periods. Specifically, the Company states that, if approved, its mitigation proposal would amortize the \$267.8 million projected June 30, 2014 fuel deferral balance for recovery equally over the fuel periods of July 1, 2014, through June 30, 2015, and July 1, 2015, through June 30, 2016, a total of 24 months. As part of its

mitigation proposal, Dominion Virginia Power would further agree that any incremental costs associated with financing the deferral balance over the extended period of 24 months, as opposed to 12 months, would be borne by the Company. Thus, under the Company's mitigation proposal, Fuel Charge Rider A would contain the same current period factor of 2.819¢/kWh, but be comprised of a prior period factor of 0.199¢/kWh, designed to recover approximately \$133.9 million, or one half of the Virginia jurisdiction's projected June 30, 2014 fuel deferral balance. As such, Dominion Virginia Power represents that the proposed mitigated fuel factor rate would be 3.018¢/kWh, rather than the 3.218¢/kWh full recovery rate.

The proposed mitigated fuel factor represents a 0.446¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042. According to Dominion Virginia Power, its mitigation proposal would result in an annual fuel revenue increase of approximately \$299.5 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales. The proposed fuel factor resulting from the Company's mitigation proposal would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.46, or approximately 4.1%.

In its Application, Dominion Virginia Power also proposes a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company ("Definitional Framework"). Specifically, the Company states that in the next several years there will be an increase in the natural gas percentage of the Company's system energy from 14% to 29%, as new efficient gas-fired generation comes on-line, such as the Warren and Brunswick County Power Stations. The Company also states that natural gas prices tend to be more volatile than nuclear fuel or coal prices. Accordingly, Dominion Virginia Power believes it is prudent to expand its approach to securing the supply of natural gas necessary to fuel its power plants, by considering additional natural gas procurement policies and hedging to assist in promoting the reliability of fuel supply and rate stability for customers. To support expansion of its hedging activities, the Company proposes to add a new Paragraph (d) to the existing Definitional Framework to explicitly state that reasonable costs, gains, or losses arising from the use of derivative instruments to financially hedge fuel and purchased power are recoverable through the Company's fuel factor. Specifically, the Company's proposed Paragraph (d) states: "[t]he commodity costs referenced in items a., b., and c. above shall include any costs, gains or losses arising from the use of derivative instruments associated with such commodities." The commodity costs referenced in items a., b., and c. of the Definitional Framework refer to fossil fuel costs, nuclear fuel costs, and purchased power costs, respectively. The Company believes that this change in the Definitional Framework is important and appropriate at this time for the hedging activities to continue to provide benefits for customers in the future, particularly given changing market dynamics.

The Commission entered an Order Establishing 2014-2015 Fuel Factor Proceeding ("Order") that, among other things, scheduled a public hearing on August 19, 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 Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear 15 minutes before 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). The Commission also allowed the Company to place its proposed mitigated fuel factor of 3.018¢/kWh into effect for usage on and after July 1, 2014, on an interim basis.

The public version of the Company's Application, pre filed testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in the Commonwealth of Virginia. A copy of the public version of the Company's Application also may be obtained, at no cost, by written request to counsel for Dominion Virginia Power, William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Interested persons also may review a copy of the public version of the Company's Application 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. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice and Procedure ("Rules of Practice"), as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

On or before August 7, 2014, any interested person wishing to comment on the Company's Application shall file written comments 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 August 7, 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 comments. All such comments shall refer to Case No. PUE 2014 00033.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before June 27, 2014. If not filed electronically, an original and fifteen (15) copies of the

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, Participation as a respondent, of the Commission's 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. All filings shall refer to Case No. PUE-2014-00033. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before July 10, 2014, each respondent may file with the Clerk of the Commission and serve on the Commission's 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 set forth above. In all filings, respondents 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 2014-00033.

VIRGINIA ELECTRIC AND POWER COMPANY

(7) On or before June 6, 2014, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(9) On or before August 7, 2014, any interested person wishing to comment on the Company's Application shall file written comments 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 August 7, 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 comments. All such comments shall refer to Case No. PUE 2014 00033.

(10) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before June 27, 2014. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, Participation as a respondent, of the Commission's 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 5 VAC 5-20-30, Counsel, of the Rules of Practice. All filings shall refer to Case No. PUE-2014-00033.

(11) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the public version of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before July 10, 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 set forth in Ordering Paragraph (9). 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-2014-00033.

(13) On or before July 31, 2014, the Staff shall investigate the Application and file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before August 7, 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 set forth in Ordering Paragraph (9).

(15) The Commission's Rules of Practice, 5 VAC 5 20 260, Interrogatories or requests for production of documents and things, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5 20 260 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, if the interrogatory or request for production is directed to Staff. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5 20 240 et seq.

(16) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2014-00033
SEPTEMBER 18, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2014-2015 FUEL FACTOR

On May 2, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor from 2.572 cents per kilowatt-hour ("¢/kWh") to 3.018¢/kWh, or, alternatively, 3.218¢/kWh, effective for usage on and after July 1, 2014.¹

The Company's proposed fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. At the full recovery rate, the Company's proposed current period factor for Fuel Charge Rider A of 2.819¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately \$1.9 billion for the period July 1, 2014, through June 30, 2015.² At the full recovery rate, the Company's proposed prior period factor for Fuel Charge Rider A of 0.399¢/kWh is designed to recover approximately \$267.8 million in estimated under-recovered Virginia jurisdictional fuel expenses for the period July 1, 2013, through June 30, 2014.³

In total, Dominion Virginia Power's proposed fuel factor at the full recovery rate represents a 0.646¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042.⁴ According to the Company, this proposal would result in an annual fuel revenue increase of approximately \$433.9 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales.⁵ The total proposed fuel factor at the full recovery rate would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.46, or approximately 6.0%.⁶

However, Dominion Virginia Power stated in its Application that it recognizes the impact of such an increase in fuel rates on its customers.⁷ To mitigate this impact, the Company offered in its Application an alternative mitigation proposal to the full recovery rate, under which the Company would waive its right to recovery of the full deferral balance over the current period in favor of recovery of this balance over two fuel periods. Specifically, the Company stated that, if approved, its mitigation proposal would amortize the \$267.8 million projected June 30, 2014 fuel deferral balance for recovery over the fuel periods of July 1, 2014, through June 30, 2015, and July 1, 2015, through June 30, 2016, a total of 24 months.⁸ As part of its mitigation proposal, Dominion Virginia Power further agreed that any incremental costs associated with financing the deferral balance over the extended period of 24 months, as opposed to 12 months, would be borne by the Company.⁹ Thus, under the Company's mitigation proposal, Fuel Charge Rider A would contain the same current period factor of 2.819¢/kWh, but be comprised of a prior period factor of 0.199¢/kWh, designed to recover approximately \$133.9 million, or one half of the Virginia jurisdiction's projected June 30, 2014 fuel deferral balance.¹⁰ As such, Dominion Virginia Power represented that the proposed mitigated fuel factor rate would be 3.018¢/kWh, rather than the 3.218¢/kWh full recovery rate.¹¹

The proposed mitigated fuel factor represents a 0.446¢/kWh increase from the fuel factor rate presently in effect of 2.572¢/kWh, as approved in Case No. PUE-2013-00042.¹² According to Dominion Virginia Power, its mitigation proposal would result in an annual fuel revenue increase of

¹ Ex. 2 (Application) at 2, 4.

² *Id.* at 2.

³ *Id.*

⁴ *Id.* Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6, Case No. PUE-2013-00042, 2013 S.C.C. Ann. Rept. 403, Order Modifying Fuel Factor (Nov. 20, 2013).

⁵ Ex. 13 (Direct Testimony of Edward J. Anderson) at 2.

⁶ *Id.* at 6.

⁷ Ex. 2 (Application) at 2. The Company represents that the significant under-recovery during the prior period was heavily influenced by extreme weather conditions, significant price fluctuations experienced this winter, and that the under-recovery would have been substantially less had the Company not implemented its voluntary fuel rate reduction in December 2013. *Id.* at 2-3.

⁸ *Id.* at 3.

⁹ *Id.* The Company also agreed, should the Commission adopt this proposal, that any incremental working capital costs associated with a two-year amortization and recovery of the projected June 30, 2014 deferral balance – over and above any such costs associated with full recovery during the current fuel period of 12 months – would be excluded from the base rate cost of service in future earnings reviews. The Company stated that customers would not see any such incremental financing costs and any such costs would be borne by the Company. Ex. 12 (Direct Testimony of John C. Ingram) at 9-10.

¹⁰ Ex. 13 (Direct Testimony of Edward J. Anderson) at 2.

¹¹ *Id.* at 5.

¹² Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6, Case No. PUE-2013-00042, 2013 S.C.C. Ann. Rept. 403, Order Modifying Fuel Factor (Nov. 20, 2013).

approximately \$299.5 million when compared to the present fuel rate of 2.572¢/kWh, and when applied to the projected current period kWh sales.¹³ The proposed fuel factor resulting from the Company's mitigation proposal would increase the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.46, or approximately 4.1%.¹⁴

Dominion Virginia Power stated that it supports a Commission finding that its mitigation proposal is in the public interest.¹⁵ However, should the Commission decline to adopt the Company's mitigation proposal, the Company requests that the Commission approve and implement the total fuel factor full recovery rate of 3.218¢/kWh, as described above.¹⁶

In its Application, Dominion Virginia Power also proposed a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company ("Definitional Framework").¹⁷ Specifically, to support expansion of its hedging activities, the Company proposed to add a new Paragraph (d) to the existing Definitional Framework to explicitly state that reasonable costs, gains, or losses arising from the use of derivative instruments to financially hedge fuel and purchased power are recoverable through the Company's fuel factor.¹⁸ Specifically, the Company's proposed Paragraph (d) states: "[t]he commodity costs referenced in items a., b., and c. above shall include any costs, gains or losses arising from the use of derivative instruments associated with such commodities."¹⁹ The commodity costs referenced in items a., b., and c. of the Definitional Framework refer to fossil fuel costs, nuclear fuel costs, and purchased power costs, respectively.²⁰

On May 14, 2014, the Commission entered an Order Establishing 2014-2015 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; (3) scheduled a public evidentiary hearing on the Application; and (4) placed into effect the Company's proposed mitigated fuel factor of 3.018¢/kWh on an interim basis for usage on and after July 1, 2014.

The Virginia Committee for Fair Utility Rates ("Committee"), Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), MeadWestvaco Corporation, and Wal-Mart Stores East, LP, and Sam's East, Inc. ("Walmart") (collectively, "Respondents"), filed notices of participation in this case.

Commission Staff ("Staff") and all the Respondents opposed the Company's change to the Definitional Framework. On August 18, 2014, Staff, the Company, and all Respondents filed a Partial Stipulation and Recommendation, agreeing and recommending that the Commission find that:

- 1) There will be no change to the Company's Definitional Framework in this proceeding.
- 2) The Company will file a report on or before January 31, 2015 ("January 31, 2015 Report") in this docket, as described in Staff Witness Oliver's Pre-filed Testimony, to include:
 - a. The Company's actual hedging and fuel procurement practices over the past five years including but not limited to: (i) the percentage of fuel volumes hedged physically and financially by fuel type; (ii) the types of physical and financial hedges used; and (iii) for each month from 2009 to the present, a quantification of the gains and losses associated with the financial hedges and an itemized list of all costs associated with these financial hedges.
 - b. A detailed explanation, with supporting workpapers, of: (i) the Company's current risk management program for its procurement of oil, natural gas, and wholesale electricity; (ii) any changes it is considering to its current risk management program for its procurement of oil, natural gas, and wholesale electricity in the next year as a result of changing fuel mix, market conditions, or any other reason; and (iii) the analyses undertaken in adopting and implementing such plan and in rejecting alternatives.
- 3) The Company will file annual updates to the January 31, 2015 Report in each fuel factor proceeding going forward.²¹

The Commission convened a public evidentiary hearing on August 19, 2014. Dominion Virginia Power, the Committee, Consumer Counsel, the Staff, and Walmart participated at the hearing.²² No public witnesses appeared at the hearing.

Walmart, MeadWestvaco Corporation, and the Committee supported the Company's mitigation proposal in this proceeding.²³ However, at the hearing, Consumer Counsel questioned whether the Company's mitigation proposal is necessary in this proceeding.²⁴ Staff did not oppose the Company's

¹³ Ex. 13 (Direct Testimony of Edward J. Anderson) at 1-2.

¹⁴ *Id.* at 5.

¹⁵ Ex. 2 (Application) at 3.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Ex. 3 (Direct Testimony of Steven A. Rogers) at 10.

¹⁹ Ex. 12 (Direct Testimony of John C. Ingram) at Schedule 4.

²⁰ *Id.*

²¹ Ex. 4 (Partial Stipulation and Recommendation) at 2.

²² MeadWestvaco Corporation was excused from the hearing.

²³ Ex. 14 (Direct Testimony of Steve W. Chriss) at 3, 5; Ex. 15 (Direct Testimony of Kevin W. O'Donnell) at 5; Tr. at 23.

mitigation proposal, but presented additional options for the Commission's consideration that incorporated the Company's updated recovery position through June 30, 2014.²⁵ The Committee supported the use of the Company's updated recovery position through June 30, 2014 for calculating the fuel factor, which is \$33.2 million lower than the Company's projected recovery balance.²⁶ The Company, however, did not support using this updated recovery balance, citing the potential for changes in weather and increases in commodity prices, which could impact forecasted fuel expense, the Company's already significant expected under-recovery balance under the mitigation proposal, and the fact that changing rates now would constitute a midstream adjustment.²⁷ As such, the core issues remaining for Commission determination in this proceeding are: (1) whether to adopt the Company's mitigation proposal; (2) whether to use the Company's June 30, 2014, updated deferral balance; and (3) whether to adopt the Partial Stipulation and Recommendation.

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that Dominion Virginia Power's fuel factor approved herein shall be 3.018¢/kWh for usage on and after July 1, 2014. Specifically, we find that the Company's mitigation proposal is in the public interest. We also find that using the Company's June 30, 2014 updated deferral balance is unnecessary at this time.

Pursuant to § 56-249.6 of the Code, Dominion Virginia Power is statutorily entitled to recover its prudently incurred fuel costs. As 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.²⁸

Likewise, while we find that the fuel factor approved herein shall be implemented for usage on and after July 1, 2014, 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.

We also find that the Partial Stipulation and Recommendation submitted to the Commission on August 18, 2014, and signed by the Company, Staff, and all Respondents is in the public interest. As such, we make no change to the Definitional Framework in this proceeding and Dominion Virginia Power shall file a report on or before January 31, 2015, in this docket, as described in Staff Witness Oliver's Pre-filed Testimony, to include:

- a. The Company's actual hedging and fuel procurement practices over the past five years including but not limited to: (i) the percentage of fuel volumes hedged physically and financially by fuel type; (ii) the types of physical and financial hedges used; and (iii) for each month from 2009 to the present, a quantification of the gains and losses associated with the financial hedges and an itemized list of all costs associated with these financial hedges.
- b. A detailed explanation, with supporting workpapers, of: (i) the Company's current risk management program for its procurement of oil, natural gas, and wholesale electricity; (ii) any changes it is considering to its current risk management program for its procurement of oil, natural gas, and wholesale electricity in the next year as a result of changing fuel mix, market conditions, or any other reason; and (iii) the analyses undertaken in adopting and implementing such plan and in rejecting alternatives.

Dominion Virginia Power shall file updates to this report in each fuel factor proceeding going forward.

Accordingly, IT IS ORDERED THAT:

(1) The Company's fuel factor shall be 3.018¢/kWh for usage on and after July 1, 2014.

(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, 2014.

(3) The Partial Stipulation and Recommendation submitted to the Commission on August 18, 2014, and signed by the Company, Staff, and all Respondents is approved.

(4) This matter is continued pending further order of the Commission.

²⁴ Tr. 36-38.

²⁵ Tr. 45-47; Ex. 22 (Direct Testimony of Kelli B. Gravely) at 7.

²⁶ Tr. at 20-21.

²⁷ Ex. 25 (Rebuttal Testimony of Glenn A. Kelly) at 5; Tr. 132-134.

²⁸ *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-1994-00043, 1995 S.C.C. Ann. Rept. 309, 311 (Jan. 6, 1995).

**CASE NO. PUE-2014-00035
SEPTEMBER 25, 2014**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

ORDER FOR NOTICE AND HEARING

On August 8, 2014, Massanutten Public Service Corporation ("Massanutten" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application").¹ The Application was filed pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")² and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules").³ Concurrently with its Application, the Company filed a Motion for Entry of a Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice").⁴

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$282,450 and in wastewater revenues of \$186,700.⁵ According to Massanutten, the proposed rate increase would constitute an approximately 21% increase in the Company's water revenues and an approximately 14% increase in wastewater revenues.⁶ The Company indicates that this rate request is based on a 10.80% return on common equity.⁷

Massanutten proposes to create four customer classes: residential, hospitality, commercial, and the water park. The Company proposes to allocate the revenue increase for water and wastewater service to the four proposed customer classes producing the following percentage revenue increase by class:⁸

Class	Water Revenue Increase	Wastewater Revenue Increase
Residential	0.736%	-6.898%
Commercial	25.396%	23.013%
Hospitality	26.357%	19.080%
Water Park	99.885%	90.425%

In particular, according to the Company, the one customer comprising the proposed water park class will receive an estimated annual bill increase for water and wastewater service totaling approximately \$137,000.⁹

According to its Application, the Company proposes the following specific rates and charges:

The current monthly base facilities charge applicable to water service for all customers ranges from \$12.50 to \$312.50 as the meter size increases from 5/8" to 4". All customers currently pay a usage charge of \$6.98 per each 1,000 gallons. Under the proposed rates, the monthly base facilities charge for water service ranges from \$15.15 to \$378.75 as the meter size increases from 5/8" to 4". Under the proposed rates, the residential usage charge would be \$6.081 per each 1,000 gallons. The usage charge per each 1,000 gallons ranges from \$8.812 to \$14.658 for the commercial, hospitality and water park classes.

¹ On August 26, 2014, Massanutten filed additional application materials including a revised Schedule 36, an additional Schedule 7 Information, and information relating to Short-Term Debt Interest Rate and Unamortized Debt Expense. The Application was accepted as "complete" as of August 26, 2014.

² Va. Code § 56-232 *et seq.*

³ 20 VAC 5-201-10 *et seq.*

⁴ 5 VAC 5-20-10 *et seq.*

⁵ Application at 2.

⁶ *Id.*, Schedule 42.

⁷ Burnice C. Dooley Direct Testimony at 7.

⁸ Application, Schedule 42.

⁹ *Id.*

The current monthly base facilities charge applicable to sewer service for all metered customers ranges from \$12.50 to \$312.50 as the meter size increases from 5/8" to 4". All customers currently pay a usage charge of \$7.17 per each 1,000 gallons. Under the proposed rates, the monthly base facilities charge for sewer service ranges from \$14.24 to \$356.00 as the meter size increases from 5/8" to 4". Under the proposed rates, the residential usage charge would be \$5.6801 per each 1,000 gallons. The usage charge per each 1,000 gallons ranges from \$8.9625 to \$14.3597 for the commercial, hospitality and water park classes. The charge for unmetered sewer is currently \$46.92 per month and it is proposed that this would be increased to \$53.43 per month.

Currently, the monthly availability fee is \$4.35 for water and \$4.35 for sewer. This would increase to \$5.27 per month for water and \$4.95 per month for sewer. These charges would be billed semi-annually. The Company also proposes to increase the return check charge from \$6.00 to \$25.00.¹⁰

The Company requests that its proposed rate increase be allowed to go into effect on January 1, 2015.

NOW THE COMMISSION, having considered the Application with its accompanying schedules, testimony, and exhibits, finds that this Application for a general increase in water and sewer rates should be docketed, and, as required by §§ 56-237 and 56-237.1 of the Code, notice of the Application should be given. The Commission further finds that a public hearing on the lawfulness of the proposed rates should be convened to receive evidence on the Application and that pursuant to Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, this matter should be assigned to a Hearing Examiner to conduct all further proceedings.¹¹ We will also direct the Commission Staff ("Staff") to investigate the Application and present its findings in testimony. The Commission will also give interested persons an opportunity to comment on the Application or to participate as a respondent in this proceeding.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place its proposed rates into effect, subject to refund, with interest, for service rendered on or after January 1, 2015. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the Company to make refunds with interest. Pursuant to § 56-238 of the Code, we will direct the Company to provide a bond to insure prompt refund of any excess rates or changes.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2014-00035.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion for Entry of a Protective Order, and filing a final report.

(3) As provided by §§ 56-237 and 56-240 of the Code, Massanutten's proposed increase in rates may take effect for service rendered on or after January 1, 2015, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds or credits with interest.

(4) On or before December 1, 2014, the Company shall file a bond with the Commission in the amount of \$469,150.00 payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts that the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(5) A public hearing shall be convened at 10 a.m. on April 16, 2015, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence on the Application for a general increase in rates. Any person desiring to make a statement at the public hearing concerning the Application 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 Commission's Bailiff.

(6) Copies of the Application, testimony, and schedules, as well as a copy of this Order for Notice and Hearing, may be obtained by submitting a written request to counsel for the Company, Philip R. de Haas, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218-1122. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of Massanutten's Application, testimony, and schedules, as well as this Order for Notice and Hearing, shall be available for interested persons to review in the Commission's Document Control Center, Tyler Building, First Floor, 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 access unofficial copies of the Application through the Commission's website: <http://www.scc.virginia.gov/case>.

(7) Within ten (10) days of entry of this order, Massanutten shall make available for inspection copies of the Application and this Order at the following office during regular business hours, Monday through Friday: Massanutten Public Service Corporation, 1550 Resort Drive, McGaheysville, Virginia 22840.

¹⁰ Application at 2-3.

¹¹ The Motion for Protective Order shall be addressed by separate ruling by the Hearing Examiner appointed to conduct the proceedings in this matter.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(8) On or before October 29, 2014, Massanutten shall cause a copy of the following notice to be published as display advertising (not classified) for two (2) consecutive weeks in a newspaper or newspapers of general circulation in Rockingham County, Virginia.

NOTICE TO THE PUBLIC OF
MASSANUTTEN PUBLIC SERVICE CORPORATION'S
APPLICATION FOR A GENERAL INCREASE
IN WATER AND SEWER RATES
CASE NO. PUE-2014-00035

On August 8, 2014, Massanutten Public Service Corporation ("Massanutten" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application"). The Application was filed pursuant to Chapter 10 of Title 56 of the Code of Virginia and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$282,450 and in wastewater revenues of \$186,700. According to Massanutten, the proposed rate increase would constitute an approximately 21% increase in the Company's water revenues and an approximately 14% increase in wastewater revenues. The Company indicates that this rate request is based on a 10.80% return on common equity.

Massanutten proposes to create four customer classes: residential, hospitality, commercial, and the water park. The Company proposes to allocate the revenue increases for water and wastewater service to the four proposed customer classes producing the following percentage revenue increase by class:

Class	Water Revenue Increase	Wastewater Revenue Increase
Residential	0.736%	-6.898%
Commercial	25.396%	23.013%
Hospitality	26.357%	19.080%
Water Park	99.885%	90.425%

In particular, according to the Company, the one customer comprising the proposed water park class will receive an estimated annual bill increase for water and wastewater service totaling approximately \$137,000.

According to its Application, the Company proposes the following specific rates and charges:

The current monthly base facilities charge applicable to water service for all customers ranges from \$12.50 to \$312.50 as the meter size increases from 5/8" to 4". All customers currently pay a usage charge of \$6.98 per each 1,000 gallons. Under the proposed rates, the monthly base facilities charge for water service ranges from \$15.15 to \$378.75 as the meter size increases from 5/8" to 4". Under the proposed rates, the residential usage charge would be \$6.081 per each 1,000 gallons. The usage charge per each 1,000 gallons ranges from \$8.812 to \$14.658 for the commercial, hospitality and water park classes.

The current monthly base facilities charge applicable to sewer service for all metered customers ranges from \$12.50 to \$312.50 as the meter size increases from 5/8" to 4". All customers currently pay a usage charge of \$7.17 per each 1,000 gallons. Under the proposed rates, the monthly base facilities charge for sewer service ranges from \$14.24 to \$356.00 as the meter size increases from 5/8" to 4". Under the proposed rates, the residential usage charge would be \$5.6801 per each 1,000 gallons. The usage charge per each 1,000 gallons ranges from \$8.9625 to \$14.3597 for the commercial, hospitality and water park classes. The charge for unmetered sewer is currently \$46.92 per month and it is proposed that this would be increased to \$53.43 per month.

Currently, the monthly availability fee is \$4.35 for water and \$4.35 for sewer. This would increase to \$5.27 per month for water and \$4.95 per month for sewer. These charges would be billed semi-annually. The Company also proposes to increase the return check charge from \$6.00 to \$25.00.

The proposed rates shall take effect on an interim basis for service rendered on and after January 1, 2015. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the Company to make refunds or give credits with interest.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on April 16, 2015, at 10 a.m., in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from members of the public and evidence related to the Application. 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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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).

The public version of the Application and related filings may be inspected in the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, between 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. The Application also may be inspected during regular business hours at Massanutten's business office located at 1550 Resort Drive, McGaheysville, Virginia 22840. Interested persons also may access unofficial copies of the Application through the Commission's Docket Search portal at: <http://www.scc.virginia.gov/case>. A copy of the Application and accompanying materials also may be obtained at no cost by making a request in writing to counsel for the Company, Philip R. de Haas, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218-1122. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before January 9, 2015, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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. Anyone filing a notice of participation shall also serve a copy of the notice of participation on counsel to the Company at the address set forth above. 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-2014-00035.

On or before February 10, 2015, each respondent may file with the Clerk of the Commission, and serve on the Commission's 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 P.O. Box address above. Respondents also shall comply with the Commission's Rules of Practice and Procedure, 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-2014-00035.

On or before April 9, 2015, any interested person wishing to comment on the Company's Application shall file written comments on the Application with the Clerk of the Commission at the P.O. Box address above. Any interested person desiring to file comments electronically may do so on or before April 9, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUE-2014-00035.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Rules of Practice and Procedure may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, VA 23218-2118.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(9) Massanutten shall include the text of the public notice prescribed in Ordering Paragraph (8) on one (1) occasion as a bill insert for its customers. Including the bill insert shall commence as soon as practicable and shall continue until all customers have received the insert. Alternatively, Massanutten may send the text of the public notice by a separate mailing to customers, with such mailing being made by no later than October 29, 2014.

(10) On or before October 29, 2014, the Company shall serve a copy of this Order for Notice and Hearing on all officials previously served as required by 20 VAC 5-201-10 J of the Rate Case Rules. Service shall be made by first class mail to the customary place of business or residence of the person served.

(11) On or before November 19, 2014, Massanutten shall file proof of the notice and service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(12) On or before April 9, 2015, any interested persons may file with the Clerk of the Commission, at the address set forth above in Ordering Paragraph (11), written comments on the Application. On or before April 9, 2015, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2014-00035.

(13) Any interested person may participate as a respondent in this proceeding by filing, on or before January 9, 2015, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (11), and the respondent shall also serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's 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 5 VAC 5-20-30, *Counsel*, of the Commission's Rules of Practice. All filings shall refer to Case No. PUE-2014-00035.

(14) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon such respondent a copy of the Application, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

(15) On or before February 10, 2015, 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 set forth in Ordering Paragraph (11). 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-2014-00035.

(16) The Staff shall investigate the Application. On or before March 13, 2015, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy on counsel to the Company and all respondents.

(17) On or before March 24, 2015, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff and shall also 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 set forth in Ordering Paragraph (11).

(18) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

(19) This matter is continued.

**CASE NO. PUE-2014-00037
JULY 14, 2014**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2014 SAVE Rider update

ORDER APPROVING SAVE RIDER ADJUSTMENT

On May 8, 2014, pursuant to § 56-604 E of Chapter 26 of Title 56 of the Code of Virginia, 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, completed its filing of its annual update for its Commission-approved Steps to Advance Virginia's Energy ("SAVE") plan ("SAVE Plan")¹ under which VNG's SAVE Rider, Rider E, is reconciled and adjusted ("2014 Annual Update" or "Application").

In its Application, the Company states that the calculation of the revenue requirement and rates associated with 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 2013, as compared to the revenue generated by Rider E in 2013, along with an adjustment for projects consistent with those contemplated for inclusion in a SAVE Plan that were included in the rates established in the Company's most recent base rate case.² Based on this calculation, the Company proposes a SACA adjustment of (\$1,421,749) for the upcoming rate period of August 2014 through July 2015 ("Rate Year"). The Company states that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the Rate Year and proposes an ASF in the amount of \$6,333,764 for the Rate Year. The Company calculates a SAVE Rider E revenue requirement of \$4,912,015 for the Rate Year by netting the ASF amount of \$6,333,764 with the SACA amount of (\$1,421,749).

On May 15, 2014, 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 ("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 1, 2014, the Staff filed its Report wherein it found that the Company's estimates and calculations resulting in a revenue requirement of \$4,912,015 for the Rate Year were appropriate. The Staff further recommended that the currently proposed allocation factors remain in place.

On July 7, 2014, VNG filed its response ("Response") to the Staff Report. In its Response, the Company stated that it does not take issue with the conclusions and recommendations in the Staff Report, agrees with the revenue requirement stated in the Report, and requested that the Commission enter an order approving the proposed reconciliation and Rider E adjustment, as proposed in its 2014 Annual Update.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Application should be approved.

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, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012) ("2012 SAVE Order").

² *Application of Virginia Natural Gas, Inc., For an increase in base rates and for authority to revise its 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 S.C.C. Ann. Rept. 403, Final Order (Dec. 20, 2011).

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2014 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, 2014, and remain in effect through July 31, 2015.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2014 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.

CASE NO. PUE-2014-00038
JUNE 24, 2014

APPLICATION OF
EAST COAST TRANSPORT, INC.,
TENASKA, INC.,
TENASKA VIRGINIA PARTNERS, L.P.,
and
TENASKA OPERATIONS, INC.

For approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On May 14, 2014, East Coast Transport, Inc. ("ECTI"), Tenaska, Inc. ("Tenaska"), Tenaska Virginia Partners, L.P. ("Tenaska Virginia"), and Tenaska Operations, Inc. ("Tenaska Operations") (collectively, "Applicants"), filed a joint application pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of arrangements between affiliates.¹

ECTI is a Virginia public service corporation that owns and operates water supply facilities in Fluvanna and Buckingham Counties to provide raw, non-potable water to the public and also provides bulk wastewater transportation services. Tenaska is a development company that provides certain development and other centralized services to the Tenaska family of companies for generating projects and related activities. Tenaska Virginia is a limited partnership that operates and manages a 900 megawatt natural gas-fired electric generating facility in Fluvanna, Virginia (the "Fluvanna Facility"). Tenaska Operations provides management, operations, maintenance, administrative, and other support services to the Tenaska family of companies. ECTI, Tenaska, Tenaska Virginia, and Tenaska Operations are considered affiliated interests pursuant to § 56-76 *et seq.* of the Code and, therefore, are required to seek prior approval of any affiliate arrangements or agreements.

The Applicants seek renewed approval of three current agreements: (1) a Services Agreement between ECTI and Tenaska ("Services Agreement"); (2) a Contract for Firm Wastewater Transportation Service between ECTI and Tenaska Virginia ("Wastewater Agreement"); and (3) an Operations and Maintenance Agreement between ECTI and Tenaska Operations ("O&M Agreement") (collectively, "Proposed Agreements"). The Commission previously approved the three agreements in Case Nos. PUE-2009-00042 and PUE-2009-00066 ("Prior Cases").²

Under the Services Agreement, Tenaska provides ECTI with certain development, administrative, and other centralized services ("Centralized Services") to facilitate ECTI's operation of its water supply and wastewater transport system serving the Fluvanna Facility. Tenaska charges ECTI based either on Tenaska's internal costs or its costs of employing an expert third party contractor or vendor to provide Centralized Services. There is no profit component included. The Services Agreement originated January 16, 2001, was amended August 5, 2009, to include wastewater Centralized Services, and extends through January 15, 2025, after which it continues year-by-year unless terminated by 12-months written notice. ECTI can terminate the Services Agreement upon 60-days notice should ECTI determine that the arrangement is no longer cost-beneficial.

Under the Wastewater Agreement, ECTI provides Tenaska Virginia with wastewater transportation services ("Transportation Services") of the Fluvanna Facility's process water to a permitted outfall on the Rivanna River. ECTI will charge Tenaska Virginia the actual costs incurred to provide the Transportation Services, which includes a monthly capacity charge and a volumetric charge to collect the fixed and variable costs of operating the wastewater transportation system. The Wastewater Agreement originated March 1, 2010, and extends through July 1, 2024, after which it continues unless terminated upon 30-days written notice.

Under the O&M Agreement, Tenaska Operations provides ECTI with management, administration, operations, maintenance, and other support services ("O&M Services") for ECTI's water supply system and wastewater transportation system serving the Fluvanna Facility. Tenaska Operations charges ECTI based either on Tenaska Operation's internal costs or its costs of employing an expert third party contractor or vendor to provide O&M Services, plus an annual fee based on water deliveries to cover overhead costs. There is no profit component included. The O&M Agreement originated April 30, 2002, was amended December 17, 2002, and September 25, 2009, the latter to include wastewater O&M Services, and extends through August 31, 2025. The Applicants represent that the Services Agreement, the Wastewater Agreement, and the O&M Agreement are in the public interest

¹ Va. Code § 56-76 *et seq.*

² *Application of East Coast Transport, Inc., and Tenaska, Inc., For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00042, 2009 S.C.C. Ann. Rept. 474, Order Granting Approval (Aug. 3, 2009); and *Application of East Coast Transport, Inc., Tenaska Virginia Partners, L.P., and Tenaska Operations, Inc., For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00066, 2009 S.C.C. Ann. Rept. 502, Order Granting Approval (Sept. 25, 2009).

because the agreements: (1) provide cost-based access to unique and specialized services; and (2) contribute to the cost-effective operation of the Fluvanna Facility.

NOW THE COMMISSION, upon consideration of this matter and the applicable law, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the Proposed Agreements are in the public interest and should be approved. In the Prior Cases, we approved the agreements subject to certain requirements ("Requirements") set forth in the Staff's Action Brief filed contemporaneously with this Order. We find that these Requirements remain necessary to protect the public interest, and we approve the Proposed Agreements subject to these Requirements.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Proposed Agreements subject to the Requirements set forth in the Staff's Action Brief and the requirements set forth herein.
- (2) The duration of the approval granted herein shall be limited to five (5) years from the date of this Order Granting Approval. Should the Applicants wish to continue the agreements thereafter, further Commission approval shall be required.
- (3) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Proposed Agreements approved herein.
- (4) The approval granted herein shall be limited to the specific list of Centralized Services, Transportation Services, and O&M Services identified in the Applicants' response to Staff Data Request #1, Second Set, which is attached to the Staff's Action Brief filed contemporaneously with this Order Granting Approval. Should the Applicants subsequently wish to add a service not identified on this list, separate Commission approval shall be required.
- (5) Should the Applicants seek to employ affiliated third parties to provide services under the Proposed Agreements, separate Commission approval shall be required.
- (6) ECTI shall conduct periodic investigations to ascertain whether markets or alternative providers of Centralized Services, Transportation Services, or O&M Services exist. If so, the market price shall be compared to the affiliate provider's cost. For all Centralized Services and O&M Services received, ECTI shall pay the lower of cost or market. For all Transportation Services provided, ECTI shall pay the higher of cost or market.
- (7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.
- (8) Commission approval shall be required for any changes in the terms and conditions of the Services Agreement, Wastewater Agreement, or the O&M Agreement, including any successors or assigns thereto.
- (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) ECTI shall include the transactions associated with the Services Agreement, Wastewater Agreement, and the O&M Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") by May 1 of each year, which deadline the UAF Director may extend administratively.
- (11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00040
OCTOBER 31, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval and certification of electric transmission facilities in Tazewell and Buchanan Counties: Richlands-Whitewood 138 kV Transmission Line Project

FINAL ORDER

On June 12, 2014, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Tazewell and Buchanan Counties under § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act¹ ("Application"). Exhibits, direct testimony and a DEQ Supplement were also filed with the Application.

APCo proposes to: (a) construct a new single circuit 138 kilovolt ("kV") transmission line approximately 7.5 miles long between APCo's existing Richlands Substation located in the Town of Richlands in Tazewell County and APCo's existing Grassy Creek-Hales Branch 138 kV Transmission Line in Buchanan County (the "Richlands-Whitewood 138 kV Transmission Line"); (b) construct a new switchyard in Buchanan County (the "Whitewood Switchyard"); (c) construct a new 138 kV transmission line approximately 0.4 mile long, from the Grassy Creek-Hales Branch 138 kV Transmission Line to the new Whitewood Switchyard (the "Whitewood 138 kV Extension"); (d) construct a new 138 kV circuit, approximately 0.5 mile long, to be collocated on the Grassy Creek-Hales Branch 138 kV Transmission Line connecting the new Richlands-Whitewood 138 kV Transmission Line and the new Whitewood

¹ Va. Code § 56-256.1 *et seq.*

138 kV Extension (the "Collocated Segment"); and (e) make associated improvements at APCo's existing Richlands Substation, including buswork, switches and related equipment (all of the foregoing collectively referred to as the "Richlands-Whitewood 138 kV Transmission Line Project" or "Project").²

According to the Company, the Richlands-Whitewood 138 kV Transmission Line Project "is needed to address a thermal violation of applicable transmission planning criteria, improve the reliability of the area's existing transmission and subtransmission networks, and reinforce APCo's electrical infrastructure for future growth."³ The Company asserts that the identified thermal violation, which has been verified by PJM Interconnection, L.L.C., is anticipated to occur in the summer of 2017 and would adversely affect a load of approximately 150 MW in portions of Tazewell and Buchanan Counties unless the Richlands-Whitewood 138 kV Transmission Line Project is constructed.⁴

The Company proposes to construct over 95% of the new transmission lines on right-of-way ("ROW") already acquired by the Company.⁵ The existing ROW where the Company proposes to construct the Richlands-Whitewood 138 kV Transmission Line is currently vacant and vegetated.⁶ According to the Application, the 0.4 mile Whitewood 138 kV Extension, which crosses three properties, will require new 200-foot ROW easements.⁷ The Company further states that the Collocated Segment will be located within the existing Grassy Creek-Hales Branch 138 kV 100-foot ROW, and therefore no new easements will be required.⁸ The Company describes the area where the new lines are proposed to be constructed as "mountainous and rugged and dominated by existing and previous mining and gas extraction activities."⁹

According to the Company's Application, alternative route development for the Richlands-Whitewood 138 kV Transmission Line and the Collocated Segment was deemed unnecessary, as the Company determined that using existing ROW in both cases was the most prudent course of action.¹⁰ The Company asserts that significant additional environmental impacts and costs would result from adopting a different route for those lines, as new ROW and access roads would be needed.¹¹ With regard to the Whitewood 138 kV Extension, the Company deemed alternative route development unnecessary given the short length, engineering requirements and topography involved.¹²

APCo states that the proposed in-service date of the Project is June 1, 2017.¹³ The Company estimates that it will take approximately 24 to 30 months for engineering, design, ROW acquisition, permitting, material procurement and construction.¹⁴ The estimated cost of the Richlands-Whitewood 138 kV Transmission Line Project is approximately \$25 million.¹⁵

On July 16, 2014, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; granted an opportunity for any interested person to request a hearing on the Application, file comments on the Application, or participate in this proceeding as a respondent by filing a notice of participation; and directed the Commission Staff ("Staff") to investigate the Application and file a report thereon ("Staff Report"). No notices of participation, requests for hearing, or public comments were received in this proceeding.

As noted in the Procedural Order, the Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the proposed Project by state and local agencies and file a report on the review. DEQ filed its report ("DEQ Report") with the Commission on August 26, 2014. The DEQ Report provides ten 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 regarding the Project. APCo 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 DEQ's recommendations to avoid and minimize impacts to wetlands and streams;

² Application at 1-2.

³ *Id.* at 2.

⁴ Pre-filed testimony of Evan R. Wilcox at 3. The Company identified a potential single contingency overload of the Garden Creek-Richlands-Skeggs Branch 69 kV Line, projected in the summer of 2017. *Id.*

⁵ Application at 2.

⁶ Pre-filed testimony of Timothy B. Earhart, P.E., at 3.

⁷ *Id.* at 5. The Company states that the affected property owners have been contacted and preliminary negotiations have begun. *Id.*

⁸ *Id.* at 4.

⁹ *Id.*

¹⁰ *Id.* at 7.

¹¹ *Id.*

¹² *Id.*

¹³ Application at 3.

¹⁴ *Id.*

¹⁵ Pre-filed testimony of Evan R. Wilcox at 4.

- 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 Division of Natural Heritage regarding its recommendations to protect listed species and habitat 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 ("DGIF") regarding its recommendations for wildlife resource and protected species and to develop Project-specific recommendations as necessary;
- Coordinate with the Department of Forestry ("DOF") regarding its recommendations to mitigate the loss of approximately 135 to 185 acres of trees;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation for follow-up consultation;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Department of Transportation regarding its recommendation for early coordination on road crossings and ROW permits;
- 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.¹⁶

Pursuant to the Procedural Order, on September 26, 2014, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. In the Staff Report, Staff concluded that the Company has reasonably demonstrated a public need for the proposed Project. Staff verified the Company's conclusions that a thermal overload of the Garden Creek-Richlands-Skeggs Branch 69 kV Line will occur beginning in the summer of 2017 and that the Project will resolve the violation.¹⁷ Staff further concluded that no feasible alternative to the proposed Project exists.¹⁸ Staff recommended that the Commission approve the proposed Project and issue the requested certificate of public convenience and necessity.

On October 9, 2014, APCo filed a response to the Staff Report ("Response"). In its Response, APCo states that it generally agrees with the conclusions and recommendations set forth in the Staff Report. APCo further states that while it concurs with many of the recommendations listed in the DEQ Report, it does object to several recommendations.¹⁹

First, APCo objects to a recommendation made by the DGIF that the Company "[m]aintain naturally vegetated buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams, where practicable."²⁰ APCo contends that this recommendation may present safety and reliability risks due to the potential for vegetation and wire contact from tall tree growth.²¹ Instead, APCo states that where reasonable and practical, it will utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within 50 feet of all year-round streams, ponds or wetlands, within 50 feet of road crossings, within 100 feet of water supply wells, and within 25 feet of karst features and outcrops of limestone or dolomite rock.²²

APCo also opposes the DGIF recommendation that it "[c]onduct significant tree removal and ground clearing activities outside of the primary songbird nesting season of March 15 through August 15."²³ According to APCo, this time-of-year restriction, except as may be necessary to accommodate federally or state protected threatened or endangered species, is unduly burdensome and impractical and could put system reliability at risk by adversely affecting the Company's ability to complete the Project in time to meet the desired in-service date.²⁴

In the DEQ Report, the DOF states that the proposed Project would require the clearing of approximately 135 to 185 acres of woodland. The DOF suggests that this forest loss should be mitigated by the Company through the reforestation and protection of open lands within the region and/or the creation of a forest land conservation fund.²⁵ APCo contends that it has a long history of voluntarily supporting efforts that conserve the Commonwealth's natural resources, working forest lands and biodiversity, and that it will continue to support such efforts.²⁶ However, the Company states that any forest

¹⁶ DEQ Report at 6-7.

¹⁷ Staff Report at 12-13.

¹⁸ *Id.* at 13.

¹⁹ Response at 1.

²⁰ DEQ Report at 19.

²¹ Response at 2.

²² *Id.* APCo also states that maintaining a 100-foot buffer within the ROW would require taller and heavier transmission line structures and additional line length, which would unnecessarily increase Project costs and visual presence. *Id.*

²³ DEQ Report at 19.

²⁴ Response at 3.

²⁵ DEQ Report at 21.

²⁶ Response at 4.

mitigation of transmission line projects should be undertaken on a voluntary basis.²⁷ APCo further states that when it acquires rights-of-way for its transmission lines, it will pay fair market value to the affected landowner(s), and the DOF recommendation would, in essence, require APCo to pay twice for any forest land cleared.²⁸ Therefore, APCo objects to the DOF's proposed mitigation for the Project.²⁹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a certificate of public convenience and necessity should be issued authorizing the proposed Project, subject to the findings and conditions contained in this Final Order, and that the public convenience and necessity require that the Company construct, own, and operate 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 the Commission to 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 flow studies and contingency analyses support the need for the Project.³⁰ Further, the need for the Project has not been questioned. Thus, the uncontroverted evidence in this case indicates that the proposed construction is necessary to ensure that reliable service is maintained. We find that the proposed Project will meet the Company's long-term transmission reliability needs effectively.

Routing and Right of Way

If approved, 95% of the proposed route for the Project would be located entirely on existing ROW.³¹ The 0.4 mile Whitewood Extension will require new 200-foot ROW easements.³² As required by § 56-259 C of the Code, the Company sufficiently considered the feasibility of locating the Project "on, over, or under existing easements of rights-of-way."

Economic Development

We find that the proposed Project will promote economic development in the area of the Project as well as in the Commonwealth of Virginia by relieving transmission congestion, which would in turn improve reliability and market efficiency.³³

²⁷ *Id.*

²⁸ *Id.* at 4-5.

²⁹ *Id.* at 5.

³⁰ *See, e.g.*, Staff Report at 11-13.

³¹ Application at 2.

³² Pre-filed testimony of Timothy B. Earhart, P.E., at 5.

³³ *See, e.g.*, Staff Report at 16-17.

Scenic Assets, Historic Districts, and Existing Rights-of-Way

We find that the Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that 95% of the proposed Project's route will be located in an existing ROW, 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

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 impact. 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. However, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with certain exceptions. The Commission does not require APCo to: (i) maintain naturally vegetated buffers of at least 100 feet around wetlands or perennial and intermittent streams; (ii) adhere to time-of-year restrictions when conducting tree removal and ground clearing activities; or (iii) mitigate the loss of forestland.³⁴

HB 1319

We find that the evidence demonstrates that the proposed Project does not meet the criteria set forth in HB 1319 for inclusion as a pilot program.³⁵ Further, the proposed tower design will reasonably mitigate the visual impact of the proposed Project as required by HB 1319.³⁶

Accordingly, IT IS ORDERED THAT:

(1) APCo is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions discussed 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 Project is granted, as provided for herein, and subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to the Company:

Certificate No. ET-48e, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Tazewell County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00040; cancels Certificate No. ET-48d, issued to Appalachian Power Company on May 31, 2001, in Case No. PUE-1997-00766.

Certificate No. ET-29i, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Buchanan County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00040; cancels Certificate No. ET-29h, issued to Appalachian Power Company on February 20, 2009, in Case No. PUE-2008-00006.

(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.

(5) The Project approved herein must be constructed and in service by June 1, 2017; 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, and the papers filed herein shall be placed in the file for ended causes.

³⁴ The Commission has previously declined to require APCo to comply with similar recommendations in prior cases. See e.g., *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*, Case No. PUE-2013-00133, Doc. Con. Cen. No. 140640058, Final Order (June 19, 2014); *Application of AEP Appalachian Transmission Company and Appalachian Power Company, For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project*, Case No. PUE-2013-00036, Doc. Con. Cen. No. 140130112, Final Order (Jan. 24, 2014); *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, Order (Dec. 21, 2012).

³⁵ See Staff Report at 15.

³⁶ See Staff Report at 16; Pre-filed testimony of Timothy B. Earhart, P.E., at 8.

**CASE NO. PUE-2014-00041
JULY 10, 2014**

APPLICATION OF
MANSFIELD POWER AND GAS, LLC

For a license to conduct business as a competitive service provider of natural gas and electricity

ORDER GRANTING LICENSE

On May 27, 2014, Mansfield Power and Gas, LLC ("Mansfield" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas and electricity ("Application") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5 312-10 et seq. ("Retail Access Rules"). In its Application, the Company seeks authority to serve commercial and industrial 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.

On June 3, 2014, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Mansfield to give notice to appropriate 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 June 24, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") filed a Notice of Participation and Comments. In its comments, Dominion Virginia Power urged the Commission and Staff to investigate and closely examine Mansfield's Application, particularly Mansfield's financial fitness, in light of recent disruptions in the electricity markets that exerted financial pressures on even large retail providers of electricity.

On June 30, 2014, the Staff filed its Report, which summarized Mansfield's proposal and evaluated its technical fitness and financial condition. The Staff recommended that Mansfield be granted licenses to conduct business as a competitive service provider of natural gas and electricity to commercial and industrial customers throughout the Commonwealth of Virginia. Neither Mansfield nor Dominion Virginia Power filed 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 Mansfield's Application for a license to conduct business as a competitive service provider of natural gas and electricity 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 licenses granted herein.

Accordingly, IT IS ORDERED THAT:

(1) Mansfield Power and Gas, LLC, hereby is granted License No. G-41 to conduct business as a competitive service provider of natural gas to serve commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice, and License No. E-29 to conduct business as a competitive service provider of electricity to serve commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. These licenses to act as a competitive service provider for natural gas and electricity are granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) These licenses are not valid authority for the provision of any product or service not identified within the licenses themselves.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the licenses granted herein.

**CASE NO. PUE-2014-00043
JUNE 17, 2014**

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For authority to incur long-term indebtedness

ORDER GRANTING AUTHORITY

On May 29, 2014, A&N Electric Cooperative ("A&N") filed an application with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia for authority to incur long-term debt. A&N has paid the requisite fee of \$250.

A&N is seeking authority to incur up to \$30 million in debt with the Federal Financing Bank ("FFB") over the next four years. A&N will use the proceeds to finance its four-year construction work plan. The interest rate on the FFB debt is currently 3.06%; however, the actual interest rate will be determined at the time of each advance based on the prevailing interest rate at that time. The maturity on the debt will be 35 years.

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) A&N is authorized to borrow up to \$30 million from the FFB, in the manner and under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from the FFB, A&N 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 is hereby dismissed.

**CASE NO. PUE-2014-00044
AUGUST 27, 2014**

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a 2014-2015 SAVE Plan and Rider adjustment and to amend the SAVE Plan

ORDER APPROVING AMENDED SAVE PLAN AND RIDER

On May 30, 2014, Atmos Energy Corporation ("Atmos" or "Company"), filed an application with the State Corporation Commission ("Commission") seeking approval to amend its Steps to Advance Virginia's Energy ("SAVE") Plan pursuant to § 56-604 B of the Code of Virginia ("Code") and for approval of its 2014-2015 Infrastructure Reliability and Replacement Adjustment ("IRRA" or "SAVE Rider"), pursuant to § 56-604 E of the Code ("Application").

On June 13, 2014, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, established a procedural schedule requiring the Company to publish notice of the Application; provided interested persons the opportunity to request a hearing or participate in the proceeding on the Application; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") on its findings and recommendations. No notices of participation or comments were filed.

On August 11, 2014, the Staff filed its Report wherein it recommended that the Commission approve the amendments to the Company's SAVE Plan. With regard to the 2014-2015 SAVE Rider, the Staff's analysis produced an Infrastructure Replacement Current Rate ("IRCR") revenue requirement of \$518,445 and an Infrastructure Replacement Reconciliation Rate ("IRRR") revenue requirement credit of \$77,175, for a total SAVE Rider revenue requirement of \$441,270. The Staff recommended that the Commission approve the 2014-2015 SAVE Rider to recover those amounts effective October 1, 2014.

Additionally, the Staff recommended that Atmos be required to: (1) develop and implement a procedure to comply with the Underground Utility Damage Prevention Act ("Damage Prevention Act"), (2) account for the over or under recovery of SAVE Plan costs on its books, (3) include historic rate base balances in the current rate calculation to the extent possible, (4) use Staff's methodology for determining net rate base and carrying costs for the true-up rate, (5) consistently apply the allocation methodology among the rate classes when developing its IRRA, and (6) revise its tariff to state "The results of the calculation will be divided by the billing determinants in the Company's most recently filed AIF or rate case."¹

On August 20, 2014, Atmos filed its response to the Staff Report ("Response") wherein it stated that it does not object to the majority of the recommendations that Staff made in its Report.² Atmos further stated that it only objects to the Staff's recommendation regarding the accounting for the over/under recovery of SAVE Plan costs on its books; however, it will accept the recommendation based on its discussions with the Staff and Staff's agreement to accept the Company's booking of the over/under recovery on an annual basis.³ Additionally, the Company requested that, should the Commission find that this accounting treatment be required, the Commission include in its final order in this proceeding the following language:

Atmos shall compute a deferral balance at the conclusion of each year of the SAVE Plan by comparing the actual collections of the IRCR and the actual eligible infrastructure replacement costs as calculated per section (c)(ii) of Atmos's Infrastructure Reliability and Replacement Adjustment tariff. The Company shall record the deferral balance as a regulatory asset or liability on the balance sheet at the time it is calculated. As the IRRR is billed the following year, the billed amounts will reduce the regulatory asset or liability.⁴

In its Response, the Company stated that it does not oppose the Staff's recommendation to further document its existing procedures to comply with the Damage Prevention Act and the treatment of abandoned bare steel and plastic pipe. However, the Company requested that the Commission allow it ninety (90) days to develop and implement the provisions necessary to comply with the Staff's recommendations.⁵

¹ Staff Report at 12.

² Response at 1.

³ *Id.*

⁴ *Id.* at 2-3.

⁵ *Id.* at 3.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Amended SAVE Plan and 2014-2015 SAVE Rider, as modified herein, should be approved. The recommendations made by the Staff in its Report, as stated above, are reasonable and should be approved. Specifically, we find that the Company should book the over/under recovery of SAVE Plan costs on its books. Additionally, we find that booking of the over/under recoveries on an annual basis in the manner set forth by the Company in its Response and specifically noted above is reasonable and should be accepted in this case. We further find that the Company should document its existing procedures to comply with the Damage Prevention Act and the treatment of abandoned bare steel and plastic pipe and that the Company should file such documentation with the Commission's Division of Utility Railroad and Safety within ninety (90) days of this Order Approving Amended SAVE Plan and Rider.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Amended SAVE Plan is approved as set forth herein.
- (2) The Company's SAVE Rider is approved as modified and set forth herein.
- (3) Atmos shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariff 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 Approving Amended SAVE Plan and Rider. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) At least thirty (30) days prior to the specific filings required as part of the Amended SAVE Plan, the Company shall provide information related to such filings to Staff, upon request.
- (5) This matter is dismissed.

**CASE NO. PUE-2014-00045
AUGUST 27, 2014**

APPLICATION OF
AQUA VIRGINIA, INC.

For an increase in rates

ORDER FOR NOTICE AND HEARING

On August 1, 2014, Aqua Virginia, Inc. ("Aqua Virginia" or "Company"), filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application").¹ The Application was filed pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")² and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules").³ Exhibits and the pre-filed testimony of Shannon V. Becker, Stanley F. Szczygiel, Ronnie D. Lynch, Timothy C. Castillo, Pauline M. Ahern, Paul R. Herbert, John J. Spanos, and Daniel T. Franceski were included with the Application.

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,301,088 and in wastewater revenues of \$406,092.⁴ According to Aqua Virginia, the proposed rate increase would constitute a 12.0% increase in the Company's water revenues and a 6.7% increase in wastewater revenues.⁵ The Company indicates that this rate request is based on a 10.30% common equity cost rate.⁶

Aqua Virginia states that the requested increase is driven by: (i) significant infrastructure improvements made by the Company for the benefit of its water and wastewater systems; (ii) increases in operations expense; and (iii) reductions in average consumption.⁷

In its Application, Aqua Virginia seeks "to reduce the current five water rate groups to three and the current three wastewater groups to two, while continuing to reduce the differences between the groups' rates to continue the approved progress toward a uniform consolidated rate."⁸ According to the Company, the proposed rate increase applicable to each of the existing five water groups, based on average usage, ranges from 8% to 21%, and for the

¹ On August 8, 2014, the Company filed a revised Schedule 36. The Application was accepted as "complete" on August 8, 2014.

² Va. Code § 56-232 *et seq.*

³ 20 VAC 5-201-10 *et seq.*

⁴ Application at 1.

⁵ *Id.*

⁶ Pauline M. Ahern's Direct Testimony supports a cost of equity of 11.25% as reasonable.

⁷ Shannon V. Becker Direct Testimony at 8.

⁸ *Id.* at 3.

three existing wastewater groups, from 4% to 13%.⁹ The Company also proposes to incorporate the recently merged systems of Aqua Virginia Water Utilities Inc. ("AVWU"), and Aqua Virginia Utilities, Inc. ("AVU"), into consolidated rates.^{10,11}

In connection with the Application, the Company also filed (i) a Motion for Waiver in which they requested a partial waiver of Rule 20 VAC 5-201-90 (Schedule 40) of the Rate Case Rules requiring certain cost of service studies,¹² and (ii) a Motion for Protective Order in which the Company requests that the Commission enter a protective order setting forth the procedures by which disclosure of certain confidential information shall be handled in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a public hearing should be convened to receive evidence on the Application and that pursuant to Rule 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"), this matter should be assigned to a Hearing Examiner to conduct all further proceedings.¹³ We will direct Aqua Virginia to give notice to the public of the Application and we will give interested persons an opportunity to comment on the Application or to participate as a respondent in this proceeding. The Staff of the Commission ("Staff") shall investigate the Application and present its findings in testimony. The Company will be permitted to file testimony in rebuttal to the testimony filed by the respondents and the Staff.

The Company requested that the proposed rates become effective for service rendered on and after December 29, 2014. However, as the Company's application was not complete until August 8, 2014, the Commission shall suspend the Company's proposed rates for a period of 150 days from August 8, 2014. On or after January 5, 2015, the Company may, but is not required to, implement its proposed rates on an interim basis, subject to refund with interest.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2014-00045.
- (2) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, concluding with the issuance of a report containing the Hearing Examiner's findings and recommendations.
- (3) The proposed rates, charges, and terms and conditions of service are suspended, pursuant to § 56-238 of the Code. The Company may, but is not obligated to, implement the proposed rates, charges, and terms and conditions for service rendered on and after January 5, 2015, on an interim basis, subject to refund with interest.
- (4) A public hearing shall be convened on March 24, 2015, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments from members of the public and to receive evidence on the Application. Any person desiring to make a statement at the public hearing concerning the Application 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 Commission's Bailiff.
- (5) Copies of the Application, testimony, and schedules, as well as a copy of this Order for Notice and Hearing, may be obtained by submitting a written request to counsel for Aqua Virginia, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review 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 may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before October 15, 2014, Aqua Virginia shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within Virginia:

NOTICE TO THE PUBLIC OF
AN APPLICATION BY
AQUA VIRGINIA, INC.,
FOR AN INCREASE IN RATES
CASE NO. PUE-2014-00045

On August 1, 2014, Aqua Virginia, Inc. ("Aqua Virginia" or "Company"), filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application").

⁹ *Id.* at Schedule 43.

¹⁰ Shannon V. Becker Direct Testimony at 4. The Commission previously approved the transfer of control of AVWU and AVU to Aqua Virginia. *See Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., and Aqua Virginia Utilities, Inc., For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00012, Doc. Con. Cen. No. 140630215, Order Granting Authority (June 17, 2014).

¹¹ The Company states that "Aqua Virginia received Commission approval in December 2013 to acquire the assets of Ladysmith Water Company (Lake Caroline) located in Caroline County. This acquisition has not yet closed and our rate case application does not include this system, its rate base, or operational activities." Shannon V. Becker Direct Testimony at 14.

¹² The Commission previously granted this motion by Order issued August 4, 2014.

¹³ The Motion for Protective Order shall be addressed by separate ruling by the Hearing Examiner appointed to conduct the proceedings in this matter.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,301,088 and in wastewater revenues of \$406,092. According to Aqua Virginia, the proposed rate increase would constitute a 12.0% increase in the Company's water revenues and a 6.7% increase in wastewater revenues. The Company indicates that this rate request is based on a 10.30% common equity cost rate.

In its Application, Aqua Virginia seeks "to reduce the current five water rate groups to three and the current three wastewater groups to two, while continuing to reduce the differences between the groups' rates to continue the approved progress toward a uniform consolidated rate." According to the Company, the proposed rate increase applicable to each of the existing five water groups, based on average usage, ranges from 8% to 21%, and for the three existing wastewater groups, from 4% to 13%. The Company also proposes to incorporate the recently merged systems of Aqua Virginia Water Utilities, Inc., and Aqua Virginia Utilities, Inc., into consolidated rates.

The Commission has suspended Aqua Virginia's proposed rates, charges, and terms and conditions of service, pursuant to § 56-238 of the Code. The Company may, but is not obligated to, implement proposed rates, charges, and terms and conditions for service rendered on and after January 5, 2015, on an interim basis, subject to refund with interest.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing to commence at 10 a.m. on March 24, 2015, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from members of the public and evidence related to the Application. Any person desiring to make a statement at the public hearing need only appear in the Commission's Second Floor Courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and identify himself or herself to 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 (TTD).

Copies of the Application and the Commission's Order for Notice and Hearing may be obtained by submitting a written request to counsel for the Company, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review 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 may also download unofficial copies from 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 November 19, 2014, a notice of participation. 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. Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("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. Interested persons shall refer in all of their filed papers to Case No. PUE-2014-00045.

On or before January 15, 2015, 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 P.O. Box address set forth above. 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-2014-00045.

On or before March 17, 2015, any interested person may file with the Clerk of the Commission at the P.O. Box address set forth above, written comments on the Application. On or before March 17, 2015, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUE-2014-00045.

The Commission's Rules of Practice may be viewed at: <http://www.scc.virginia.gov/case>. A printed copy of the Rules of Practice may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

AQUA VIRGINIA, INC.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(7) On or before October 15, 2014, 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 equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) On or before November 4, 2014, the Company shall file proof of the notice and service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before March 17, 2015, any interested person may file with the Clerk of the Commission, at the address set forth in Ordering Paragraph (8), written comments on the Application. On or before March 17, 2015, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2014-00045.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before November 19, 2014, a notice of participation. 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 (8). Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel for the Company at the address set out in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's 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 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. Interested persons shall refer in all of their filed papers to Case No. PUE-2014-00045.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon such respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before January 15, 2015, 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 set forth in Ordering Paragraph (8). 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-2014-00045.

(13) The Staff shall investigate the Application. On or before February 19, 2015, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy on counsel to the Company and all respondents.

(14) On or before March 5, 2015, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff 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 set forth in Ordering Paragraph (8).

(15) The Commission's Rule of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued generally.

**CASE NO. PUE-2014-00046
OCTOBER 30, 2014**

JOINT PETITION OF
AQUA VIRGINIA, INC.,
and
MANQUIN 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 April 17, 2013, Aqua Virginia, Inc. ("Aqua Virginia"), and Manquin Water Company ("Manquin") (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 Virginia's certificate of public convenience and necessity ("CPCN") pursuant to § 56-265.3 D of the Code.

Aqua Virginia is a Virginia public service company that owns and operates water and wastewater systems in Virginia. Aqua Virginia is a wholly owned subsidiary of Aqua America, Inc. In Virginia, Aqua Virginia serves approximately 29,141 customers as of April 2014.

¹ The Utility Transfers Act, § 56-88 *et seq.* of the Code.

Manquin is a Virginia corporation that owns, maintains and operates a water production and distribution system known as the Venter Heights Public Water System (PWSID 4101800) (the "System"). The System currently provides water service to approximately 105 residential customers and 32 apartment units in the Venter Heights subdivision located in King William County, Virginia.² Manquin does not own any other water systems.

Pursuant to an Assets Purchase Agreement ("Agreement") between the Petitioners dated April 29, 2014, Aqua Virginia will purchase from Manquin all of the assets, as defined in Section 1 of the Agreement, that comprise the System. The System assets include two wells, a 20,000 gallon gravity storage tank, two 5,000 gallon hydro tanks, two 7.5 horsepower booster pumps, two chlorinators, a distribution system, and appropriate appurtenances to serve the System. The System assets also include all the water mains, service lines, meter boxes, meters, shut off valves, land, easements, permits, tools, files, records, spare equipment and other assets currently serving the subject lots of the subdivision as of the closing date. Aqua Virginia will pay a base purchase price of \$85,000 for the System assets. The Petitioners also request that Aqua Virginia's CPCN be amended to allow Aqua Virginia to provide service in the Manquin service territory.

The Petitioners represent that the current rates for Manquin customers are metered at \$45 every other month for the first 8,000 gallons of water plus \$4.80 for each additional thousand gallons. The Petitioners represent that the proposed bills will be processed and meters read monthly, which means rates will change to \$22.50 a month for the first 4,000 gallons plus \$4.80 for each additional thousand gallons. The Petitioners state that the billing change is expected to occur upon closing.

After the proposed transfer, Aqua Virginia will own and operate the System and will be the new service provider. Manquin will no longer provide any water service. The Petitioners represent that Aqua Virginia is able to provide quality service, effectively operate the System, and make capital upgrades to improve system safety and reliability. Manquin customers were provided notice of the proposed transfer and proposed billing change on September 9, 2014, 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 Manquin to Aqua Virginia 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 Virginia's CPCN should be amended to allow it to serve the Venter Heights Public Water System.

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 Virginia hereby is authorized to amend its CPCN pursuant to § 56-265.3 D of the Code to include the System service territory.
- (3) Within thirty (30) 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 Virginia's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes booking any difference between the purchase price and the net book value of the utility assets as an acquisition adjustment to Account 114.
- (4) Manquin 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) 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.
- (6) Aqua Virginia 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.
- (7) Aqua Virginia shall file a revised tariff incorporating the water rates of Manquin directly with the Commission's Division of Energy Regulation.
- (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.

² The System is located within one mile of Oak Springs Public Water System, which is owned by Aqua Virginia.

**CASE NO. PUE-2014-00047
DECEMBER 22, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Cunningham-Elmont 500 kV Transmission Line Rebuild

ORDER

On July 22, 2014, the Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of electric transmission facilities in connection with the proposed rebuild of the Cunningham-Elmont Line #553, pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.* of the Code ("Application"). The Company filed direct testimony and other materials in support of its Application.

Specifically, Dominion Virginia Power proposes to (i) replace, entirely within existing rights-of-way, approximately 51 miles of the Company's existing 500 kilovolt Cunningham-Elmont Line #553 in Fluvanna, Goochland, Hanover, Henrico, and Louisa Counties between the Company's existing Cunningham Switching Station in Fluvanna County ("Cunningham Station") and its existing Elmont Substation in Hanover County; and (ii) construct and install associated facilities at the Company's Cunningham Station and Elmont Substation (together, "Rebuild Project").¹

Dominion Virginia Power states that the Cunningham-Elmont Line is a critical component of the electric transmission grid that serves Virginia, Maryland, West Virginia, the District of Columbia and beyond.² The Company states that the proposed Rebuild Project is necessary to ensure the Company can continue to provide reliable electric service consistent with mandatory North American Electric Reliability Corporation Reliability Standards for transmission facilities and the Company's transmission planning criteria.³ In addition, Dominion Virginia Power states that the Cunningham-Elmont Line #553 steel tower structures have experienced inherent corrosion and deterioration requiring extensive repairs, including replacement of tower members.⁴ The Company states that the proposed Rebuild Project provides the benefit of replacing aging transmission facilities, and failure to address significant inherent corrosion and deterioration associated with COR-TEN® weathering steel lattice towers could potentially limit the Company's ability to maintain reliable transmission service to its customers.⁵

In its Application, Dominion Virginia Power advises that the in-service date for the proposed Rebuild Project is June 2018, and that the Company will need approximately 12 months for construction of the Rebuild Project as well as 16 months for engineering, material procurement and construction permitting.⁶ The estimated cost of the Rebuild Project is approximately \$106.1 million.⁷

On August 27, 2014, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted an opportunity for interested persons to request a hearing on the Application; granted an opportunity for interested persons to comment on the Application or participate in this proceeding; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report"). One person filed comments on the Application. No one filed a notice of participation in this proceeding and no one requested a hearing.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate a review of the Company's proposed Rebuild Project by state and local agencies and to file a report on the review. On October 16, 2014, 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 Summary of Recommendations to Dominion Virginia Power regarding the Rebuild Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Rebuild 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;
- 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, as applicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database if six months has passed before the Rebuild Project is implemented;

¹ Application at 2.

² *Id.*

³ *Id.*

⁴ *Id.* at 3.

⁵ *Id.* at 2-3.

⁶ *Id.* at 4; Appendix at 14.

⁷ Application at 4.

- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect state-listed endangered mussels and wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation to protect open space easements;
- Coordinate with the DCR Division of Planning and Recreational Resources to protect scenic resources;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Contact the Virginia Department of Transportation ("VDOT") regarding its recommendation to coordinate with VDOT offices prior to construction;
- 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.⁸

On November 20, 2014, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. Staff concluded that the Company had reasonably demonstrated the need for the Rebuild Project and recommended that the Commission issue the requested Certificate of Public Convenience and Necessity.⁹ On December 4, 2014, Dominion Virginia Power filed a letter indicating that it agrees with and supports the conclusions and recommendations in the Staff Report and, therefore, would not be filing any additional comments on the Staff Report. Dominion Virginia Power also stated that it agrees with and supports the items identified in the DEQ Report Summary of Recommendations and, therefore, would not file any additional comments on the DEQ Report either.

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 Rebuild Project as proposed in the Company's Application. Further, the Commission finds that it should issue Certificates of Public Convenience and Necessity authorizing the Rebuild 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

We find that the Company's proposed Rebuild Project is needed. No party has challenged the need for the proposed Rebuild Project. The record reflects that completing the Rebuild Project would replace an aging transmission line that is nearing the end of its expected service life and maintain reliability of the grid.¹⁰ We find that the proposed Rebuild Project will meet the Company's long-term transmission reliability needs effectively.¹¹

⁸ DEQ Report at 6-7.

⁹ Staff Report at 10.

¹⁰ See, e.g., Staff Report at 7.

¹¹ See, e.g., Application at 2; Prefiled Direct Testimony of Peter Nedwick at 4-6; Staff Report at 5-8, 10.

Economic Development

We find that the proposed Rebuild Project will promote economic development in the area of the Rebuild Project as well as in the Commonwealth of Virginia by assuring continued reliable bulk electric power delivery to the region and thereby maintaining the reliability of the electric transmission system.¹²

Routing and Right-of-Way

The Company did not consider any routing alternatives for its proposed Rebuild Project because, if approved, the rebuilt line would be located entirely within existing right-of-way.¹³ Dominion Virginia Power was not required to demonstrate that existing rights-of-way could not adequately serve its needs in accordance with § 56-46.1 C of the Code. Similarly, § 56-259 C of the Code is inapplicable to this proceeding because the Company seeks no additional easements associated with the Rebuild Project.¹⁴

Scenic Assets and Historic Districts

We find that the Rebuild Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that the Rebuild Project will be located within existing right-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.¹⁵

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed Rebuild 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 Rebuild 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 Rebuild Project.¹⁶ The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.¹⁷ We therefore find that, as a condition to our approval herein, Dominion Virginia Power must comply with all of the DEQ's recommendations as provided in the DEQ Report.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power is authorized to construct and operate the Rebuild Project, as proposed in its 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 Certificates of Public Convenience and Necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following Certificates of Public Convenience and Necessity to Dominion Virginia Power:

Certificate No. ET-81j, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Fluvanna County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00047, cancels Certificate No. ET-81i, issued to Virginia Electric and Power Company in Case No. PUE-2011-00094 on January 24, 2012.

Certificate No. ET-114f, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Goochland County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00047, cancels Certificate No. ET-114e, issued to Virginia Electric and Power Company in Case No. PUE-1995-00088 on September 5, 1996.

Certificate No. ET-85l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Hanover County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00047, cancels Certificate No. ET-85k, issued to Virginia Electric and Power Company in Case No. PUE-2011-00082 on February 24, 2012.

¹² See, e.g., Staff Report at 8.

¹³ See, e.g., Prefiled Direct Testimony of Greg Baka at 4; Appendix at 33; Staff Report at 3.

¹⁴ See, e.g., Prefiled Direct Testimony of Greg Baka at 3; Appendix at 30.

¹⁵ See, e.g., Prefiled Direct Testimony of Greg Baka at 3-4, 5-8; Appendix at 66-67, 69.

¹⁶ See, e.g., Prefiled Direct Testimony of Greg Baka at 3-8; Appendix at 49-51.

¹⁷ The DEQ recommendations are set forth above and discussed in the DEQ Report.

Certificate No. ET-86q, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Henrico County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00047, cancels Certificate No. ET-86p, issued to Virginia Electric and Power Company in Case No. PUE-2011-00082 on February 24, 2012.

Certificate No. ET-117l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Louisa County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00047, cancels Certificate No. ET-117k, issued to Virginia Electric and Power Company in Case No. PUE-1992-00046 on February 17, 1993.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the Certificates of Public Convenience and Necessity issued in Ordering Paragraph (3) with the detailed map attached.

(5) The Rebuild Project approved herein must be constructed and in service by June 2018. 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.

CASE NO. PUE-2014-00048 OCTOBER 7, 2014

JOINT PETITION OF
PEPCO HOLDINGS, INC.,
DELMARVA POWER & LIGHT COMPANY,
POTOMAC ELECTRIC POWER COMPANY,
CONECTIV LLC,
EXELON CORPORATION,
and
EXELON ENERGY DELIVERY COMPANY LLC

For approval of transfer of control pursuant to the Utility Transfers Act

ORDER GRANTING APPROVAL

On June 3, 2014, Pepco Holdings, Inc. ("PHI"), Delmarva Power & Light Company ("Delmarva"), Potomac Electric Power Company ("Pepco"), Conectiv LLC, Exelon Corporation ("Exelon"), and Exelon Energy Delivery Company LLC (collectively, the "Petitioners") filed with the State Corporation Commission ("Commission") a Joint Petition seeking approval to transfer control of Delmarva and Pepco to Exelon.¹ The Petitioners seek approval pursuant to the Utility Transfers Act of the Code of Virginia ("Code"),² which provides, in part, that "[n]o person . . . shall, directly or indirectly, acquire or dispose of control of . . . [a] public utility within the meaning of this chapter, or all the assets thereof, without the prior approval of the Commission."³

The Joint Petition states that Pepco and Delmarva are considered public utilities under the Utility Transfers Act.⁴ Pepco and Delmarva are subsidiaries of PHI that transferred their former Virginia electric service territories in 1985 and 2007, respectively.⁵ Although Pepco and Delmarva no longer provide electric service to any retail customers in Virginia, these two companies own certain transmission and subtransmission facilities located in their former Virginia service territories.

On April 29, 2014, PHI and Exelon entered into an Agreement and Plan of Merger ("Agreement"). Under the terms of the Agreement, PHI will become a wholly owned subsidiary of Exelon ("Proposed Transaction"). Thus, as proposed, Exelon would become the ultimate corporate parent of PHI and all of its subsidiaries, including Delmarva and Pepco.

¹ Public and confidential versions of the Joint Petition were filed.

² Va. Code § 56-88 *et seq.*

³ Va. Code § 56-88.1.A.1.

⁴ Joint Petition at 7.

⁵ *Application of Potomac Electric Power Company and Virginia Electric and Power Company*, Case No. PUE-1985-00062, 1986 S.C.C. Ann. Rept. 290, Final Order (May 21, 1986); *Joint Petition of A&N Electric Cooperative and Delmarva Power & Light Company, For approval of purchase and sale of service territory and facilities*; *Joint Application of A&N Electric Cooperative and Delmarva Power & Light Company, For approval of certificates of public convenience and necessity*; *Joint Petition of Old Dominion Electric Cooperative and Delmarva Power & Light Company, For approval of purchase and sale of transmission facilities*; *Joint Application of Old Dominion Electric Cooperative and Delmarva Power & Light Company, For approval of certificates of public convenience and necessity*; *Application of A&N Electric Cooperative, For approval of special rates*, Case Nos. PUE-2007-00060, *et al.*, 2007 S.C.C. Ann. Rept. 460, Order Approving Applications (Oct. 19, 2007).

The Joint Petition states that the Proposed Transaction, if approved, will not have a significant impact on Virginia because Delmarva and Pepco serve no retail customers in Virginia, provide no services pursuant to a Virginia tariff, and own a limited number of facilities in Virginia. The Petitioners assert that the Proposed Transaction would have no adverse impact on the adequacy or reliability of the Virginia transmission and subtransmission facilities owned by Pepco and Delmarva, or on the Commission's jurisdiction. The Petitioners further state that Delmarva and Pepco do not have any employees in Virginia.⁶

On June 16, 2014, the Commission issued an Order for Notice and Comment, which, among other things, docketed the matter; directed the Petitioners to provide notice of the Joint Petition to the public; provided interested persons an opportunity to submit comments or request a hearing on the Joint Petition; directed the Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and file a report presenting its findings; and provided the Petitioners an opportunity to respond to the Staff Report and any written comments filed with the Commission.⁷

On August 1, 2014, Monitoring Analytics, LLC ("Market Monitor"), acting in its capacity as the independent market monitor for PJM Interconnection LLC ("PJM"), filed a notice of participation and comments on the Joint Petition. The Market Monitor indicates, among other things, that the Proposed Transaction would combine the assets of Exelon, a large generation owner and transmission owner in PJM, with the assets of PHI, another large transmission owner in PJM. The Market Monitor has proposed potential market power mitigation measures for consideration by the Federal Energy Regulatory Commission ("FERC"), from which the Petitioners have also sought approval of the Proposed Transaction, and the Market Monitor proposes those same mitigation measures in this proceeding "if the Commission determines that such measures are needed."⁸

No request for a hearing was filed in this matter.

On August 7, 2014, the Petitioners filed a response to the Market Monitor's comments. The Petitioners assert, among other things, that, under the Utility Transfers Act, the Commission only evaluates the impact of the Proposed Transaction on the few facilities owned and operated by PHI in Virginia.⁹ The Petitioners further state that FERC will evaluate the potential market power issues identified by the Market Monitor and that the Commission need not duplicate FERC's review in this regard.¹⁰ Finally, the Petitioners attached to their August 7, 2014 filing with the Commission a pleading that the Petitioners had previously filed with FERC in response to, among other things, the Market Monitor's proposed potential mitigation measures.

On August 15, 2014, Staff filed its Report, which recommends Commission approval of the Proposed Transaction. In concluding that adequate service to Virginia customers at just and reasonable rates should not be impaired by the Proposed Transaction, Staff indicates that: (1) Exelon possesses significant technical and financial resources; (2) Delmarva and Pepco have no retail customers in Virginia; (3) the Delmarva and Pepco assets under consideration by the Commission are limited transmission and subtransmission facilities located near the Virginia border; and (4) after completion of the Proposed Transaction, if approved, the limited Virginia facilities of Delmarva and Pepco would continue to be subject to reliability requirements in addition to rate regulation by FERC and states where such assets are included in retail rates.¹¹

Additionally, Staff recommends, as conditions of approval, that the Commission require the Petitioners to ensure timely responses to Staff inquiries regarding Virginia regulatory matters and to file with the Commission a report of action after completion of the Proposed Transaction.¹²

On August 22, 2014, the Petitioners filed with the Commission a letter indicating that they have no comments on the Staff Report. In doing so, the Joint Petitioners affirmed that they can and will comply with the conditions recommended in Staff's Report.

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 that the authority requested in the Joint Petition should be granted subject to the conditions recommended by Staff. The Commission finds the potential market power mitigation measures identified by the Market Monitor to be unnecessary to ensure, pursuant to the Utility Facilities Act, that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the Proposed Transaction. In this regard, the Commission's findings under Virginia law are based on, among other things, the limited presence of Pepco and Delmarva in Virginia.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the Petitioners are granted approval to transfer control of Delmarva and Pepco to Exelon, as subject to the requirements set forth herein.

⁶ Joint Petition at 7-8.

⁷ Additionally, the Order for Notice and Hearing extended, pursuant to § 56-88.1 of the Code, the period for Commission review of the Joint Petition. On September 26, 2014, the Commission further extended the period for Commission review through October 15, 2014.

⁸Market Monitor's Notice of Participation and Comments at 3. As identified on page eight of the FERC comments attached to the Market Monitor's filing in this proceeding, the specific measures the Market Monitor has proposed for FERC consideration are: "securing [Exelon and PHI's] agreement (i) to commit to remain in PJM; (ii) to permit third party independent interconnection studies; and (iii) to commit to a thorough review of ratings of all elements of the combined transmission systems and provide supporting analyses to PJM and the Market Monitor for review and to establish an ongoing regular process for reviewing and updating transmission limits."

⁹ Petitioners' August 7, 2014 Comments at 2.

¹⁰ *Id.* at 3.

¹¹ Staff Report at 8-9.

¹² *Id.* at 9.

(2) The Petitioners shall file within thirty (30) days of closing of the Proposed Transaction, a Report of Action with the Commission. The Report of Action shall include the dates of final regulatory approval from each state commission and federal regulatory commission, and the final date of closing.

(3) The Petitioners shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure timely response to Staff inquiries with regard to any Virginia facilities or regulatory matters.

(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. PUE-2014-00049
JUNE 25, 2014**

APPLICATION OF
ROANOKE GAS COMPANY

For authority to issue debt

ORDER GRANTING AUTHORITY

On June 4, 2014, Roanoke Gas Company ("Roanoke" or "Company") filed an application pursuant to Chapter 3 of Title 56 of the Code of Virginia ("Code")¹ requesting authority to issue up to \$60,000,000 in long-term debt securities ("Senior Notes") and to extend its existing authority to incur short-term indebtedness of up to \$30,000,000 outstanding at any one time ("Application"). The amount of short-term debt the Company proposed in its Application exceeds 12% of the total capitalization as defined in § 56-65.1 of the Code. Roanoke paid the requisite fee of \$250.

As represented in the Company's Application, Roanoke intends to issue up to \$35,000,000 of Senior Notes ("Retirement Notes") in order to retire the entire \$28,000,000 principal balance of its outstanding long-term debt and pay for associated call premiums, exit costs on associated interest rate swaps, and issuance costs. All of Roanoke's outstanding debt is scheduled to mature over the next four years, and such debt has a weighted effective cost rate of 6.45%. At present market rates, the Company expects to realize savings from the Retirement Notes by issuing them at an effective cost rate, inclusive of issuance costs and call premiums, of 4.81% or less.

The Company requests authority to issue up to \$25,000,000 of additional Senior Notes ("Future Notes") from time to time to finance its anticipated capital expenditures that are expected to range from \$10,000,000 to \$12,000,000 per year through 2019. Such capital expenditures will include equipment replacement and acquisition, system upgrades, new construction projects, and completion of pipeline replacement projects.

Roanoke requests the flexibility to issue the Senior Notes at fixed or floating interest rates and at various maturities in order to obtain the most favorable options based upon prevailing market conditions and interest rates at the time of issuance. The Company expects to issue the Retirement Notes in 2014 at a fixed rate of interest, while the interest rate on the Future Notes may be fixed or floating.

The Company states that its request to incur up to \$30,000,000 of short-term indebtedness reflects the same level of authority the Commission granted in Case No. PUE-2011-00080.² Roanoke's existing short-term debt authority ends on September 30, 2014, and the Company seeks to maintain that same level of authority over the five-year period beginning October 1, 2014, and ending September 30, 2019. Roanoke presently accesses short-term borrowings through a revolving line of credit ("LOC"), which has a variable rate based on the Daily One Month LIBOR plus 100 basis points. The Company expects to extend or replace the LOC under similar terms, with the optional flexibility to select fixed or floating short-term rates based on market conditions at the time of issuance. Roanoke states that the level of short-term borrowing authority requested will provide the flexibility needed to fund anticipated capital expenditures until permanent financing can be obtained, as well as provide funds to meet gas storage inventory, receivable balances, and other working capital requirements.

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) Roanoke hereby is authorized to issue up to \$60,000,000 in Senior Notes through September 30, 2019, under the terms and conditions and for the purposes set forth in the captioned Application.

(2) Roanoke is authorized to incur short-term indebtedness up to an aggregate balance of \$30,000,000 at any one time during the period beginning October 1, 2014 through September 30, 2019, under the terms and conditions and for the purposes set forth in the captioned Application.

(3) Approval of this Application shall have no implications for ratemaking purposes.

(4) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.

¹ Va. Code § 56-55 *et seq.*

² *Application of Roanoke Gas Company, For authority to incur short-term debt*, Case No. PUE-2011-00080, 2011 S.C.C. Ann. Rept. 525, Order Granting Authority (July 20, 2011).

(5) Roanoke shall, within ten (10) days after the issuance of any Senior Notes pursuant to the authority granted herein, file a preliminary report with the Clerk of the Commission. Such report shall include the amount issued, the date of issuance, the date of maturity, the respective fixed or variable interest rate, and details of the terms associated with any variable rate.

(6) On or before January 31 of each year, beginning 2015 and ending 2020, Roanoke shall file a Report of Action on all authority exercised in the preceding calendar year pursuant to Ordering Paragraphs (1) and (2). For all Senior Notes issued during the reporting period, the Report of Action shall include the information provided in preliminary reports pursuant to Ordering Paragraph (5) supplemented with associated issuance costs incurred and net proceeds received on each Senior Note issued, a general statement concerning the purposes for which the Senior Notes were issued, and a balance sheet reflecting the actions taken. Such report also shall include the daily balance of short-term borrowings incurred pursuant to Ordering Paragraph (2) during the reporting period, along with the average balance, weighted average interest rate, and any associated fees incurred for each month of reported short-term borrowings.

(7) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00053
AUGUST 27, 2014**

JOINT PETITION OF
DALE SERVICE CORPORATION,
and
VIRGINIA-AMERICAN WATER COMPANY

For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.* and the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On June 5, 2014, Dale Service Corporation ("Dale Service") and Virginia-American Water Company ("VAWC") (collectively, "Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission") pursuant to § 56-88.1 of the Utility Transfers Act¹ and the Affiliates Act² seeking approval of a merger between VAWC and Dale Service, in which VAWC is the surviving entity ("Petition").

Pursuant to a Plan of Merger, Dale Service will merge with and into VAWC, with VAWC being the surviving entity ("Proposed Merger"). Dale Service will cease to exist as a separate entity and its operations will be treated as a separate district of VAWC. All of Dale Service's assets, contractual obligations, and liabilities will vest in VAWC. In connection with the Proposed Merger, the Petitioners also request that VAWC's certificate of public convenience and necessity ("CPCN") be amended pursuant to the Utility Facilities Act to permit VAWC to provide wastewater service to customers in the territory currently served by Dale Service.

The Petitioners represent that the Proposed Merger is in the public interest and will have no adverse impact on rates or services provided to customers of VAWC or Dale Service. VAWC will continue to charge the rates currently in place for its water customers and Dale Service's wastewater customers. The Petitioners further represent that the Proposed Merger will generate some cost savings. Such cost savings are expected to be realized primarily in the long term; however, some initial benefits may be realized from savings associated with rate case preparation, the elimination of multiple record keeping, and miscellaneous cost savings incident to day-to-day operations of one rather than two separate companies. The Petitioners represent that the Proposed Merger will neither impact the provision of service to customers, nor result in a loss of employment at either company.³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds, subject to the requirements set forth below, that the Proposed Merger will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates, and that the Proposed Merger is in the public interest, and should, therefore, be approved. We further find that VAWC should be issued a new CPCN to include the Dale Service territory, and Dale Service's existing CPCN should be cancelled, pursuant to the Utility Facilities Act, following completion of the Proposed Merger.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Utility Transfers Act and the Affiliates Act, the Petitioners hereby are granted approval of the Proposed Merger of Dale Service and VAWC, as described herein.

(2) Pursuant to the Utilities Facilities Act, following the completion of the Proposed Merger, VAWC shall be issued a new CPCN to include the service territory of Dale Service and Dale Service's CPCN shall be canceled.

¹ Va. Code §§ 56-88 *et seq.*

² Va. Code §§ 56-76 *et seq.* VAWC acquired Dale Service on November 14, 2013, which was approved by the Commission in Case No. PUE-2013-00050, making Dale Service and VAWC affiliated interests within the meaning of § 56-76 of the Affiliates Act. *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.*, Case No. PUE-2013-00050, 2013 S.C.C. Ann. Rept. 409, Order Granting Authority (Oct. 30, 2013).

³ Additional notice was not provided to customers, as the customers were notified of VAWC's acquisition of Dale Service in Case No. PUE-2013-00050 and Dale Service began operating under the VAWC name upon consummation of the acquisition. The Petitioners further represent that the Proposed Merger should be transparent to customers.

(3) 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 Proposed Merger.

(4) Upon completion of the Proposed Merger, VAWC shall promptly file its proposed tariffs and terms and conditions of service, in accordance with the findings above, with the Division of Energy Regulation. Contemporaneously with the filings of VAWC's tariffs, Dale Service shall cancel all tariffs and terms of conditions of service.

(5) Within thirty (30) days of completing the Proposed Merger, the Petitioners shall file a Report of Action with the Commission including the date of the closing.

(6) Dale Service shall provide all records related to the transferred assets to VAWC at closing, and VAWC shall maintain them henceforth in accordance with the Uniform System of Accounts.

(7) The quality of service in the service territory of Dale Service shall not deteriorate due to a lack of maintenance or capital investment.

(8) The quality of service in the service territory of Dale Service shall not deteriorate due to a reduction in the number of employees providing services.

(9) VAWC shall continue to maintain a high degree of cooperation with the Staff and shall take all actions necessary to ensure VAWC's timely response to Staff inquiries with regard to its provision of water and wastewater service in Virginia.

(10) The Commission reserves the authority to examine the books and records of VAWC in connection with the approvals granted herein.

(11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00054
SEPTEMBER 8, 2014**

APPLICATION OF
ROANOKE GAS COMPANY

For approval of certain transactions pursuant to the Affiliates Act of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On June 12, 2014, Roanoke Gas Company ("Roanoke Gas" or "Applicant") filed a complete application ("Application") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of certain revisions and clarifications to existing affiliate agreements between Roanoke Gas, RGC Resources, Inc. ("RGC"), and RGC Ventures of Virginia, Inc. d/b/a Utility Consultants and Application Resources ("Ventures"), which were approved in Case Nos. PUE-2011-00024¹ ("2011 Agreement") and PUE-2012-00015² ("2012 Agreement"), respectively. The new agreements incorporating the revisions and clarifications are referred to herein as the "2014 RGC Agreement" and "2014 Ventures Agreement," or collectively the "2014 Agreements." The 2014 Agreements and their supporting Attachments describe the shared corporate and administrative services ("Shared Services") that Roanoke Gas will receive from RGC and that Roanoke Gas will provide to RGC and Ventures, as well as the methodology for assigning and allocating the related costs between Roanoke Gas, RGC, and Ventures.

Roanoke Gas is a Virginia public service corporation engaged primarily in the sale and retail distribution of natural gas to residential, commercial, and industrial customers in southwestern Virginia. Roanoke Gas is a wholly owned subsidiary of RGC, an exempt holding company headquartered in Roanoke, Virginia. Ventures primarily provide consulting services to other utilities for regulatory filings. Ventures is a wholly owned subsidiary of RGC. Roanoke Gas, RGC, and Ventures are considered affiliated interests under § 56-76 *et seq.* of the Code.

The revisions and clarifications that Roanoke Gas requests in the Application are found in Attachments A and A-1 to both 2014 Agreements. For the 2014 RGC Agreement, Roanoke Gas requests that: (i) all references to "the simple arithmetic average of net plant and operating margin" ("2-part Factor") should be changed to Operating Margin; (ii) Accounts 903, 903.1, 903.5, and Accounts 909 through 910 should be allocated to each affiliate on the basis of revenue; (iii) all accounts related to gas should be directly assigned to Roanoke Gas; (iv) Accounts 920, 921.7, and 923 should include exception time reporting; and (v) any expenses to Account 923 related to Human Resources or Benefit Plan and Actuary Services be allocated on the basis of total labor charged. Otherwise, Attachment A and Attachment A-1 contain the same allocation methodologies approved in Case No. PUE-2011-00024.

For the 2014 Ventures Agreement, Roanoke Gas requests that: (i) all references to the 2-part Factor should be changed to Operating Margin; (ii) Account 923 should include exception time reporting; and (iii) any expenses to Account 923 related to Human Resources or Benefit Plan and Actuary Services be allocated on the basis of total labor charged. Otherwise, Attachment A and Attachment A-1 contain the same allocation methodologies approved in Case No. PUE-2012-00015.

¹ See *Application of Roanoke Gas Company, For approval of certain transactions pursuant to the Affiliates Act of the Code of Virginia*, Case No. PUE-2011-00024, 2011 S.C.C. Ann. Rept. 454, Order Granting Approval (Apr. 13, 2011).

² See *Application of Roanoke Gas Company, For approval of certain transactions pursuant to the Affiliates Act of the Code of Virginia*, Case No. PUE-2012-00015, 2012 S.C.C. Ann. Rept. 403, Order Granting Approval (Apr. 26, 2012).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the Application, the representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that the proposed 2014 Agreements are in the public interest and should be approved subject to certain requirements described below.

In Case No. PUE-2011-00024, we approved the 2011 Agreement subject to several conditions and requirements described in Staff's action brief filed contemporaneously with this Order. We find that two of the prior requirements should be modified as follows. First, our approval will be effective until the expiration date, June 30, 2019, of the 2014 RGC Agreement. Second, we find that the Applicant's proposal to replace the 2-part Factor with an Operating Margin Factor that is calculated differently for each affiliate is not likely to result in a fair and equitable allocation of costs. Therefore, we direct Roanoke Gas to use a Gross Revenue factor for allocating costs previously allocated by the 2-part Factor. The remaining prior requirements are adopted in full.

In Case No. PUE-2012-00015, we approved the 2012 Agreement subject to several conditions and requirements described in Staff's action brief.

Like our finding for the 2014 RGC Agreement, we extend our approval for the 2014 Ventures Agreement through the expiration date of June 30, 2019. Second, as discussed above, we direct Roanoke Gas to use a Gross Revenue factor for allocating costs previously allocated by the 2-part Factor. The remaining prior requirements are adopted in full.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Roanoke Gas is hereby granted approval to enter into the proposed 2014 Agreements, consistent with the findings set out above and effective as of the date of the entry of this order.

(2) The approval granted herein is limited to the dates listed in the 2014 Agreements. Should Roanoke Gas wish to continue the 2014 Agreements beyond that date, further Commission approval shall be required.

(3) Shared Services, expense assignments, and cost allocations between Roanoke Gas, RGC, and Ventures shall be limited to the Shared Services, expense assignments, and cost allocations specifically identified in the 2014 Agreements and their supporting Attachments A and A-1.

(4) RGC and Roanoke Gas shall endeavor to increase the percentage of directly charged or assigned affiliate costs under the 2014 RGC Agreement to the extent that it is reasonably practicable.

(5) Roanoke Gas shall develop and maintain records to demonstrate that the provision of Shared Services by RGC to Roanoke Gas and from Roanoke Gas to RGC and Ventures is cost beneficial to Virginia consumers in that the Commission's asymmetric pricing policy is followed. Roanoke Gas shall bear the affirmative burden to ascertain whether a local market and market price exists for services it receives or provides under the 2014 Agreements. Such market research efforts shall be documented and made available to the Commission's Staff upon request. Roanoke Gas shall bear the burden, in any rate proceeding, to show that for Shared Services obtained from RGC, where a market and a market price exist, Roanoke Gas paid the lower of cost or market. Likewise, Roanoke Gas shall bear the burden, in any rate proceeding, to show that for Shared Services provided to RGC and Ventures, where a market and a market price exist, Roanoke Gas charged the higher of cost or market.

(6) The approval granted in this case shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the 2014 Agreements.

(7) 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.

(8) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

(9) Roanoke Gas shall include the transactions associated with the 2014 Agreements approved herein in its ARAT submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

(10) In the event that Roanoke Gas's annual informational filings or expedited or general rate case filings are not based on a calendar year, then Roanoke Gas shall include the affiliate information contained in its ARAT for the test period in such filings.

(11) 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-2014-00056
JUNE 20, 2014**

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

In re: Issuance of Renewable Energy Certificates to Virginia Electric and Power Company for 2013 as directed by § 56-585.2 J of the Code of Virginia

ISSUANCE OF RENEWABLE ENERGY CERTIFICATES

Section 56-585.2 J of the Code of Virginia ("Code") directs the State Corporation Commission ("Commission") to issue renewable energy certificates ("RECs") as follows:

J. The Commission shall issue to a participating utility a number of renewable energy certificates for qualified investments, upon request by a participating utility, if it finds that an expense satisfies the conditions set forth in this section for a qualified investment, as follows:

1. By March 31 of each year, the participating utility shall provide an analysis, as reasonably determined by a qualified independent broker, of the average for the preceding year of the publicly available prices for Tier 1 renewable energy certificates and Tier 2 renewable energy certificates, validating the generation of renewable energy by eligible sources, that were issued in the interconnection region of the regional transmission entity of which the participating utility is a member;
2. In the same annual analysis provided to the Commission, the participating utility shall divide the amount of the participating utility's qualified investments in the applicable period by the average price determined pursuant to subdivision 1;
3. The number of renewable energy certificates to be issued to the participating utility shall equal the product obtained pursuant to subdivision 2; and
4. The Commission shall review and validate the analysis provided by the participating utility within 90 days of submittal of its analysis to the Commission. If no corrections are made by the Commission, then the analysis shall be deemed correct and the renewable energy certificates shall be deemed issued to the participating utility.

Each renewable energy certificate issued to a participating utility pursuant to this subsection shall represent the equivalent of one megawatt hour of renewable energy sales achieved when applied to an RPS Goal.

Section 56-585.2 A of the Code defines a "qualified investment" for these purposes as follows:

"Qualified investment" means an expense incurred in the Commonwealth by a participating utility in conducting, either by itself or in partnership with institutions of higher education in the Commonwealth or with industrial or commercial customers that have established renewable energy research and development programs in the Commonwealth, research and development activities related to renewable or alternative energy sources, which expense (i) is designed to enhance the participating utility's understanding of emerging energy technologies and their potential impact on and value to the utility's system and customers within the Commonwealth; (ii) promotes economic development within the Commonwealth; (iii) supplements customer-driven alternative energy or energy efficiency initiatives; (iv) supplements alternative energy and energy efficiency initiatives at state or local governmental facilities in the Commonwealth; or (v) is designed to mitigate the environmental impacts of renewable energy projects.

Pursuant to § 56-585.2 of the Code, Virginia Electric and Power Company ("Dominion" or "Company") submitted a letter dated March 31, 2014 to the Commission's Divisions of Public Utility Accounting and Energy Regulation ("Staff"), which enclosed the Company's 2013 Annual Report of Qualified Investments ("Report"). The Company requests that the Commission issue 137,336 RECs for 2013. This request reflects: (1) Dominion's actual 2013 expenditures of \$575,438 on research and development activities in the Commonwealth related to renewable or alternative energy sources; and (2) a value of \$4.19 per REC based on the Company's analysis of the average price of publicly available Tier 1 and Tier 2 RECs.¹

Section 56-585.2 J of the Code requires the Commission to issue the requested RECs for qualified investments if the Commission finds that an expense satisfies the conditions set forth in the statute. The statute further requires the Commission "to review and validate" the Company's analysis within 90 days of submittal and, "[i]f no corrections are made by the Commission, then the analysis shall be deemed correct and the [RECs] shall be deemed issued to" Dominion.

After review and validation of the Company's analysis, the Commission finds that the Report requires no corrections.

¹ The Report, along with additional correspondence on this matter between the Company and the Commission's Staff, is being contemporaneously filed in this docket.

Accordingly, IT IS ORDERED THAT pursuant to and as required by § 56-585.2 J of the Code of Virginia, 137,336 renewable energy certificates shall be deemed issued to Virginia Electric and Power Company for 2013, and this matter shall be dismissed.

Commissioner Jagdmann did not participate in this matter.

**CASE NO. PUE-2014-00058
SEPTEMBER 17, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Purchase and Sale Agreement, a Restated and Amended Delivery Interconnect Agreement, and a Revised Point of Delivery Policy pursuant to the Utility Affiliates Act and the Utility Transfers Act

ORDER GRANTING APPROVAL

On June 19, 2014, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), completed the filing of an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapters 4 and 5 of Title 56 of the Code of Virginia ("Code"),¹ seeking several approvals related to its natural gas points of delivery ("PODs") with its affiliate, Columbia Gas Transmission, LLC ("TCO").

Specifically, the Company requests approval of a Purchase and Sale Agreement ("Purchase Agreement") for the transfer from TCO to CGV of ownership of certain heaters, measurement, regulation and related appurtenances ("Assets") located at 25 PODs interconnecting CGV's facilities with TCO's interstate natural gas pipeline.² Second, the Company requests approval of a restatement of and amendment to the POD Delivery Interconnect Agreement and an amendment to the POD Attachment A thereto for each of the 72 existing PODs between CGV and TCO ("Restatement and Amendment"), which will reflect the transfer of the ownership and/or the modification and clarification of the operations and maintenance ("O&M") obligations relating to these existing PODs. The Company states that together, the Purchase Agreement and the Restatement and Amendment are designed to align CGV's ownership of certain POD assets with its obligations as an operator under 49 CFR Part 192³ to operate and maintain such assets, which are integral to the provision of natural gas distribution service by CGV.

Third, the Company seeks approval of a new POD Attachment A template for the Restatement and Amendment detailing the ownership and O&M responsibilities for all new PODs going forward ("New POD Attachment A"). Finally, the Company seeks approval of a revised Affiliate Point of Delivery Policy ("Revised POD Policy"), which sets forth the policy for establishing new PODs and modifications of existing PODs with TCO going forward.⁴

The Company represents that it has since reviewed the existing POD agreements and arrangements with TCO and determined that ownership of certain assets and/or O&M responsibilities should be transferred from TCO to CGV. Therefore, in order to align ownership of the POD Assets with its obligation as an operator under 49 CFR Part 192, CGV is requesting approval of the Purchase Agreement for the transfer of the Assets,⁵ as well as the Restatement and Amendment, which will ensure that the POD Attachment A describing the ownership and O&M of existing POD assets accurately reflect the sale of the Assets. In addition, the Company states that it recognized the necessity to ensure that new PODs installed between TCO and CGV and modifications of existing PODs between TCO and CGV conform to this new ownership and O&M responsibility model and reflect clear demarcations of jurisdiction between interstate and intrastate facilities. Accordingly, CGV is also requesting approval of the New POD Attachment A and the Revised POD Policy, which sets forth the policy for establishing new PODs and modifications of existing PODs going forward.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Company, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the above-described Asset transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved under the Transfers Act. We further find that the Restatement and

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act"), and Va. Code § 56-88 *et seq.* ("Transfers Act"), respectively.

² These Assets are identified in Appendix 1 of the Purchase Agreement. In addition to the those Assets specifically identified by CGV and TCO for transfer, the Purchase Agreement also provides for the transfer from TCO to CGV of any other integral distribution facilities at the stations identified in Appendix 2 to the Purchase Agreement that are located downstream of the mutually agreed upon demarcation point(s) for each station. The Company states that such facilities are defined by the Purchase Agreement as "Additional Assets."

³ See Code of Federal Regulations, Title 49, Subtitle B, Chapter 1, Subchapter D, Part 192.

⁴ The existing POD policy is better known as CGV's Point of Delivery Requests Policy, referred to hereafter as the "POD Policy," which was initially approved in Case No. PUA-1995-00025. See *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). On December 9, 2008, TCO converted from a corporation to a limited liability company. In its February 27, 2009 Order Granting Approval in Case No. PUE-2008-00115, the Commission, among other things, approved the name and incorporation change of TCO in the terms and conditions of 122 agreements, arrangements, and policies with TCO, including a list of existing POD agreements and arrangements between CGV and TCO, as well as CGV's POD Policy. See *Application of Columbia Gas of Virginia, Inc., For approval of various agreements, arrangements and policies between Columbia Gas of Virginia, Inc., and Columbia Gas Transmission, LLC, under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00115, 2009 S.C.C. Ann. Rept. 354, Order Granting Approval (Feb. 27, 2009) ("TCO Order").

⁵ According to the Application, the purchase price for the Assets is the net book value of the Assets and the Additional Assets, which was \$1.284 million as of February 28, 2014. The Company represents that TCO and CGV will utilize the most recent book values of the Assets at the time of the closing, so the Company anticipates the actual purchase price to be slightly lower when the transfer takes place.

Amendment, the New POD Attachment A, and the Revised POD Policy are in the public interest and should, therefore, be approved under the Affiliates Act. Our approval granted herein shall be subject to the requirements recommended in the Staff's Action Brief filed contemporaneously with this Order and noted herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Company is hereby granted approval of the Asset transfer, subject to the requirements set forth herein.

(2) Within thirty (30) days of completing the proposed Asset transfer, the Company shall file a Report of Action with the Commission including the date of the Asset transfer, the actual purchase price of the Assets (including any identified Additional Assets), and the actual accounting entries on CGV's books to reflect the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA").

(3) TCO shall provide all records related to the transferred Assets to CGV at closing, and CGV shall maintain them henceforth in accordance with the USOA.

(4) Pursuant to § 56-77 of the Code, the Company is hereby granted approval of the Restatement and Amendment, the New POD Attachment A, and the Revised POD Policy effective as of the date of the entry of this Order, subject to the requirements set forth herein.

(5) 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 Asset transfer, the Restatement and Amendment, the New POD Attachment A, or the Revised POD Policy.

(6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Purchase Agreement or the Restatement and Amendment, including changes in successors or assigns. Separate Affiliates Act approval shall also be required for any changes to POD Attachment A to the Restatement and Amendment applicable to existing PODs, or changes to the New POD Attachment A to the Delivery Interconnect Agreements applicable to new PODs, to the extent that such new or modified POD Attachment A does not conform to the Revised POD Policy. Finally, separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Revised POD Policy.

(7) The approval granted herein shall not preclude the Commission from exercising 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 in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(9) The Company shall include all transactions associated with the approvals granted herein 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.

(10) In the event that CGV's annual informational filings or expedited 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) The approval granted herein shall supplement the approval granted in Case No. PUE-2008-00115.

(12) The notice, filing and reporting requirements contained in the TCO Order governing the prior versions of the Delivery Interconnect Agreements shall apply to the Restatement and Amendment and New POD Attachment A, as modified by the Revised POD Policy approved herein.

(13) 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-2014-00059
JULY 28, 2014**

PETITION OF
WESTERN VIRGINIA WATER AUTHORITY
and
WALNUT RUN PROPERTY OWNERS ASSOCIATION, INCORPORATED

For approval of the transfer of a public utility pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 19, 2014, Western Virginia Water Authority ("WVWA") and Walnut Run Property Owners Association, Incorporated ("Walnut Run POA") (collectively, the "Petitioners"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")¹ for approval to transfer the Walnut Run water system ("System") from Walnut Run POA to WVWA ("Proposed Transaction").

WVWA is a public service authority that was formed by the Council of the City of Roanoke and the Board of Supervisors of the County of Roanoke 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

¹ Va. Code § 56-88 *et seq.*

delivers 19 million gallons of drinking water per day for 58,140 customer accounts. Walnut Run POA is a Virginia corporation that provides water to 77 residential customers in the Walnut Run subdivision in Franklin County, Virginia. The subdivision has 38 undeveloped lots.

Walnut Run POA has agreed to transfer the System to WVWA for no consideration, and WVWA has agreed to operate, maintain, and upgrade the System as needed. WVWA plans to adopt its existing Franklin County user rates for the Walnut Run customers and charge a monthly capital assessment fee to fund any capital items necessary for the system. The combined charge will be slightly higher than existing rates. WVWA will charge undeveloped lots an availability fee and a meter fee prior to connection to the System. The Petitioners represent that Walnut Run POA has notified its customers of 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.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 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-2014-00060
JULY 15, 2014**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to issue securities

ORDER GRANTING AUTHORITY

On June 23, 2014, Washington Gas Light Company ("WGL" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to issue short-term debt, long-term debt and/or preferred securities, and to enter into hedging transactions. On June 30, 2014, WGL filed an amendment to its application to clarify that the interest rate hedges under the authority requested may be entered into up to twenty-four months in advance of the associated long-term securities. WGL has paid the requisite fee of \$250.

The Company requests authority to issue up to \$725 million in long-term securities in any combination of preferred stock, bonds, notes and other long-term debt instruments ("Long-Term Securities") and up to \$450 million in short-term debt ("Short-Term Securities") from October 1, 2014, through September 30, 2017. The amount of short-term indebtedness requested is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia. In addition, the Company requests authority to enter into one or more interest rate hedging transactions in association with the issuance of new Long-Term Securities requested herein.

WGL states that the proceeds from the issuance of any Long-Term Securities will be used to refund maturing long-term debt, to retire, prior to maturity, higher cost long-term debt as market conditions permit, and for general corporate purposes such as the acquisition of property, working capital requirements, and the retirement of short-term debt. The Short-Term Securities will be used to fund the Company's temporary and seasonal needs for cash and may also be used as bridge financing of permanent capital requirements.

The Long-Term Securities will be issued in one or more public offerings or may be issued in one or more private placements depending on market conditions at the time of issuance. The maturity date on any Long-Term Securities will not be less than one year. The effective cost is not expected to be more than 600 basis points above the most comparable maturity U.S. Treasury Security, excluding underwriters' compensation and other expenses. WGL's existing Commission authority to issue up to \$490 million in Long-Term Securities expires on September 30, 2014.

The Short-Term Securities will be issued in the form of notes to financial institutions and/or commercial paper. The notes and commercial paper will have maturities of less than one year. The proposed Short-Term Securities are supported by a revolving credit agreement for up to \$400 million with a syndicate of financial institutions and which is set to expire on April 3, 2017. WGL intends to replace the expiring agreement with a new agreement before it expires. There will be no underwriting charges or finder's fees associated with the issuance of the notes and commercial paper. However, WGL will pay fees on the associated revolving credit agreement and will also pay commissions on the sale of commercial paper. WGL's existing Commission authority to issue up to \$450 million in Short-Term Securities expires on September 30, 2014.

WGL will only enter into interest rate hedging transactions in conjunction with the issuance of long-term debt. According to the Company, these transactions will be used for the purpose of controlling the interest rate on long-term debt securities. A hedging transaction could take the form of a forward starting swap, a treasury lock hedge, or other financial instruments, and the structure of each transaction will have the following characteristics: 1) the transaction will be initiated before the issuance of any long-term debt; 2) the amount of the hedging transaction will be comparable to the amount of the long-term debt; 3) the term of the hedging transaction, as amended, will not exceed twenty-four months; and 4) the hedging transaction would only be initiated during the effective period of the Commission's Order Granting Authority authorizing the issuance of long-term debt.

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) WGL is authorized to issue up to \$725 million in Long-Term Securities from the period October 1, 2014, through September 30, 2017, under the terms and conditions and for the purposes stated in its application.

(2) WGL is hereby authorized to issue short-term indebtedness in excess of 12% of total capitalization, provided that such indebtedness does not exceed \$450 million, from the period October 1, 2014, through September 30, 2017, under the terms and conditions and for the purposes set forth in the application.

(3) WGL is hereby authorized to enter into interest rate hedging agreements from the period October 1, 2014, through September 30, 2017, under the terms and conditions and for the purposes stated in the application.

(4) WGL shall file reports of action within ten days of the execution of the new revolving credit agreement and the filing of a new shelf registration statement with the Securities and Exchange Commission.

(5) WGL shall file a report of action on or before December 31 of 2015, 2016, and 2017 concerning WGL's daily short-term debt activity for the preceding year ended September 30 of 2015, 2016 and 2017, respectively. Such reports shall include the type, amount, issuance date, maturity, and interest rate on each borrowing, the average daily balance and maximum outstanding balance for each month, and any commissions or bank line of credit fees paid in connection with the short-term borrowings.

(6) WGL shall submit a preliminary report of action within ten days after it enters into any anticipatory interest rate hedge transaction associated with the planned issuance of Long Term Securities pursuant to this Order. Such report shall include the type of hedge, the term of the hedge transaction, the notional amount of the hedge, and the anticipated Long-Term Security to be associated with the hedge.

(7) WGL shall submit a preliminary report of action within ten days after the issuance of any Long-Term Securities pursuant to this Order to include the type of security, the date of issuance, the amount of issuance, the applicable interest rate or dividend rate, the maturity date, and net proceeds to WGL.

(8) Within 60 days of the end of the calendar quarter in which any Long-Term Securities are issued, WGL shall file a more detailed report to include the information required in Ordering Paragraph (7), as well as an itemized list of actual expenses to date associated with the issuance(s), a comparison of the effective rate of Securities issued and any refinanced securities, use of proceeds, and a detailed description of the closing of any hedging activity (gains or losses) associated with the issuance.

(9) On or before December 31, 2017, WGL shall file a final report of action to include all information required in Ordering Paragraph (8) which incorporates then-current actual expenses and fees paid for the proposed Securities issuances.

(10) The authority granted herein shall have no implications for ratemaking purposes.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00061
AUGUST 20, 2014**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of Service Agreement pursuant to §56-76 *et seq.* of the Code of Virginia

ORDER GRANTING APPROVAL

On June 23, 2014, Washington Gas Light Company ("WGL" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") requesting approval of a service agreement ("Service Agreement") between WGL and its affiliate, WGL Midstream MP, LLC ("Midstream MP"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").

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 497,000 meters to customers in Northern Virginia.

Midstream MP is a wholly owned subsidiary of WGL Midstream, Inc. ("WGL Midstream"), an unregulated affiliate of WGL. Midstream MP is a Delaware limited liability company that was formed on May 14, 2014, and was established as the vehicle to maintain WGL Midstream's equity investment in the Meade Pipeline Company, LLC ("Meade Pipeline"). Meade Pipeline was formed to participate in the development and construction of a 177-mile pipeline that will transport natural gas from Susquehanna County, Pennsylvania, to an interconnect with Transcontinental Gas Pipe Line Company, LLC's mainline in Lancaster County, Pennsylvania. The pipeline project is expected to be completed in the second half of 2017.

The proposed Service Agreement will allow WGL to provide centralized services ("Centralized Services"), as described in Attachment A to the Service Agreement, to Midstream MP. WGL currently provides Centralized Services to WGL Midstream,¹ Midstream MP's direct parent, and to WGL Midstream CP, LLC ("Midstream CP"), WGL Midstream's other subsidiary, through service agreements approved by the Commission in Case No.

¹ WGL Midstream's name was changed from Capital Energy Ventures Corp. on November 7, 2013.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

PUE-2013-00005 and PUE-2013-00077, respectively.² WGL will provide Midstream MP with the same Centralized Services that it currently provides to WGL Midstream and Midstream CP. The Applicant represents that there are no differences between the two agreements previously approved by the Commission and the Service Agreement proposed in this case.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicant, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the proposed Service 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 Nos. PUE-2013-00005 and PUE-2013-00077.

1. Approval of the proposed Service Agreement will expire five (5) years from the date of the entry of our Order Granting Approval. If WGL wishes to continue the proposed Service Agreement after our initial approval ends, further approval will be required.
2. Only the services specifically identified in the proposed Service Agreement are approved. Any additional services will require separate approval.
3. WGL may only engage non-affiliated third party service providers when providing service under the proposed Service Agreement. Any use of affiliated third party providers will require separate approval.
4. The Commission's approval does not include the transfer of goods or equipment between WGL and Midstream MP. Such transfers will require separate approval.
5. WGL will be required to maintain records to demonstrate that the services provided by WGL to Midstream MP 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 MP the higher of cost or market. WGL will bear the burden, in any rate proceeding, of demonstrating that the services provided to Midstream MP under the proposed Service 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 Service Agreement.
7. WGL will file an executed copy of the proposed Service Agreement within thirty (30) days of its execution.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, WGL is hereby granted approval to enter into the proposed Service 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 Service 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 Service 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.

² *Application of Washington Gas Light Company, For approval of Service Agreements*, Case No. PUE-2013-00005, Doc. Con. Cen. No. 130560162, Order Granting Approval (May 24, 2013); *Application of Washington Gas Light Company, For approval of Service Agreement*, Case No. PUE-2013-00077, 2013 S.C.C. Ann. Rept. 434, Order Granting Approval (Oct. 10, 2013).

**CASE NO. PUE-2014-00062
SEPTEMBER 29, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
VIRGINIA POWER SERVICES ENERGY CORP., INC.,
and
VIRGINIA POWER ENERGY MARKETING, INC.

For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On June 30, 2014, Virginia Electric and Power Company ("DVP" or "Company"), Virginia Power Services Energy Corp., Inc. ("VPSE"), and Virginia Power Energy Marketing, Inc. ("VPSEM") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code");¹ Ordering Paragraph (2) of the Commission's August 13, 2012 Order Granting Approval in Case No. PUE-2012-00060 ("2012 Case");² and Ordering Paragraph (2) of the Commission's May 19, 2014 Order in Case No. PUE-2012-00103 ("VPSEM Investigation"),³ requesting approval of certain revised affiliate agreements governing the provision of fuel services and related affiliate transactions, along with a new umbrella agreement acknowledging the overall fuel procurement arrangement among the Applicants.⁴ Specifically, the Applicants are requesting approval to implement all of the following fuel procurement-related affiliate agreements effective January 1, 2015: a revised Fuel Management Agreement ("Revised Fuel Management Agreement") between the Company and VPSE; a revised Fuel Agency and Procurement Agreement for Oil between VPSE and VPSEM, and a revised Fuel Agency and Procurement Agreement for Natural Gas between VPSE and VPSEM (collectively, the "Revised Procurement Agreements," and together with the Revised Fuel Management Agreement, the "Revised Affiliate Fuel Agreements"); and a new Fuel Procurement Umbrella Agreement ("Umbrella Agreement") between the Company, VPSE, and VPSEM.⁵

Pursuant to the Commission's directive in its VPSEM Investigation Order, the Applicants also included in their Application a discussion of whether the affiliate structure between VPSE and other DRI affiliates, such as DTI and Cove Point, is subject to the Affiliates Act. The Applicants state that they do not believe that the federally-regulated agreements⁶ between VPSE and DTI, or between VPSE and Cove Point, are subject to the Affiliates Act. The Applicants argue, among other things, that the federally-regulated agreements between VPSE and DTI or Cove Point are not contracts or arrangements subject to the Affiliates Act because DVP is not a party to the agreements.⁷ In addition, the Applicants state that due to the federally-regulated nature of these contracts and the FERC protections in place to guard against affiliate concerns thereunder, the Applicants believe such contracts do not warrant or allow for similar treatment to the VPSE-VPSEM agreements proposed in the Application (*i.e.*, no umbrella agreement).⁸ The Applicants further state that the

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of a Revised Affiliate Fuel Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00060, 2012 S.C.C. Ann. Rept. 467, Order Granting Approval (Aug. 13, 2012) ("2012 Approval Order"). In its 2012 Approval Order, the Commission, among other things, approved certain revisions to DVP's Fuel Management Agreement with VPSE, which governs the provision of fuel services and related affiliate transactions ("Operative Fuel Management Agreement"), for a two (2) year period, subject to certain requirements, effective January 1, 2013. The Company also presented in the 2012 Case, for informational purposes only, a Fuel Agency and Procurement Agreement for Oil between VPSE and VPSEM, and a Fuel Agency and Procurement Agreement for Natural Gas between VPSE and VPSEM (collectively, the "Fuel Agency and Procurement Agreements").

³ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In Re: Fuel procurement arrangements among Virginia Electric and Power Company and its affiliates*, Case No. PUE-2012-00103, Doc. Con. Cen. No. 140530042, Order (May 19, 2014) ("VPSEM Investigation Order").

⁴ In its VPSEM Investigation Order, the Commission, among other things, directed the Company to address certain issues raised by Staff in the VPSEM Investigation in the Company's next Affiliates Act filing for approval of its fuel procurement arrangement. Specifically, the VPSEM Investigation Order directed the Company to include in its application: (i) a proposal for the execution of a new umbrella agreement between DVP, VPSE, and VPSEM, as well as any other viable alternative proposals that would formally make the Fuel Agency and Procurement Agreements part of an arrangement under the Affiliates Act; (ii) a discussion of whether the affiliate structure between VPSE and other Dominion Resources, Inc. ("DRI") affiliates, such as Dominion Transmission, Inc. ("DTI") and Dominion Cove Point LNG, LP ("Cove Point"), is subject to the Affiliates Act, and, if the Company does not believe the affiliate structure is subject to the Affiliates Act, a detailed explanation as to why, unlike the Company's proposed treatment of the Fuel Agency and Procurement Agreements, these arrangements are not subject to Commission review; (iii) a revised methodology for allocating indirect charges through the natural gas variable service charge that addresses the concerns related to the natural gas variable service charge addressed by Staff in its Report; and (iv) an evaluation of the service charge to VPSE for VPSEM's procurement of oil, and a revised methodology for allocating such charges to DVP, if appropriate. *Id.* at 6.

⁵ We note that this is the first Affiliates Act proceeding in which the Applicants acknowledge that an arrangement exists between DVP, VPSE, and VPSEM that is subject to the Affiliates Act. In the 2012 Case, the Applicants limited their request for approval to the Operative Fuel Management Agreement between DVP and VPSE, stating that the underlying Fuel Agency and Procurement Agreements between VPSE and VPSEM are not subject to the Affiliates Act because neither entity is a Virginia public service corporation.

⁶ The agreements, primarily between VPSE and DTI or Cove Point, are for firm and interruptible natural gas transportation service and firm natural gas storage service. The agreements are subject to regulation by the Federal Energy Regulatory Commission ("FERC") and are governed by the tariff rates of DTI and Cove Point on file with FERC. *See* Application at 17-18.

⁷ *See, e.g.*, Application at 19. In their September 16, 2014 Comments, the Applicants further argue that VPSE, DTI, and Cove Point are not public service companies and are therefore beyond the scope of the Affiliates Act. *See, e.g.*, Applicants' September 16, 2014 Comments at 8-13 ("Comments").

⁸ *See, e.g.*, Application at 19-23.

costs related to these contracts are charged by VPSE to the Company under the Revised Fuel Management Agreement and remain fully reviewable for reasonableness and prudence in the Company's annual fuel factor proceedings.⁹

In Staff's Action Brief and the Legal Memorandum attached thereto as Attachment A ("Staff's Action Brief") in this proceeding, Staff stated that it believes that the affiliate structure among DVP, VPSE, VPEM, DTI, and Cove Point constitutes an arrangement that is subject to the Affiliates Act and, therefore, all the federally-regulated agreements between VPSE and DTI or Cove Point should be submitted for Commission approval under the Affiliates Act to ensure the agreements are in the public interest and allow the Company to minimize its fuel costs as required by § 56-249.6 D 2 of the Code.¹⁰ In the Applicants' Comments to Staff's Action Brief, the Applicants reasserted their position that the federally-regulated agreements between VPSE and DTI or Cove Point are not an arrangement subject to the Affiliates Act.

Staff further identified in its Action Brief various other concerns with the approvals sought in the Application, of which three remain at issue between Staff and the Applicants: (i) defining "risk management transactions" as a type of commodity cost in the Revised Fuel Management Agreement; (ii) the appropriate proceeding in which DVP will file a fully developed methodology for allocating interest expense and income on margining requirements from VPEM to VPSE; and, (iii) the specific language in the Revised Procurement Agreements regarding the pricing of Fuel¹¹ sold by VPEM to VPSE, which will ensure such Fuel is priced at the lower of cost or market.

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 makes the following findings. First, we find that the above-described Umbrella Agreement and Revised Affiliate Fuel Agreements are in the public interest and should, therefore, be approved subject to the requirements recommended in the Staff's Action Brief filed contemporaneously with this Order, as modified herein.

Second, regarding the outstanding issues between Staff and the Applicants, we find the following: (i) the Company should remove the language in Paragraph (5) of the Revised Fuel Management Agreement that defines "risk management transactions" as a type of commodity cost; (ii) the Company should file an application for Commission approval of a fully developed methodology for allocating interest expense and income on margining requirements to VPSE, as well as an explanation as to why such interest expense and income should be based on DRI's weighted average cost of short-term and long-term debt, on or before January 1, 2016;¹² and (iii) the Company should revise the language in Section 3.2 of the Revised Procurement Agreements to state that "... the price for such Fuel sold by VPEM to VPSE shall not exceed the lower of VPEM's actual cost or the *then-current* Market Price for such Fuel..." (emphasis added).

Third, we find that the Umbrella Agreement and Revised Affiliate Fuel Agreements should be approved subject to the requirements set forth in this Order, which includes the Commission Staff's review of agreements between DVP's affiliates described in Staff's Action Brief. These agreements may be relevant to whether continuation of the affiliate agreements approved herein remain in the public interest under the Affiliates Act. Section 56-80 of the Code provides that the Commission shall have continuing supervisory control over the terms and conditions of affiliate contracts and arrangements in order to protect and promote the public interest. Accordingly, in order to ensure the Umbrella Agreement and Revised Affiliate Fuel Agreements remain in the public interest, we find that the agreements between DVP's affiliates described in the Staff's Action Brief should be filed with the Commission by October 6, 2014. We further find that the Commission Staff should be directed to review and audit the individual agreements (which are related to DVP's fuel procurement process) and their associated costs and file a report, on or before March 27, 2015, containing the Staff's findings and recommendations.¹³ DVP is further directed to cooperate with the Staff during the Staff's review and audit of such agreements and provide the Staff with the information necessary for the Staff to complete its report in a timely manner.

Finally, we direct the Company to identify any other arrangements and agreements among its affiliates for the benefit of DVP and file any such additional arrangements and agreements with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Umbrella Agreement and Revised Affiliate Fuel Agreements, subject to the requirements set forth herein.

(2) The Umbrella Agreement and Revised Affiliate Fuel Agreements shall be effective as of January 1, 2015, and shall extend for five (5) years from the effective date. Should the Company wish to continue operating under the Umbrella Agreement and Revised Affiliate Fuel Agreements after the five (5)-year term of approval, further Commission approval shall be required.

⁹ See, e.g., *id.* at 19.

¹⁰ Staff's Action Brief also identified several additional agreements between DVP and its affiliates (including VPEM, VPSE, and Dominion Resources Services, Inc. ("DRS")) that Staff believes are subject to the Affiliates Act. Further, in Case No. PUE-2014-00063, Staff identified an arrangement between DVP and its affiliates (including Virginia Power Services, LLC ("VPS"), VPSE, and Virginia Power Nuclear Services Company ("VPN")) that it believes is also subject to the Affiliates Act. See *Application of Virginia Electric and Power Company and Virginia Power Services, LLC, For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00063, Doc. Con. Cen. No. 140640278, Application (June 30, 2014).

¹¹ "Fuel" is defined in the Application as natural gas, oil, gasoline, diesel fuel, and miscellaneous fuel. See Application at 2.

¹² The final allocation and interest rate methodologies approved by the Commission will be effective January 1, 2015. This is similar to the treatment afforded the change in the allocation of overhead costs in Case No. PUE-2013-00020. See *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*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

¹³ As a result of the requirements set forth in this Order, and given the limited statutory deadline for this matter, we do not address, as a part of this Order, whether the agreements between DVP's affiliates identified by the Commission Staff in its Action Brief are subject to approval under the Affiliates Act.

(3) DVP shall make all the revisions to the Umbrella Agreement and Revised Affiliate Fuel Agreements recommended in the Staff's Action Brief as shown in Attachment B thereto, as modified herein.

(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 Umbrella Agreement and Revised Affiliate Fuel Agreements.

(5) The approval granted herein shall be limited to the specific services, transactions, and types of costs identified in the Revised Affiliate Fuel Agreements among DVP, VPSE, and VPSEM. Should the Company wish to receive additional services, transactions, or types of costs from VPSE (or indirectly from VPSEM) or should VPSE (or indirectly VPSEM) seek to charge DVP for any other services, transactions, or types of costs under the Revised Affiliate Fuel Agreements, other than those specifically identified in the agreements, additional Commission approval shall be required.

(6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Umbrella Agreement and Revised Affiliate Fuel Agreements, including changes in the description of services or costs, allocation methodologies, and successors or assigns.

(7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(8) The Commission reserves the right to examine the books, records, and other related documents of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(9) DVP shall include all transactions associated with the approvals granted herein 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.

(10) In the event that rate filings are not based on a calendar year, then DVP shall include the affiliate information contained in its ARAT in such rate filings.

(11) DVP shall file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved herein, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified herein, within thirty (30) days of the date of this Order Granting Approval.

(12) DVP shall file the following items on or before January 1, 2016: (i) a fully developed methodology for allocating interest expense and income on margining requirements to VPSE; and (ii) an explanation as to why interest expense and interest income on margining requirements should be based on DRI's weighted average cost of short-term and long-term debt. The allocation and interest rate methodologies approved by the Commission shall be effective January 1, 2015.

(13) DVP shall maintain detailed calculations supporting the new natural gas variable service charge and separately track all natural gas service charges on its books to facilitate Staff's audit of these charges.

(14) The Company shall file all the agreements between DVP's affiliates as described in the Staff's Action Brief by October 6, 2014.

(15) The Commission Staff shall review and audit the individual agreements (which the Staff concludes are relevant to the affiliate agreements approved herein) and their associated costs.

(16) The Commission Staff shall file a report, on or before March 27, 2015, containing its findings and recommendations relative to such agreements.

(17) The Company shall identify any other arrangements and agreements among its affiliates for the benefit of DVP and file any such additional arrangements and agreements with the Commission within 90 days of the date of this Order Granting Approval.

(18) This matter is continued generally pending further order of the Commission.

**CASE NO. PUE-2014-00062
OCTOBER 16, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
VIRGINIA POWER SERVICES ENERGY CORP., INC.,
and
VIRGINIA POWER ENERGY MARKETING, INC.

For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 *et seq.*

ORDER ON RECONSIDERATION

On June 30, 2014, Virginia Electric and Power Company ("DVP" or "Company"), Virginia Power Services Energy Corp., Inc. ("VPSE"), and Virginia Power Energy Marketing, Inc. ("VPSEM") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia;¹ Ordering Paragraph (2) of the Commission's August 13, 2012 Order Granting

¹ Va. Code § 56-76 *et seq.*

Approval in Case No. PUE-2012-00060;² and Ordering Paragraph (2) of the Commission's May 19, 2014 Order in Case No. PUE-2012-00103.³ The Application requested approval of certain revised affiliate agreements governing the provision of fuel services and related affiliate transactions, along with a new umbrella agreement acknowledging the overall fuel procurement arrangement among the Applicants. Specifically, the Applicants requested approval to implement all of the following fuel procurement-related affiliate agreements effective January 1, 2015: a revised Fuel Management Agreement ("Revised Fuel Management Agreement") between the Company and VPSE; a revised Fuel Agency and Procurement Agreement for Oil between VPSE and VPSE, and a revised Fuel Agency and Procurement Agreement for Natural Gas between VPSE and VPSE (collectively, including the Revised Fuel Management Agreement, the "Revised Affiliate Fuel Agreements"); and a new Fuel Procurement Umbrella Agreement ("Umbrella Agreement") between the Company, VPSE, and VPSE.

On September 29, 2014, the Commission issued an Order Granting Approval ("Approval Order") approving the Company's Revised Affiliate Fuel Agreements and the Umbrella Agreement subject to certain requirements set forth in the Approval Order.

On October 14, 2014, the Applicants filed a Petition for Reconsideration requesting Commission reconsideration and modification of Ordering Paragraph (11) of the Approval Order. Ordering Paragraph (11) of the Approval Order currently states:

DVP shall file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved herein, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified herein, within thirty (30) days of the date of this Order Granting Approval.

The Applicants request that Ordering Paragraph (11) be changed so that the Company is required to file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements thirty days after approval of the agreements by the North Carolina Utilities Commission ("NCUC"), rather than thirty days after the Commission's Approval Order. Specifically, the Applicants request that Ordering Paragraph (11) be amended to state:

DVP shall file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved herein, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified herein, within thirty (30) days of receiving approval by the North Carolina Utilities Commission.⁴

In support of their Petition for Reconsideration, the Applicants state that pursuant to North Carolina General Statutes ("N.C.G.S.") § 62-153 and Ordering Paragraph (3) of the NCUC's December 20, 2012 Order Accepting Affiliate Agreement and Allowing Payment Thereunder, issued in Docket No. E-22, Sub 484,⁵ the Company is required to file any proposed amendments to the Revised Fuel Management Agreement with the NCUC prior to execution of the amended agreement.⁶ Pursuant to N.C.G.S. § 62-153 (b), the Company also may not pay any compensation to an affiliated entity for services rendered pursuant to an agreement prior to filing such agreement with the NCUC and obtaining its approval.⁷

The Applicants state that on August 1, 2014, they filed a petition with the NCUC in Docket No. E-22, Sub 512 for approval of the Umbrella Agreement and the Revised Affiliate Fuel Agreements.⁸ As of October 14, 2014, the NCUC has not ruled on the petition; however, the Applicants requested that the NCUC approve the Umbrella Agreement and Revised Affiliate Fuel Agreements with a proposed effective date of January 1, 2015, and the Applicants anticipate a ruling by the end of this year.⁹

In their Petition for Reconsideration, the Applicants also represent that the Staff has no objection to the requested modification of Ordering Paragraph (11).¹⁰

NOW THE COMMISSION, upon consideration of the Petition for Reconsideration, the representations of the Applicants, Staff, and the applicable statutes, is of the opinion and finds that the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved in the Approval Order, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified in the Approval Order, shall be filed by the Company within thirty days of receiving approval by the NCUC. Ordering Paragraph (11) of the Approval Order should thus be modified as follows:

² *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., for approval of a Revised Affiliate Fuel Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00060, 2012 S.C.C. Ann. Rept. 467, Order Granting Approval (Aug. 13, 2012).

³ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Fuel procurement arrangements among Virginia Electric and Power Company and its affiliates*, Case No. PUE-2012-00103, Doc. Con. Cen. No. 140530042, Order (May 19, 2014).

⁴ Petition for Reconsideration at 3.

⁵ *In the Matter of Petition by Virginia Electric and Power Company d/b/a Dominion North Carolina Power, Virginia Power Services Energy Corp. Inc., and Virginia Power Energy Marketing, Inc., for Approval of Revised Affiliate Fuel Agreements*, Docket No. E-22, Sub 484, Order Accepting Affiliate Agreement and Allowing Payment Thereunder, at 3 (Dec. 20, 2012).

⁶ Petition for Reconsideration at 2.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 3.

DVP shall file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved herein, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified herein, within thirty (30) days of receiving approval by the North Carolina Utilities Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' Petition for Reconsideration is granted.
- (2) Ordering Paragraph (11) of the Commission's September 29, 2014 Order Granting Approval shall be replaced with the following language:

DVP shall file copies of the signed and executed Umbrella Agreement and Revised Affiliate Fuel Agreements approved herein, as well as red-lined copies of the agreements reflecting the changes recommended by Staff, as modified herein, within thirty (30) days of receiving approval by the North Carolina Utilities Commission.

- (3) All other aspects of the Commission's September 29, 2014 Order Granting Approval shall remain unchanged and remain in full force and effect.
- (4) This matter is continued generally pending further order of the Commission.

**CASE NO. PUE-2014-00063
SEPTEMBER 29, 2014**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
and
VIRGINIA POWER SERVICES, LLC

For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On June 30, 2014, Virginia Electric and Power Company ("DVP" or "Company") and Virginia Power Services, LLC ("VPS") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ and Ordering Paragraph (1) of the Commission's August 13, 2012 Order Granting Approval in Case No. PUE-2012-00059.² In Case No. PUE-2012-00059, the Commission approved a \$400 million Inter-Company Credit Agreement ("2012 ICA") between DVP and its wholly-owned subsidiary VPS through December 31, 2014. The Applicants now propose to increase the 2012 ICA to \$1 billion and extend the 2012 ICA through December 31, 2019 ("Revised ICA").

According to the Application, VPS was created to facilitate the efficient utilization of DVP's resources and expertise to provide unregulated services to third parties, while segregating that activity from DVP's traditional electric utility operations.³ VPS currently has two subsidiaries, Virginia Power Services Energy Corp., Inc. ("VPSE") and Virginia Power Nuclear Services Company ("VPN"). VPS serves as a conduit through which DVP is able to finance the operations of VPS' subsidiaries, VPSE and VPN. The Applicants represent that VPN and VPSE were not established to be financially self-sufficient, and require funding to remain viable entities.⁴ According to the Applicants, the Revised ICA will continue to allow VPS to receive funds that it will, in turn, make available to its subsidiaries, including VPSE and VPN.⁵ Such funds are required by VPSE to transact on behalf of the Company for the Fuel Management Services proposed to be provided pursuant to the Revised Fuel Management Agreement and a new Umbrella Agreement proposed by the Company in Case No. PUE-2014-00062.⁶

In the Application, the Applicants represent that, although the \$400 million limit in the 2012 ICA has never been exceeded, it has approached the limit.⁷ The Applicants also represent that VPS' funding needs are anticipated to increase in the future due in part to the expansion of the Company's natural

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act")

² *Application of Virginia Electric and Power Company and Virginia Power Services, LLC., For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00059, 2012 S.C.C. Ann. Rept. 465, Order Granting Approval (Aug. 13, 2012).

³ Application at 2.

⁴ *Id.* at 5.

⁵ *Id.*

⁶ *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00062, Doc. Con. Cen. No. 140640282, Application (June 30, 2014).

⁷ Application at 6.

gas generation fleet and the corresponding increase in the Company's fuel procurement needs.⁸ Therefore, DVP is proposing to increase the limit under the Revised ICA from \$400 million to \$1 billion.

If approved, the Applicants state that the daily interest rate under the Revised ICA will be based on DVP's effective weighted average interest cost on its outstanding short-term borrowings. If DVP has no short-term debt outstanding during the time of the loan to VPS, the rate of interest shall be the Federal Funds' effective rate of interest as quoted daily by the Federal Reserve Bank of New York.⁹ The Company has proposed that the effective date of the Revised ICA will be January 1, 2015, and has proposed a term of five (5) years.¹⁰

The Commission Staff's ("Staff") Action Brief generally supports the Revised ICA. However, Staff noted that DVP is not seeking approval of the arrangement between VPS and VPSE and VPN under which DVP indirectly funds the operations of these subsidiaries. Staff stated that this is another example of an arrangement between DVP and its affiliates that is subject to the Affiliates Act, as addressed more fully in Staff's Action Brief and attached Legal Memorandum in Case No. PUE-2012-00062.¹¹

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 Revised ICA is in the public interest and should, therefore, be approved subject to the requirements in Staff's Action Brief filed contemporaneously with this Order, as modified herein.¹² Specifically, we direct that the use of the Revised ICA should be limited solely to the funding of activities that are undertaken by VPN and VPSE on behalf of DVP. We further find that the agreements between VPS and VPSE and VPN under which DVP indirectly funds the operations of these subsidiaries should be filed with the Commission by October 6, 2014.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, DVP and VPS are hereby granted approval to enter into the Revised ICA for five (5) years, beginning January 1, 2015, subject to the limitations and requirements set forth herein.

(2) Aggregate borrowing under the Revised ICA shall not exceed \$1 billion, under the terms and conditions and for the purposes set forth in the Application. The use of the Revised ICA shall be limited solely to the funding of activities that are undertaken by VPN and VPSE on behalf of DVP.

(3) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted herein shall not guarantee the recovery of any costs directly or indirectly related to the Revised ICA.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised ICA, including any successors or assigns.

(5) DVP shall file the agreements between VPS and VPSE and VPN under which the Company indirectly funds the operations of these subsidiaries by October 6, 2014.

(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 approval granted herein whether or not such affiliate is regulated by this Commission.

(8) DVP shall file, within sixty (60) days of the end of each calendar quarter beginning in 2015, a quarterly Report of Action that includes a schedule of daily outstanding Revised ICA borrowings separately listing the borrower (VPN or VPSE), the corresponding interest rate charged, the purpose of the loan(s), and any other fees, terms, or conditions of the financing.

(9) DVP shall include all transactions under the Revised ICA 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 may be extended administratively by the Commission's UAF Director.

(10) In the event that any rate filings are not based on a calendar year, then DVP shall include the affiliate information contained in its ARAT in such rate filings.

(11) The Company shall identify any other arrangements and agreements among its affiliates for the benefit of DVP and file any such additional arrangements and agreements with the Commission within 90 days of the date of this Order Granting Approval.

(12) This matter is continued generally pending further order of the Commission.

⁸ *Id.*

⁹ Application, Attachment A at 4.

¹⁰ Application at 7.

¹¹ On September 16, 2014, the Applicants provided comments to Staff's Action Brief stating (1) its disagreement with Staff's position on this issue; and (2) that it would address the issue in its comments filed in Case No. PUE-2014-00062.

¹² As a result of the requirements ordered in our approval today of the related affiliate agreements in Case No. PUE-2014-00062, and given the limited statutory deadline for this matter, we do not address, as part of this Order, whether the agreements between DVP's affiliates identified by the Staff in its Action Brief are subject to approval under the Affiliates Act.

**CASE NO. PUE-2014-00064
AUGUST 27, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a service agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company

ORDER GRANTING APPROVAL

On June 25, 2014, Columbia Gas of Virginia, Inc. ("CGV"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of: (1) an extension of the current service agreement ("Current Agreement") between CGV and NiSource Corporate Services Company ("NCSC") through December 31, 2014;¹ (2) a revised services agreement ("Revised Agreement") between CGV and NCSC to be effective January 1, 2015, for a period of five years; and (3) for such further relief as may be necessary and appropriate pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").²

CGV is a Virginia public service company that provides natural gas local distribution service to approximately 250,000 customers located in Central and Southern Virginia, the Piedmont Region, most of the Shenandoah Valley, and portions of Northern Virginia, Western Virginia, and the Hampton Roads region. NCSC is a centralized service company that provides corporate, administrative, and technical support services (collectively, "Centralized Services") to NiSource, Inc. ("NiSource"), and its affiliates, including CGV. CGV and NCSC are indirect wholly owned subsidiaries of NiSource and, therefore, are considered affiliated interests pursuant to the Affiliates Act.

The Current Agreement and the Revised Agreement ("Agreements") set forth a list of 26 Centralized Services that NCSC will provide to CGV at fully distributed cost. NCSC charges interest expense on NCSC's money pool and long-term debt borrowings to CGV, but not a NCSC profit or equity return component. The Agreements have no specific term, but continue in force unless terminated upon 12 months prior written notice by either party.

The Revised Agreement makes several changes to the Current Agreement. First, references to the Public Utility Holding Company Act of 1935 and the Securities and Exchange Commission are replaced with references to the Public Utility Holding Company Act of 2005, and the Federal Energy Regulatory Commission. Second, the Revised Agreement clarifies the descriptions for eleven Centralized Services categories. Third, the Revised Agreement adds Article 1.5, which specifically describes convenience billing and the convenience billing process. Fourth, the Revised Agreement modifies Articles 2.3 and 4.5 to clarify and update CGV's process for reviewing monthly Centralized Services bills. Fifth, the Revised Agreement modifies Article 2.5 to clarify that taxes and reasonable compensation for the use of capital are included in the costs of Centralized Services rendered to CGV. Sixth, the Revised Agreement modifies Exhibit A to Appendix A ("Exhibit A") of the Current Agreement, which sets forth NCSC's methodology for direct billing or allocating service company costs, in order to clarify that NCSC will direct bill to the benefiting affiliate to the extent possible and will allocate the remaining costs in accordance with the bases of allocation listed in Exhibit A. Finally, references to "job order" in Exhibit A's bases of allocation are removed to reflect NCSC's transition to a new, integrated inter-company billing process.

CGV states that it must perform or acquire the Centralized Services in order to fulfill its duties as a public utility. CGV represents that the rendition of such services on a centralized basis enables CGV to realize substantial economic and other benefits, through efficient use of personnel and equipment; coordination of analysis and planning; and availability of specialized personnel and equipment, which CGV cannot economically maintain on an individual company basis.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the extension of the Current Agreement through December 31, 2014, and approval of the Revised Agreement effective January 1, 2015, is in the public interest and should be approved. In its Action Brief, Staff identified a number of requirements and conditions adopted by the Commission in prior cases³ involving prior service agreements between CGV and NCSC that, among other things, impose certain requirements associated with gas supply management ("GSM") activities, impose certain reporting requirements, ensure that the Agreements are not impermissibly open-ended, and would not allow for provision of services without prior Commission review. We find that these requirements remain necessary to protect the public interest, so our approval will be subject to the requirements detailed in the ordering paragraphs below.

¹ The Commission's approval of the Current Agreement expires September 25, 2014.

² Va. Code § 56-76 *et seq.* ("Affiliates Act").

³ *Application of Columbia Gas of Virginia, Inc., For approval of a service agreement with NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00072, 2004 S.C.C. Ann. Rept. 477, Order Granting Approval (Sept. 30, 2004), as modified by 2004 S.C.C. Ann. Rept. 480, Order on Reconsideration (Dec. 1, 2004); *Application of Columbia Gas of Virginia, Inc., For approval of an amendment to its Service Agreement with NiSource Corporate Services Company under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00053, 2005 S.C.C. Ann. Rept. 448, Order Granting Approval (Sept. 21, 2005), as modified by 2006 S.C.C. Ann. Rept. 332, Order Granting Supplement to Petition for Reconsideration (May 4, 2006); *Application of Columbia Gas of Virginia, Inc., For approval of an amendment to a corporate services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2007-00072, 2007 S.C.C. Ann. Rept. 480, Order Granting Approval (Oct. 9, 2007); *Application of Columbia Gas of Virginia, Inc., For approval of a Service Agreement, as amended, between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2009-00063, 2009 S.C.C. Ann. Rept. 495, Order Granting Approval (Sept. 25, 2009) (hereafter "PUE-2009-00063 Order"); *Application of Columbia Gas of Virginia, Inc., For approval to modify the application of an allocation factor in a service agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00037, 2010 S.C.C. Ann. Rept. 497, Order Granting Approval (July 9, 2010); and *Application of Columbia Gas of Virginia, Inc., For approval to modify allocation bases in a service agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company*, Case No. PUE-2012-00073, 2012 S.C.C. Ann. Rept. 475, Order Granting Approval (Aug. 6, 2012).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, CGV is hereby granted approval of the extension of the Current Agreement, and approval of the Revised Agreement, subject to the requirements set forth below.

(2) Approval of the Current Agreement is extended through December 31, 2014. Approval of the Revised Agreement shall be granted from January 1, 2015 through December 31, 2019. Should CGV wish to continue the Revised Agreement thereafter, further Commission approval shall be required.

(3) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Agreements approved herein.

(4) The approval granted herein shall be limited to the specific list of Centralized Services listed in Article 2 of Appendix A to each of the Agreements. Approval is denied for the Miscellaneous Services service category. Should CGV wish to add a Centralized Service that is not on the lists, separate Commission approval shall be required.

(5) Separate Commission approval shall be required for CGV to receive Centralized Services from NCSC through the engagement of affiliated third parties. However, CGV shall retain its current authority for NCSC to utilize the facilities of certain NiSource affiliates to facilitate the provision of Centralized Services to CGV.

(6) CGV shall maintain records to demonstrate that the Centralized Services provided by NCSC are cost-beneficial to the Virginia ratepayers and that such services cannot be obtained more economically at the local level. For any Centralized Services provided by NCSC 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 NCSC's charges and pay the lower of cost or market.

(7) Commission approval shall be required for any changes in the terms and conditions of the approved Agreements, including any changes in allocation methodologies affecting CGV and successors or assigns.

(8) Approval is granted herein for the following off-system GSM activities: flowing gas sales; incremental gas sales; location exchanges; time exchanges; asset management activities ("AMA(s)"); operational transactions; capacity release arrangements; retail choice program releases; and administrative releases. Approval is denied for the off-system GSM activity known as physical gas put options.

(9) The AMAs approved above shall be limited to: (i) competitively bid transactions with unaffiliated third parties; (ii) transactions involving a limited portion of CGV's transportation and storage assets and supply requirements; and (iii) transactions with a limited term of eighteen (18) months or less. If CGV wishes to enter into an AMA with different characteristics, then separate Commission approval shall be required.

(10) All costs related to the off-system GSM activities approved above, including commodity, transportation, retainage, sales tax, and administrative costs, shall be netted against the related off-system sales ("OSS") and capacity release revenues ("CR") and the net margin flowed through the OSS/CR Incentive Mechanism in CGV's PGA/ACA mechanism. This means, among other things, that any incremental NCSC administrative charges⁴ related to the approved off-system GSM activities shall be separately identified and booked to CGV's OSS/CR Incentive Mechanism PGA/ACA accounts rather than to base rate accounts.

(11) CGV and NCSC shall be required, upon the Commission's request, to demonstrate that corporate policies, procedures, and internal controls are in place to guard against any self-dealing, preferential, or discriminatory actions relative to the approved off-system GSM activities. Furthermore, CGV and NCSC are directed to manage CGV's gas supply, transportation, and storage assets in a non-discriminatory manner such that CGV's affiliates do not receive preferential treatment.

(12) CGV and NCSC shall utilize the pricing guidelines approved in the Commission's June 4, 2013 Order Granting Approval in Case No. PUE-2013-00024⁵ for all GSM transactions conducted with current or prospective CGV affiliates under the Agreements.

(13) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(14) 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.

(15) CGV shall include the transactions associated with the agreements approved in this case 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. CGV shall include with its ARAT a copy of NCSC's FERC Form 60, a list of NiSource affiliates and their relative investments, a list of NiSource affiliate contracts, schedules that show calendar year NCSC allocated and total contract billings by service category and affiliate, and a schedule that shows calendar year NCSC contract billings by FERC account and affiliate. CGV shall also include with its ARAT a Risk Monitoring Schedule as described in Staff's Action Brief.

⁴ NCSC's Energy Supply Services department administers the off-system GSM activities on CGV's behalf.

⁵ The pricing guidelines approved in Case No. PUE-2013-00024 supersede the Case No. PUE-2008-00038 pricing guidelines referenced in Ordering Paragraph (12) of the PUE-2009-00063 Order. See *Application of Columbia Gas of Virginia, Inc., For reauthorization of gas supply and other supply related agreements with affiliates*, Case No. PUE-2013-00024, 2013 S.C.C. Ann. Rept. 387, Order Granting Approval (June 4, 2013).

(16) In the event that CGV's annual informational filings or expedited 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.

(17) 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-2014-00065
OCTOBER 27, 2014**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a disposition of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 3, 2014, Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company") completed filing of a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")¹ for approval to transfer utility assets to the Washington Metropolitan Area Transit Authority ("WMATA").

Dominion Virginia Power is a Virginia public service corporation engaged in the business of providing electric utility service in Virginia and northeastern North Carolina. WMATA was formed by an interstate compact among the Commonwealth of Virginia, the State of Maryland, and the District of Columbia to provide rapid transit service to the Washington, D.C. metropolitan area. The Metropolitan Washington Airports Authority ("MWAA") was formed by the Commonwealth of Virginia and the District of Columbia to operate and maintain Ronald Reagan Washington National Airport and Washington Dulles International Airport. MWAA is the lead sponsor of the Dulles Corridor Metrorail Project - Extension to Wiehle Avenue (the "Phase I Project"), which will be owned, operated, and maintained by WMATA, a non-jurisdictional customer of the Company.

Dominion Virginia Power requests Commission approval to transfer to WMATA certain distribution facilities ("Facilities"),² which were constructed for the sole purpose of providing permanent electrical service to the Phase I Project ("Proposed Transaction"). Pursuant to the Master Utility Relocation Agreement between Dominion Virginia Power and MWAA, dated December 24, 2008, as amended June 11, 2010,³ the Company agreed to design and construct the Facilities, which were completed in December 2013. Dominion Virginia Power and MWAA have agreed that upon completion of the Facilities, the Company will transfer ownership and control of the Facilities to WMATA. The Company represents that, following the Proposed Transaction, WMATA will be responsible for the ongoing operation and maintenance of the Facilities, which Dominion Virginia Power states are not needed by the Company and are solely for the use of this one customer. The Company further states that the rates that the Company charges and the services it provides to its other customers will not be impacted by the Proposed Transaction.

In exchange for the design, construction, and testing of the Facilities, MWAA has paid Dominion Virginia Power its total costs incurred for labor, materials, management/supervision, and overhead expenses, plus a fee of 12%, for a total of \$12,236,224. Subsequent to filing its Petition, the Company informed the Commission Staff ("Staff") that some costs related to the Facilities were inadvertently included in jurisdictional accounts on its books.⁴ The Company also represented to Staff that it will exclude any such amounts that were included in the regulated cost of service from the Company's earnings test in its next biennial review.⁵

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. However, with regard to the possible inclusion of costs related to the Facilities in Dominion Virginia Power's cost of service, we direct the Company, in its next biennial review proceeding, to provide documentation of the Facilities costs and propose adjustments, as necessary, to exclude the costs of the Facilities from its earnings test.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-88.1 of the Code, Dominion Virginia Power is hereby granted approval of the Proposed Transaction.
- (2) Dominion Virginia Power 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 of Dominion Virginia Power's accounting entries related to the Proposed Transaction.
- (3) Dominion Virginia Power shall provide documentation and propose adjustments to remove the Facilities costs, as necessary, from the earnings test in its next biennial review proceeding.

¹ Va. Code § 56-88 *et seq.*

² The Facilities are described in Attachment C to the Petition.

³ See Attachment B to the Petition.

⁴ Staff Action Brief at 2.

⁵ *Id.*

(4) 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.

(5) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00066
AUGUST 19, 2014**

PETITION OF
VIRGINIA AMERICAN WATER COMPANY,
AQUA VIRGINIA, INC.,
AND
MASSANUTTEN PUBLIC SERVICE CORPORATION

For Rulemaking to establish a Water and Wastewater Infrastructure Service Charge

ORDER ESTABLISHING PROCEEDING

On June 27, 2014, Virginia American Water Company, Aqua Virginia, Inc., and Massanutten Public Service Corporation (collectively, "Petitioners"), filed a Petition for Rulemaking ("Petition") requesting that the State Corporation Commission ("Commission") initiate a rulemaking to establish rules allowing water and wastewater companies in Virginia to apply to the Commission for the establishment of a Water and Wastewater Infrastructure Service Charge ("WWISC").

Water and wastewater utilities are obligated to provide safe and reliable service to their customers and to have adequate distribution, treatment and production facilities to furnish this service.¹ According to the Petitioners, much of the water infrastructure in Virginia, and indeed throughout the Country, was installed during the first half of the last century and is quickly approaching the end of its useful life, if it has not already done so.² The Petitioners state that the U.S. Environmental Protection Agency estimates that Virginia drinking water facilities will need \$6.7 billion in infrastructure investments over the next 20 years.³

According to the Petitioners, infrastructure replacement does not generate additional revenue as it does not connect new customers to the system and cannot be easily timed with the filing of a base rate case as such work needs to happen on a relatively constant basis.⁴ Thus, the Petitioners request that the Commission initiate a rulemaking that would lead to the adoption of rules that establish a WWISC for water and wastewater utilities. Under the rules, water and wastewater utilities would be permitted to apply to the Commission to establish a plan for investing in eligible infrastructure ("WWISC plan") and for the recovery of the costs of such a program. Through the WWISC plan, utilities would be permitted to replace aging infrastructure and address primary and secondary water quality systematically and to prioritize the highest risk facilities and replace these on an accelerated basis. As part of the WWISC plan, each utility would develop and implement a WWISC rider that would allow for the timely recovery of the costs of these non-revenue producing investments.⁵

The Petitioners assert that promulgation of rules establishing the WWISC and WWISC rider is within the Commission's existing authority under §§ 12.1 and 56-235 of the Code, which charges the Commission with the duty of regulating the rates, charges, services and facilities of all public service companies and gives the Commission the authority to fix just and reasonable rates of such companies. The Petitioners further assert that adoption of the rules proposed in the Petition "is in the public interest as it will establish an efficient mechanism for water and wastewater utilities to accelerate replacement of critical infrastructure to assist the Petitioners in continuing to provide reasonable and adequate service to their customers."⁶

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a proceeding should be established to consider adopting a regulation to establish a WWISC for water and wastewater utilities. The rules proposed by the Petitioners ("Proposed Rules") are appended to this Order. We direct that notice of the Proposed Rules be given to the public and that interested persons and the Commission Staff be provided an opportunity to file written comments on, propose modifications or supplements to, or request a hearing on the Proposed Rules. We further direct that the Petitioners serve a copy of this Order upon each of their customers and file a certificate of service.

We direct that any person commenting on the Proposed Rules also address the following questions: (1) does the Commission have authority under the Code to issue the Proposed Rules; and (2) assuming the Commission has such authority, is it appropriate for the Commission to exercise such authority absent specific statutory direction from the Virginia General Assembly?

¹ See Code of Virginia §§ 56-234 and 56-261 ("Code").

² Petition at 2.

³ *Id.* at 3; U.S. Environmental Protection Agency, Drinking Water Infrastructure Needs Survey and Assessment, 5th Report to Congress, at 18 (Apr. 2013).

⁴ Petition at 4.

⁵ *Id.* at 5.

⁶ *Id.* at 6-7.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2014-00066.
- (2) The Commission's Division of Information Resources shall forward a copy of this Order Establishing Proceeding to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (3) On or before September 15, 2014, each Petitioner shall serve a copy of this Order upon each of their customers and file a certificate of service no later than September 22, 2014, consistent with the directive above.
- (4) On or before November 7, 2014, any interested person may comment on, propose modifications or supplements to, or request a hearing on the Proposed Rules by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Interested parties shall refer in their comments or requests to Case No. PUE-2014-00066. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.
- (5) Any person commenting on the Proposed Rules shall also address the following questions: (a) does the Commission have authority under the Code to issue the Proposed Rules; and (b) assuming the Commission has such authority, is it appropriate for the Commission to exercise such authority absent specific statutory direction from the Virginia General Assembly?
- (6) The Commission Staff shall file any comments on, proposed modifications or supplements to, or request for hearing on the Proposed Rules on or before December 8, 2014.
- (7) This matter is continued.

NOTE: A copy of the Attachment entitled "Water and Wastewater Infrastructure Service Charge" 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-2014-00067
SEPTEMBER 26, 2014**

APPLICATION OF
ROANOKE GAS COMPANY

For modification of its SAVE Plan and Rider

FINAL ORDER

On June 30, 2014, Roanoke Gas Company ("Roanoke Gas" or "Company"), filed an application with the State Corporation Commission ("Commission") to modify its SAVE Plan and Rider¹ pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia, 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 Approving SAVE Plan and Rider,² as modified by the Commission's December 9, 2013 Order Approving Amended SAVE Plan and Rider.³ With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for the calendar year 2015 and the corresponding SAVE Rider that will be associated with those projects.

On July 23, 2014, the Commission entered an Order for Notice and Comment in this proceeding, which, among other things, required the Company to publish notice of the Application; provided an opportunity for interested parties to participate in the proceeding, request a hearing, or file written comments; directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") with the Commission; and permitted the Company to file a response to the Staff Report or any comments filed by interested parties ("Response"). No comments, notices of participation, or requests for hearing were filed in this proceeding.

On September 2, 2014, the Staff filed its Report wherein it recommended that the Commission approve the amendments to the Company's SAVE Plan. With regard to the 2015 SAVE Rider, the Staff's analysis produced a revenue requirement of \$1,603,591 and a 2013 true-up credit of \$84,629.

¹ The Rider is a rate mechanism designed to recover SAVE Plan investment-related costs. The Rider has two components. The first component is designed to recover projected rate year SAVE investment-related costs. It is set as a fixed amount and added to each monthly bill for one year. The second component is a reconciliation factor designed to recover or refund prior period collections based on a reconciliation of the prior year's actual SAVE investment-related costs and recoveries. It is also set as a fixed amount and applied as an incremental increase or decrease to each monthly bill for one year.

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, 2012 S.C.C. Ann. Rept. 422, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

³ *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2013-00091, 2013 S.C.C. Ann. Rept. 447, Order Approving Amended SAVE Plan and Rider (Dec. 9, 2013).

The Staff recommended that the Commission approve the 2015 SAVE Rider and the 2013 true-up to recover those amounts effective January 1, 2015, and October 1, 2014, respectively.

Additionally, the Staff recommended that Roanoke Gas be required to: (1) consistently account for the over- or under-recovery of SAVE Plan costs on its books, (2) exclude costs incurred from any true-up calculation related to any period of time during which the Company was not billing the SAVE Rider to customers, (3) include a carrying cost component for the true-up rate, (4) base the Projected Factor revenue requirement on actual information to the extent possible, (5) apply the proposed allocation methodologies among the rate classes when developing the Proposed Factor and the True-up Factor, and (6) reflect the approved 2013 SAVE refund amounts in all rate sheets filed by the Company pursuant to the Final Order in this proceeding.

On September 5, 2014, counsel for Roanoke Gas contacted counsel for Staff and notified them that the Company has accepted the Staff Report and will not be filing a Response to the Staff Report.

NOW THE COMMISSION, having considered the Company's Application and the applicable law, is of the opinion and finds that the Company's Application, as modified in the Staff Report, including Staff's recommendations as noted herein, should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Amended SAVE Plan is approved as set forth herein.
- (2) The Company's SAVE Rider is approved as modified by the Staff in its Report.
- (3) 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 a revised tariff for the SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth herein. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.
- (4) At least thirty (30) days prior to the specific filings required as part of the Amended SAVE Plan, the Company shall provide information related to such filings to Staff, upon request.
- (5) This matter is dismissed.

**CASE NO. PUE-2014-00068
DECEMBER 30, 2014**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia

**ORDER DENYING AMENDED NATURAL GAS CONSERVATION
AND RATEMAKING EFFICIENCY PLAN**

On May 30, 2013, the State Corporation Commission ("Commission") entered an Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan in Case No. PUE-2012-00118,¹ which approved a three-year Conservation and Ratemaking Efficiency Plan ("CARE Plan") for Virginia Natural Gas, Inc. ("VNG" or "Company"), effective June 1, 2013, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) of the Code of Virginia ("Code") (the "CARE Act").²

On September 4, 2014, VNG filed an application ("Application") for authority to amend its CARE Plan to allow the Company to (i) expand its Residential Home Incentive Program by adding a High-Efficiency Natural Gas Furnace measure that would provide an incentive of \$300 to each participant for the purchase of a natural gas furnace with an Annual Fuel Utilization Efficiency ("AFUE") rating of 90% or higher ("Gas Furnace measure"), and (ii) increase the incentive cap on the Low-Income Home Weatherization Program ("Low-Income Program") from \$1,000 per participant to \$2,000 per participant (the currently-approved CARE Plan, with the Company's proposed amendments, will be referred to as the "Amended CARE Plan").³ The Company states that, although its Annual Report, which was filed August 1, 2014, in Case No. PUE-2012-00118, shows that the CARE Plan is cost-effective overall and results in annual savings for participating customers, customer participation could potentially be increased by making the proposed modifications to the Company's CARE Plan.⁴

¹ *Application of Virginia Natural Gas, Inc., For approval of a natural gas conservation and ratemaking efficiency plan and rider*, Case No. PUE-2012-00118, 2013 S.C.C. Ann. Rept. 298, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (May 30, 2013) ("2012 Order").

² The Company's current CARE Plan, which the Commission approved in its 2012 Order, includes the following programs: (i) the Residential Home Incentive Program, which includes a High-Efficiency Natural Gas Tank Water Heater measure; (ii) the Home Energy Audit Program; (iii) the Low-Income Home Weatherization Program; and (iv) the Customer Education and Outreach Program.

³ The Company partners with the weatherization assistance program ("WAP") administrators Southeast Tidewater Opportunity Project and Williamsburg/James City County Community Action Agency to administer the Low-Income Home Weatherization Program. See Direct Testimony of Kevin W. Kirby at 4.

⁴ Application at 5-6.

The Company states that it experienced lower than anticipated customer participation in the first year of the currently-approved CARE Plan, particularly in the Residential Home Incentive Program's High-Efficiency Natural Gas Tank Water Heater measure ("Tank Water Heater measure") and the Low-Income Program.⁵ With regard to the Tank Water Heater measure, the Company attributed the low participation to local contractors and plumbers not stocking their trucks with higher-efficiency water heaters and, therefore, not being able to offer that choice in emergency replacement situations.⁶ In addition to conducting continuing multiple educational outreach efforts and pursuing several methods in an effort to stimulate customer demand for higher-efficiency water heaters, the Company is seeking to increase participation in the Residential Home Incentive Program by adding the proposed Gas Furnace measure.⁷

For the Low-Income Program, the Company attributes the low customer participation to start-up delays incurred by the WAP agencies and the difficulties experienced by the WAP agencies in acquiring all the necessary funding to start certain projects.⁸ The Company proposes to increase customer participation in that program by requesting an increase in the incentive to help secure all required funding before work can begin on certain projects.⁹ The Company states also that it is increasing outreach to its current WAP agency partners and searching for additional WAP agencies to partner with, to expand the opportunity for low-income participation.¹⁰

In its Application, the Company is not seeking to modify its Commission-approved CARE Plan decoupling mechanism ("Rider D"),¹¹ which is designed to adjust sales consistent with the CARE Act, nor is the Company seeking an increase in the three-year CARE Plan total budget of \$1.7 million approved in the 2012 Order.¹² To implement the proposed amendments to the CARE Plan without modifying Rider D or the total approved CARE Plan budget, the Company proposes to adjust customer participation numbers and reallocate budgets across the CARE Plan programs.¹³ The Application states that, although the Amended CARE Plan is designed to have no impact on the rate design previously adopted by the Commission, the Amended CARE Plan will increase typical monthly customer bills by less than \$0.01 in the second program year, and less than \$0.35 in the third program year.¹⁴ If approved by the Commission, the Company proposes to implement its Amended CARE Plan on the first day of the first month following such approval.

On September 25, 2014, 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.¹⁵

On November 21, 2014, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarized the Company's Amended CARE Plan and analyzed the cost benefit tests filed by the Company in support of its Amended CARE Plan. In the Report, Staff expressed concerns about the Company's incorporation of the first year cost/benefit results in the cost/benefit analysis of the Amended CARE Plan for years two and three of the program. Staff also took issue with the exclusion of incremental installation costs in the Company's cost/benefit analysis of the proposed Gas Furnace measure as well as the Company's failure to allocate program costs for the overall Residential Home Incentive Program to the proposed Gas Furnace measure. With regard to the proposed amendment to the Low-Income Program, Staff expressed concerns about the Company's exclusion of that program in the overall Amended CARE Plan portfolio cost/benefit totals, which, according to Staff, leads to an inaccurate representation of the true total costs and benefits associated with the overall portfolio.

On December 5, 2014, VNG filed its Response to the Staff Report. In its Response, the Company stated, among other things, that it disagreed with Staff's exclusion of the first year cost/benefit results in Staff's cost/benefit analysis of the Amended CARE Plan because the Company proposes to limit the total budget for the Amended CARE Plan to the \$1.7 million budget previously approved by the Commission. The Company also disagreed with Staff's inclusion of incremental installation costs in Staff's cost/benefit analysis of the proposed Gas Furnace measure because of the wide variability in the cost from home to home to install a high-efficiency furnace. The Company also takes the position that program costs should be allocated at the program level, and not the measure level. Finally, the Company disagreed with Staff's inclusion of the Low-Income Program in the overall Amended CARE Plan portfolio

⁵ See Direct Testimony of Kevin W. Kirby at 7-8.

⁶ Direct Testimony of Kevin W. Kirby at 7-8.

⁷ *Id.* at 8-9, 11-13.

⁸ *Id.* at 8.

⁹ *Id.* at 9, 14.

¹⁰ *Id.* at 9-10.

¹¹ Rider D includes a natural gas decoupling mechanism referred to as the Revenue Normalization Adjustment ("RNA") and a cost recovery mechanism referred to as the CARE Program Cost Recovery Adjustment ("CPCRA"). Rider D only applies to VNG's residential customers taking service on Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service).

¹² Application at 1.

¹³ *Id.* at 2. The Company is proposing to adjust estimated customer participation numbers for the currently approved High Efficiency Natural Gas Tank Water Heater measure, Home Energy Audit Program, Furnace Filter Coupon Program and Low-Income Home Weatherization Program to reflect lower expected participation numbers for the remaining years of the programs.

¹⁴ *Id.* at 2; Direct Testimony of John M. Cogburn at 6.

¹⁵ No comments, notices of participation or requests for hearing were received.

cost/benefit analysis, on the basis that the CARE Act does not require energy efficiency programs for low-income and elderly customers to be evaluated by the same cost-effectiveness criteria as non-low-income programs.

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Amended CARE Plan is not consistent with the CARE Act and is therefore denied.

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 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 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 the following definitions:

"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.

Amended CARE Plan

In evaluating VNG's Application, we have considered, among other factors, the NPV of the benefits and the NPV of the costs under the following four tests: Program Administrator Cost, Participant, Ratepayer Impact Measure ("RIM"), and Total Resource Cost ("TRC"). We do not base our decisions herein on a single cost/benefit test, but, as we have stated in previous CARE Plan orders, we must consider the impact of the CARE Plan on non-participating customers in the affected rate classes.¹⁶ Although the Company does not propose to increase the previously-approved three-year CARE Plan budget, we note that the participation levels in the Residential Home Incentive Program and Low-Income Program were significantly less than what the Company initially estimated. In fact, the Company had estimated participation in these two programs on the order of 300 customers and 200 customers, respectively, in the first year of the currently-approved CARE Plan; however, only 22 customers participated in each of these programs in the first year of the CARE Plan.¹⁷ Furthermore, due to the Company's decrease in the total three-year participation level from 79,500 customers to 50,422 customers,¹⁸ the originally-approved \$1.7 million will benefit far fewer customers than what was originally estimated.

With regard to the proposed Gas Furnace measure, we note Staff's concern that VNG's cost/benefit scores do not reflect the allocation of program costs to the measure level, and as a result, the cost/benefit scores for this measure may be inflated. We are not persuaded by the Company's argument that because the CARE Act states that utility CARE Plans shall include "one or more cost-effective conservation and energy efficiency programs," the cost-effectiveness analysis should primarily focus on the program-level analysis.¹⁹ We find that this is an overly simplistic interpretation of that Code section. In fact, we noted the same concern in our most recent order approving Washington Gas Light Company's ("WGL") amended CARE Plan, and we ordered WGL to allocate program costs among program measures in the cost/benefit calculations in future CARE Plan applications.²⁰ We also recognize that the Commission has approved similar programs in the past. Based on the evidence in this case, however, we do not find that the Company has shown that the specific Gas Furnace measure – proposed herein and at this time – would serve as a cost-effective conservation and energy efficiency program or be consistent with other provisions of the CARE Act.

With regard to the Company's request to increase the project cap in the Low-Income Program from \$1,000 to \$2,000 per participant, we note the lack of evidentiary support for the Company's assertion that the \$1,000 cap created a barrier to the WAP agencies' ability to obtain sufficient funding to start some projects. Although the Company states that, according to the WAP agencies, "most projects for low-income customers have significantly higher total costs than the up-to \$1,000 incentive VNG contributes,"²¹ the Company put forth no evidence regarding the number and types of low-income projects that were not able to be performed due to insufficient funding, nor did the Company quantify the deficit in VNG's portion of the funding that prevented the WAP agencies from initiating certain projects. Furthermore, the Company did not specifically identify what types of energy efficiency measures the additional \$1,000 in the program cap would be used for.

¹⁶ See *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, 2012 S.C.C. Ann. Rept. 395, 399, Final Order (Aug. 6, 2012); *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00138, 2013 S.C.C. Ann. Rept. 335, 338, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (April 2, 2013).

¹⁷ See Direct Testimony of Kevin W. Kirby, Schedules 2 and 3.

¹⁸ Direct Testimony of Kevin W. Kirby, Schedules 2 and 5.

¹⁹ Company Response at 14.

²⁰ *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00138, 2013 S.C.C. Ann. Rept. 335, 339, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (April 2, 2013).

²¹ Direct Testimony of Kevin W. Kirby at 8.

Although the CARE Act does not require energy efficiency programs for low-income and elderly customers to pass any of the cost/benefit tests in § 56-600 of the Code in order to be deemed cost-effective, we still examine the impact of the \$1,000 increase in the incentive for the Low-Income Program on the total CARE Plan program portfolio in order to evaluate the impact on non-participating customers. As noted by Staff in its Report, doubling the incentive amount "significantly reduces the cost/benefit test results of the overall CARE Plan portfolio"²² and greatly increases the costs to non-participants when compared to the benefits received by participating customers. As noted above, the Company has decreased the total three-year participation level from an estimated 79,500 customers to 50,422 customers. It is worth restating the concern we expressed in Case No. PUE-2009-00139, with regard to VNG's application to amend its previous CARE Plan, where we stated, "[W]e find that VNG's proposed reallocation of funds among certain programs raises an issue of creating potential savings to a smaller group of customers funded by an even larger body of customers, who incur higher rates as a result thereof."²³

Accordingly, IT IS ORDERED THAT the Company's Application to amend its CARE Plan is denied and this matter is dismissed.

²² Staff Report at 24-25.

²³ *Application of Virginia Natural Gas, Inc., For authority to amend its Conservation and Ratemaking Efficiency Plan*, Case No. PUE-2009-00139, 2010 S.C.C. Ann. Rept. 430, 431, Final Order (April 14, 2010).

CASE NO. PUE-2014-00069
SEPTEMBER 29, 2014

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
and
PIVOTAL PROPANE OF VIRGINIA, INC.

For approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 1, 2014, Virginia Natural Gas, Inc. ("VNG" or "Applicant"), filed with the State Corporation Commission ("Commission") an application ("Application") requesting amendment to the current propane sales agreement ("Amended Agreement") between VNG and its affiliate, Pivotal Propane of Virginia, Inc. ("Pivotal"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

On July 1, 2014, concurrently with their Application, the Applicants filed a Motion for Entry of a Protective Order ("Motion") pursuant to 5 VAC 5-20-110 and 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

VNG is a Virginia public service corporation that provides natural gas service to approximately 280,000 customers in central and southeastern Virginia. VNG is a wholly owned subsidiary of AGL Resources Inc. ("AGLR"). Pivotal, also a wholly owned subsidiary of AGLR, is a Delaware corporation formed for the purpose of storage and vaporization of propane for VNG and has a propane-air facility located in Chesapeake, Virginia ("Pivotal Facility").

VNG and Pivotal currently operate under a Propane Sales Agreement, approved by the Commission in Case No. PUE-2003-00535 ("Current Agreement").² Under the Current Agreement, the Pivotal Facility provides peak shaving capacity to VNG's distribution system as a captive supplier. Pursuant to the Current Agreement, VNG pays monthly: (1) a Base Reservation Charge ("BRC"), which is designed to recover Pivotal's costs incurred to construct the Pivotal Facility; (2) a commodity charge, which includes the actual cost of the propane, transportation, and an inventory carrying charge ("Commodity Charge"); and (3) an operations and maintenance ("O&M") charge designed to recover the actual O&M expense attributable to Pivotal's plant operations. These costs are recovered through VNG's gas cost recovery mechanism ("CRM"),³ and VNG proposes the same cost recovery mechanism in the instant case.

The Applicants represent that the fundamental terms and conditions of the Amended Agreement remain the same as the Current Agreement, with amendments to only two sections of the Amended Agreement: (1) Section 4.2 (Base Reservation Charge for the Initial Capacity) and related schedules; and (2) Section 7 (Term). The Applicants propose to continue to use the same cost of service model updated in four ways: (1) using the actual cost of the Pivotal Facility; (2) applying the appropriate tax depreciation rate; (3) reflecting that bonus tax depreciation was booked for the Pivotal Facility; and (4) updating the cost of capital. The Applicants also propose to extend the Amended Agreement for a term of 10 years with a provision allowing VNG to cancel the Amended Agreement upon 12-months' notice after the first year of the extension term. VNG represents that the Pivotal Facility is needed to meet the Company's reserve margin and operational reliability requirements.

In its Action Brief, Staff recommends approval of the Amended Agreement for a period of five (5) years due to, among other things, potential opportunities for new outside capacity.⁴ The Applicants, in their September 19, 2014 letter responding to Staff's Action Brief take exception to Staff's

¹ Va. Code § 56-76 *et seq.*

² *Application of Virginia Natural Gas, Inc. and Pivotal Propane of Virginia, Inc., For approval of a Propane Sales Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2003-00535, 2004 S.C.C. Ann. Rept. 386, Order Granting Approval (Feb. 6, 2004) ("PUE-2003-00535 Order").

³ *Application of Virginia Natural Gas, Inc., For recovery through its gas recovery mechanism of charges under a Propane Sales Agreement*, Case No. PUE-2004-00012, 2004 S.C.C. Ann. Rept. 425, Final Order (June 8, 2004), 2004 S.C.C. Ann. Rept. 431, Order on Reconsideration (July 23, 2004) ("PUE-2004-00012 Orders").

⁴ Staff provided a Draft Action Brief to the Applicants on September 18, 2014.

recommendation that approval be limited to five years. Alternatively, the Applicants recommend that the Commission grant approval for ten (10) years with "the additional requirement that the Applicants file, on or before the end of the fourth year of the Amended Agreement, an updated forecast to include, the latest reserve margin projections, including the Atlantic Gas Pipeline, that confirm whether or not the [Pivotal] Facility is still necessary to ensure continued reliability. If the [Pivotal] Facility is shown to be no longer necessary, the Applicants will simultaneously file notice of termination of the Amended Agreement."

NOW THE COMMISSION, upon consideration of the Application and the representations of the Applicants, including their Response, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the Amended Agreement, which is subject to termination upon 12-months' notice, is in the public interest and should be approved for ten (10) years subject to the below requirements, which include certain requirements from our PUE-2003-00535 and PUE-2004-00012 Orders. VNG should continually assess its projected capacity needs and all potential alternatives to meet those needs. The requirements of this approval include the following:

(1) Given the changes in the energy industry, the potential opportunities for new outside capacity and/or more reliable capacity, and our practice of limiting the duration of our approval of agreements under the Affiliates Act, we approve the Amended Agreement for ten (10) years, from April 25, 2015 to April 25, 2025, which shall be subject to termination pursuant to the terms thereof. VNG shall file an application on or before April 25, 2019, if it desires to continue the Amended Agreement beyond April 25, 2020, establishing why it should not be required to provide notice of termination at that time as permitted in the Amended Agreement. Should VNG and Pivotal wish to continue under the Amended Agreement beyond April 25, 2025, separate Commission approval is required.

(2) The Pivotal Facility should continue to be subject to the Commission's pipeline safety regulations found in 49 C.F.R. Part 192 and the reporting requirements set out in 49 C.F.R. Part 191 as applicable to the Pivotal Facility, and violations of the foregoing shall be enforceable as provided in §56-5.1 of the Code.

(3) We readopt the conditions of our PUE-2004-00012 Orders, which include the following:

- a. VNG is required to use the midpoint of its most recently authorized rate of return, and the capital structure of its parent, AGLR, in the computation of the BRC in any prospective recalculation. This requirement is subject to modification in the future, under the Commission's continuing authority over the Amended Agreement under §56-80 of the Code of Virginia, if VNG's approved return on equity or capital structure is modified in a future rate proceeding.
- b. VNG should provide advance notice to the Commission of any intention to: (1) terminate the Amended Agreement; (2) extend the Amended Agreement; or (3) purchase the Pivotal Facility. VNG is required to file, at least 12 months in advance, a notice of its intention and justification for such intention. If VNG intends to renew the Amended Agreement, we require that VNG's notice contain the terms of such renewal; if VNG intends to purchase the Pivotal Facility, such notice should explain the terms of the purchase.
- c. VNG should continue to prove, when it submits its subsequent filings to recover specific Commodity Charges and O&M charges through the CRM, that the actual costs incurred are reasonable. Such filings should also separately identify, with supporting calculations, the Commodity Charge, O&M charge, and the BRC. In addition, the filings should contain an analysis from VNG comparing the actual propane and transportations costs to those of potential market alternatives. For all O&M charge services provided by VNG affiliates where a market may exist, VNG shall investigate whether there are alternative sources from which it could purchase such services. If alternative sources exist, VNG is required to compare such market prices to VNG's costs and pay the lower of cost or market. VNG should include the results of such investigations in its CRM filings and maintain records of its investigations to be made available to Staff.
- d. VNG is required to file a schedule detailing actual O&M charges by cost category, cost item, FERC account, and amount in its Annual Informational Filings and any non-gas rate applications. VNG should also retain onsite the original invoices, work orders, timesheets, and supporting documents for every cost flowed through the O&M charge.
- e. VNG is required to file a report on the Pivotal Facility with the UAF Director every five years containing: (a) interim retirements; (b) refurbishment expenditures; (c) future salvage or cost of removal; and (d) a narrative describing how the Pivotal Facility is utilized in AGLR's portfolio of assets. VNG must notify the Commission Staff whenever Sequent dispatches the Pivotal Facility; such notification should be provided to Staff within 30 days of the dispatch and in a form approved by the Commission's Division of Utility Accounting and Finance. In addition, Staff shall perform an audit of the Pivotal/Sequent transactions as it deems appropriate.
- f. VNG should also make available at its offices in Virginia Beach, Virginia, all documents in the possession of VNG, Pivotal, and/or Sequent requested by the Commission's Division of Utility Accounting and Finance related to the operation and dispatch of the Pivotal Facility.
- g. VNG is required to ensure that Pivotal tracks, and that Sequent reimburses, VNG for all costs incurred under the Amended Agreement attributable to Sequent's use of the Pivotal Facility, including O&M charges, BRC, and incremental Commodity Charges.

- h. VNG is required to continue to meet all quality and safety standards and regulations when supplementing natural gas with propane-air.
- i. Sequent should not make off-system sales whenever VNG nominates propane from the Pivotal Facility to serve firm customers, and VNG's peaking facilities should not be operated to free-up less expensive non-peaking capacity for the purpose of making off-system sales unless it can be explicitly demonstrated that such off-system sales result in lower cost gas to firm customers than would have been the case if such sales had not been made. VNG should retain the right to call on all of its assets on any day if needed for system supply. Finally, VNG and Sequent should provide the Commission Staff with all data and information that the Staff deems necessary to monitor these requirements.

(4) The Applicants must file an executed copy of the Amended Agreement within thirty (30) days of its execution.

We also find that the Applicant's Motion is no longer necessary; therefore, the Motion is denied.⁵

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, VNG is hereby granted approval to enter into the Amended Agreement, for ten (10) years, from April 25, 2015 to April 25, 2025, subject to the requirements set out in this Order.

(2) VNG shall file an application on or before April 25, 2019, if it desires to continue the Amended Agreement beyond April 25, 2020, establishing why it should not be required to provide notice of termination at that time as permitted in the Amended Agreement. The application shall include, among other things, a detailed account of the steps taken by VNG to continually assess its projected capacity needs and all potential alternatives to meet those needs.

(3) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Amended Agreement approved herein.

(4) Separate Commission approval is required for any change in the terms and conditions of the Amended Agreement, including successors, assigns, and any prospective changes in the BRC to reflect prudently incurred capital expenditures.

(5) 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.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

(7) VNG shall include the transactions associated with the Amended 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.

(8) In the event that VNG's annual informational filings or expedited or general rate case filings are not based on a calendar year, then VNG shall include the affiliate information contained in its ARAT for the test period in such filings.

(9) 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.

⁵ The Commission held the Applicants' Motion in abeyance. We note that the Commission has received no 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. PUE-2014-00070
DECEMBER 15, 2014**

APPLICATION OF
THE POTOMAC EDISON COMPANY

For approval and certification of electric transmission facilities for the Millville-Old Chapel 138 kV transmission line rebuild

FINAL ORDER

On July 8, 2014, The Potomac Edison Company ("Potomac Edison" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity ("Certificate") in connection with proposed work on the Company's Millville-Old Chapel 138 kV transmission line, pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.* of the Code ("Application"). The Company filed direct testimony and other materials in support of its Application.

Potomac Edison proposes to: (i) replace 4.8 miles of existing 556 Aluminum Conductor Steel Reinforced conductor with 556 Aluminum Conductor Steel Supported conductor to increase the thermal capacity of the line; (ii) replace 19 structures; and (iii) perform associated substation upgrades

in connection with the new conductors ("Rebuild Project").¹ The Company indicates that the Rebuild Project will not need any new right-of-way and the voltage of the transmission line will not increase.²

Potomac Edison states that the Rebuild Project is necessary because: (i) power flow studies it conducted with PJM Interconnection, L.L.C. ("PJM"), project that by the summer of 2015 the line will violate mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards; and (ii) failure to address these projected NERC violations could potentially damage the Company's electrical facilities, which would be detrimental to the reliability of the grid.³ In its Application, Potomac Edison advises that PJM has set an in-service date for the Rebuild Project of June 1, 2015, and that the Company will need approximately three to four months for construction of the Rebuild Project.⁴ According to the Company, the estimated cost for the Virginia portion of the Rebuild Project is \$3 million.⁵

On August 1, 2014, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted an opportunity for interested persons to request a hearing on the Application; granted an opportunity for interested persons to comment on the Application or participate in this proceeding; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report"). No one filed comments on the Application. No one filed a notice of participation in this proceeding, and no one requested a hearing.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate a review of the Company's proposed Rebuild Project by state and local agencies and to file a report on the review. On October 22, 2014, 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 Potomac Edison regarding the Rebuild Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Rebuild 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;
- 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, as applicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendation to protect karst, as well as check for updates to the Biotics Data System database if six months has passed before the Rebuild Project is implemented;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation to protect open space easements;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- 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 November 18, 2014, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. Staff recommended that the Commission approve the Rebuild Project and issue the requested Certificate.⁶ On November 25, 2014, Potomac Edison filed a letter indicating it would not file a response to the Staff 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 Rebuild Project as proposed in the Company's Application. Further, the Commission finds that it should issue a Certificate authorizing the Rebuild 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."

¹ Application at 3.

² *Id.* at 3-4.

³ *Id.* at 3.

⁴ *Id.* at 4.

⁵ *Id.*

⁶ Staff Report at 7.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Rebuild Project is needed. No one has questioned the need for the Rebuild Project. Therefore, we find that the proposed Rebuild Project will meet the Company's long-term transmission reliability needs effectively.

Economic Development

We find that the proposed Rebuild Project will promote economic development in the area of the Rebuild Project as well as in the Commonwealth of Virginia by maintaining the reliability of the electric transmission system and, in turn, continuing to provide for the delivery of sufficient supplies of electrical power.⁷

Routing and Right-of-Way

The Company did not consider any routing alternatives for its proposed Rebuild Project because, if approved, the rebuilt line would be located entirely within existing right-of-way.⁸ Thus, Potomac Edison was not required to demonstrate that existing rights-of-way could not adequately serve its needs in accordance with § 56-46.1 C of the Code. Similarly, § 56-259 C of the Code is inapplicable to this proceeding because the Company seeks no additional easements associated with the Rebuild Project.

Scenic Assets and Historic Districts

We find that the Rebuild Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that the Rebuild Project will be located within existing right-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.⁹

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed Rebuild 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 Rebuild 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 Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.¹⁰ We therefore find that, as a condition to our approval herein, Potomac Edison must comply with all of the DEQ's recommendations as provided in the DEQ Report.

Accordingly, IT IS ORDERED THAT:

(1) Potomac Edison is authorized to construct and operate the Rebuild Project, as proposed in its Application, subject to the findings and conditions imposed herein.

⁷ See, e.g., Prefiled Direct Testimony of Lawrence A. Hozempa at 5; Staff Report at 5.

⁸ See, e.g., Prefiled Direct Testimony of Lawrence A. Hozempa at 2.

⁹ *Id.*

¹⁰ The DEQ recommendations are set forth above and discussed in the DEQ Report.

(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 to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following Certificate to Potomac Edison:

Certificate No. ET-17f, which authorizes The Potomac Edison Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Clarke County, all as shown on the map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00070, and cancels Certificate No. ET-17e, issued to The Potomac Edison Company on January 8, 1987, in Case No. PUE-1986-00078.

(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 Rebuild Project approved herein must be constructed and in service by June 2016. 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.

**CASE NO. PUE-2014-00072
DECEMBER 8, 2014**

JOINT PETITION OF
THE BEDFORD REGIONAL WATER AUTHORITY
and
HULL'S, L.L.C.

For approval of the transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 17, 2014, the Bedford Regional Water Authority ("BRWA") and Hull's, L.L.C. ("Hull's") (collectively, the "Petitioners"), completed the filing of a Petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")¹ for approval to transfer the Hull's, L.L.C. Mobile Home Park Water System ("System"), excluding the wells and well houses used in the operation of the System, from Hull's to BRWA ("Proposed Transaction").

BRWA is a public service authority that was formed by the Bedford County Board of Supervisors and the Council of the City of Bedford, Virginia, on December 18, 2012, as a regional water authority to operate a water and sewer disposal system and related facilities. BRWA's assets and liabilities were transferred and assumed from the Bedford County Public Service Authority and the City (now Town) of Bedford under the terms of a Consolidation Agreement, dated October 31, 2012. Hull's is a Virginia limited liability company that currently provides water service to 36 residential customers and one small business customer in the Hull's, L.L.C. Mobile Home Park ("Mobile Home Park") located in Bedford County, Virginia. There are approximately five additional lots within the Mobile Home Park that are available for residential construction.

Hull's has agreed to transfer ownership of the System to BRWA for no consideration, and BRWA has agreed to connect the System to its water distribution system and provide water service to the customers who are currently supplied by the System and to future residents in the Mobile Home Park. BRWA has also agreed to make repairs to the System. The Petitioners state that BRWA will be responsible for the operation, maintenance and upkeep of the System and will provide water to the residents of the Mobile Home Park on the same basis as it provides water service to all of BRWA's other customers in Bedford County, Virginia.

According to the Petition, the rates to the residents currently connected to the System will be increased. The Petitioners state that the residents connected to the System currently do not pay separately for their water usage, and upon transfer of the System to BRWA, the customers will be billed for water consumption based on BRWA's published rates. For example, a residential customer using 4,000 gallons per month will pay a monthly charge of \$29.40, or \$58.80 bi-monthly. A commercial customer using 4,000 gallons per month will pay a monthly charge of \$36.70, or \$73.40 bi-monthly.

Upon transfer of the System to BRWA, each customer will be responsible for a \$25 Application Fee. In addition, each residential customer will be required to pay a \$125 Water Deposit, and commercial customers will be charged a \$425 Water Deposit. The Water Deposit is refundable after one year if the customer has not been assessed late charges or had service disconnected for non-payment for a period of at least 12 months.

On August 27, 2014, the Commission entered an Order for Notice and Comment, which, among other things, required the Company to provide notice of its Petition; provided interested parties an opportunity to file comments on the Petition; directed the Staff of the Commission ("Staff") to investigate the Petition and file a report containing its findings and recommendations ("Staff Report"); and permitted the Company to file a response to the Staff Report and any comments.

On September 15, 2014, the Petitioners filed proof of service as the Order for Notice and Comment required.

¹ Va. Code § 56-88 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On November 3, 2014, the Staff filed its Staff Report, which summarized the Proposed Transaction and concluded that adequate service at just and reasonable rates would not be impaired by the Proposed Transaction. Staff recommended approval of the Proposed Transaction and further recommended that the Petitioners be required to file a report of action with the Commission within 30 days of completion of the Proposed Transaction.

No comments were filed and the Petitioners did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the 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 § 56-90 of the Code, the Petitioners are hereby 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) This case is dismissed.

**CASE NO. PUE-2014-00073
NOVEMBER 21, 2014**

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 11, 2014, Appalachian Natural Gas Distribution Company ("Company") filed an application with the State Corporation Commission ("Commission"), pursuant to § 56-235.2 of the Code of Virginia 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 Appalachian Power Company ("APCo") in connection with APCo's conversion of its Clinch River Plant in Russell County, Virginia, from coal to natural gas ("Application").

On July 30, 2014, the Commission issued an Order for Notice and Hearing wherein it docketed the Application; required the Company to publish notice of its Application; provided an opportunity for interested parties to file comments or participate as a respondent in the proceeding; directed the Staff of the Commission ("Staff") to investigate the Application and file testimony on its findings and recommendations; and scheduled a public hearing.

No comments or notices of participation were received. On September 30, 2014, the Staff filed testimony recommending that the Commission approve the Application. The Company did not file rebuttal testimony.

On October 15, 2014, the hearing commenced as scheduled. No public witnesses appeared.

On November 5, 2014, Hearing Examiner Howard P. Anderson, Jr., issued his Report ("Report") wherein he found that the Application protects the public interest; will not unreasonably prejudice or disadvantage any customer or class of customers; will not jeopardize the continuation of reliable utility service; and is in the public interest and should be approved. Accordingly, the Hearing Examiner recommended that the Commission enter an order that adopts the findings in his Report; approves the Application; and dismisses the case.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted, and the Application should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's Report is adopted.
- (2) The Company's Application is approved.
- (3) This case is dismissed.

**CASE NO. PUE-2014-00074
AUGUST 27, 2014**

APPLICATION OF
MARYLAND ENERGY ADVISORS, LLC

For a license to conduct business as an aggregator of natural gas and electricity

ORDER GRANTING LICENSE

On July 14, 2014, Maryland Energy Advisors, LLC ("MEA" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas and electricity ("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.

On July 23, 2014, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required MEA to give notice to appropriate 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 and recommendations in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report.

On August 11, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") filed a Notice of Participation.

On August 18, 2014, the Staff filed its Report, which summarized MEA's proposal and evaluated its technical fitness and financial condition. The Staff recommended that MEA be granted a license to conduct business as an aggregator of natural gas and electricity services to commercial, industrial and government customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. Neither MEA nor Dominion Virginia Power filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, participant comments, the Staff Report, and applicable law and our Retail Access Rules, finds that MEA's Application for a license to conduct business as an aggregator of natural gas and electricity 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) MEA is hereby granted License No. A-38 to provide competitive aggregation service for natural gas and electricity to eligible customers in the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. 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 the license granted herein.

¹ Although MEA seeks to serve customers throughout the Commonwealth of Virginia, retail choice as authorized under Virginia law exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Dominion Virginia Power, Appalachian Power Company, and the electric cooperatives. Access to industrial gas customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

**CASE NO. PUE-2014-00078
DECEMBER 18, 2014**

JOINT APPLICATION OF
AQUA VIRGINIA, INC.,
and
AQUA AMERICA, INC., *et al.*

For approval of a services agreement

ORDER GRANTING APPROVAL

On August 25, 2014, Aqua Virginia, Inc. ("Aqua Virginia"), and Aqua America, Inc. ("Aqua America"), filed a complete 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 an affiliate services agreement ("Proposed Agreement") between Aqua Virginia, Aqua America, and certain affiliated Aqua companies ("Aqua Affiliates")² (collectively, "Applicants"). On November 17, 2014, the Applicants filed a supplement to the Application in order to replace Exhibit B of the

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² For the purpose of this Application, the Aqua Affiliates are as follows: Aqua Indiana, Inc., Aqua Texas, Inc., Aqua Resources, Inc., Aqua Pennsylvania Wastewater, Inc., Aqua Ohio, Inc., Aqua Illinois, Inc., Aqua North Carolina, Inc., Aqua Infrastructure, Inc., Aqua Pennsylvania, Inc., and Aqua New Jersey, Inc. Hereafter, Aqua America is also considered an Aqua Affiliate.

Proposed Agreement originally filed with the Application with an Amended Exhibit B reflecting certain changes to the Administration services category.³ Accordingly, all references hereafter to Exhibit B of the Proposed Agreement refer to the Amended Exhibit B filed on November 17, 2014.

Under the Proposed Agreement, the Applicants state that Aqua Virginia will provide services to, and receive services from, 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 Amended Exhibit B of the Proposed Agreement and are as follows: Administration; Accounting, Management, and Financial Services; General Labor; Engineering; Metering Services; and Lab Testing Services. Pursuant to the terms of the Proposed Agreement, all services Aqua Virginia either provides to, or receives from, the Aqua Affiliates will be charged at cost. The Applicants state that the Commission has previously approved affiliate service agreements between Aqua Virginia, Aqua Services, Inc., and other affiliates companies, which are substantially similar to the Proposed Agreement.⁴

Pursuant to the Accounting, Management, and Financial Services category in Amended Exhibit B of the Proposed Agreement, the Applicants are also requesting authority for Aqua America to provide cash management and capital structure management (debt and equity financing) services to Aqua Virginia. Such services would permit Aqua America to periodically supply long-term debt and common equity to Aqua Virginia.

NOW THE COMMISSION, upon consideration of the Application, Amended Exhibit B, 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 Proposed Agreement is in the public interest and should, therefore, be approved subject to certain requirements recommended in the Commission Staff's Action Brief filed contemporaneously with this Order and noted herein. Specifically, we find that Article 3.3 and Amended Exhibit B of the Proposed Agreement contain certain open-ended clauses that are not in the public interest and should be removed. We also find that borrowings of long-term debt by, or the issuance of common stock by, Aqua Virginia pursuant to the Proposed Agreement will require separate Commission approval under Chapter 3 of Title 56 of the Code.⁵ Finally, we find that any service transactions between Aqua Virginia and unregulated Aqua Affiliates under the Proposed Agreement shall utilize asymmetric pricing.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Proposed Agreement, subject to the requirements set forth herein.
- (2) The approval granted herein for the Proposed 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 Proposed Agreement after this period, subsequent Commission approval shall be required.
- (3) The Applicants shall make the revisions to Article 3.3 and Amended Exhibit B of the Proposed Agreement recommended in the Staff's Action Brief filed contemporaneously with this Order.
- (4) Should the Applicants seek to issue long-term debt under the Proposed Agreement, the Applicants shall file for separate authority under Chapter 3 of Title 56 of the Code to issue debt with a maturity in excess of twelve (12) months.
- (5) Should the Applicants seek to issue common stock under the Proposed Agreement, the Applicants shall file for separate authority under Chapter 3 of Title 56 of the Code.
- (6) 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 Proposed Agreement.
- (7) The approval granted herein for costs that may be included in the overhead factor shall be limited to the specific costs identified in Article 3.3 of the Proposed Agreement. Should the Affiliates wish to include any additional costs in the overhead factor, other than those specifically identified in Article 3.3, subsequent Commission approval shall be required.
- (8) The approval granted herein shall be limited to the specific services identified in Amended Exhibit B of the Proposed Agreement. Should Aqua Virginia wish to receive additional services from, or provide additional services to, the Aqua Affiliates other than those specifically identified in Amended Exhibit B, subsequent Commission approval shall be required.
- (9) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Proposed Agreement, including changes in the description of the services listed in Amended Exhibit B of the Proposed Agreement, allocation methodologies, and successors or assigns.
- (10) Aqua Virginia shall maintain records to demonstrate that any services provided by Aqua Virginia to its unregulated Aqua Affiliates are cost beneficial to Virginia customers and that, for all services provided to its unregulated Aqua Affiliates where a market and a market price may exist, Aqua Virginia shall bear the burden of showing that it charged the higher of cost or market for such services. Likewise, where services are provided to Aqua Virginia by its unregulated Aqua Affiliates, Aqua Virginia's records must demonstrate that such services are beneficial to Virginia customers and that, where

³ Specifically, the Applicants revised the language of the Administration services category to explicitly identify the types of services that will be provided under that particular service category. In addition, the Applicants also changed the name of the Accounting and Financial Services category in Amended Exhibit B to "Accounting, Management, and Financial Services."

⁴ 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); and *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*, Case No. PUE-2013-00087, 2013 S.C.C. Ann. Rept. 445, Order Granting Approval (Nov. 4, 2013).

⁵ Va. Code § 56-55 *et seq.*

a market and a market price exist, Aqua Virginia paid the lower of cost or market for such services. Records of such investigations and comparisons shall be available for Commission Staff review upon request.

(11) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(12) 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.

(13) Aqua Virginia shall include all transactions under the Proposed 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 Proposed Agreement reported in the ARAT shall include the following information:

- (a) Case Number in which the transactions were approved;
- (b) Identification of 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 either paid to, or received by, Aqua Virginia for each transaction per month.

(14) 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.

(15) The Applicants shall file with the Commission a signed and executed copy of the Proposed Agreement approved herein, reflecting the changes recommended by Staff, within thirty (30) days of the date that the Proposed Agreement is signed and executed.

(16) 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-2014-00079
NOVEMBER 21, 2014**

APPLICATION OF
AQUA VIRGINIA, INC.,
AQUA PRESIDENTIAL, INC.,
and
AQUA AMERICA, INC.

To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 *et seq.* of the Code of Virginia

ORDER GRANTING AUTHORITY

On August 25, 2014, Aqua Virginia, Inc. ("Aqua Virginia"), Aqua Presidential, Inc. ("Aqua Presidential"), and Aqua America, Inc. ("Aqua America") (collectively, "Applicants"), completed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting to update the authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement.

Aqua Virginia and Aqua Presidential provide water and wastewater service to customers in Virginia. Aqua Presidential is a subsidiary of Aqua Virginia, which is a subsidiary of Aqua America, which is a publicly traded holding company for regulated utilities providing water and wastewater service in eight states, including Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana, and Virginia.

Aqua America files, remits, and reconciles a consolidated federal income tax return and the associated tax liabilities on behalf of itself and its affiliates in accordance with 26 U.S.C. §§ 1501 *et seq.*, which permits affiliated corporations to file consolidated federal income tax returns. The current tax allocation agreement ("Current Agreement") sets forth the specific procedures for allocating Aqua America's consolidated federal income tax liability among the members ("Member(s)") of its consolidated tax group ("Aqua Tax Group"). The proposed tax allocation agreement ("Proposed Agreement") updates the list of Members of the Aqua Tax Group. The Applicants further represent that the Proposed Agreement should provide benefits to Virginia customers in the form of consolidated tax management cost efficiencies.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion that the Proposed Agreement is in the public interest and should be approved subject to certain modifications and requirements recommended in Staff's Action Brief filed contemporaneously with this Order. Except for the change in the Aqua Tax Group's Members, the Proposed Agreement has the same terms and conditions as the Current Agreement approved six years ago. However, with regard to the possibility that the Proposed Agreement could allocate to Aqua Virginia and Aqua Presidential a share of the consolidated federal income tax liability that exceeds their standalone tax liability,² we direct the Applicants to modify the Proposed Agreement to include the following language:

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² Aqua America cannot currently take the Domestic Production Activities Deduction ("DPAD") on a consolidated basis. Aqua Virginia and Aqua Presidential, however, would be eligible to take the DPAD on a separate company basis.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Notwithstanding the above, Aqua America represents that in no case will any affiliated Virginia public service company that is a member of the tax allocation agreement be allocated more of the consolidated federal income tax liability than the amount of the income tax it would incur on a standalone, separate company basis.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are granted authority to enter into the Proposed Agreement subject to the modifications and requirements set forth herein.
- (2) The approval granted herein shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Proposed Agreement approved herein.
- (3) The Commission reserves the right to reflect ratemaking adjustments to Aqua Virginia's and Aqua Presidential's income taxes in the course of any Commission review and analysis of the companies' cost of service in the future.
- (4) Separate Commission approval shall be required for any change in the terms and conditions of the Proposed Agreement approved herein, including any successors or assigns.
- (5) 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.
- (6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.
- (7) Aqua Virginia and Aqua Presidential shall prepare an annual detailed reconciliation of any differences between their actual allocation of federal income tax liabilities and what such liabilities would have been on a separate return basis. The reconciliation shall include a calculation of the DPAD on a standalone basis. This reconciliation and any transactions associated with the Proposed Agreement approved herein shall be included in Aqua Virginia's Annual Report of Affiliate Transactions ("ARAT") submitted to the 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.
- (8) In the event that Aqua Virginia's or Aqua Presidential's annual informational filings or expedited or general rate case filings are not based on a calendar year, then Aqua Virginia shall include the affiliate information contained in its ARAT for the test period in such filings.
- (9) The Applicants shall file an executed copy of the modified Proposed Agreement approved herein within thirty (30) days of the date that the Proposed Agreement is signed and executed.
- (10) 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-2014-00080
AUGUST 7, 2014**

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On July 17, 2014, Southside Electric Cooperative ("Southside" 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 \$40,000,000 in long term debt. Southside has paid the requisite fee of \$250.

Southside requests authority to borrow \$40,000,000 from the Federal Financing Bank ("FFB"). The FFB loan will be guaranteed by the Rural Utilities Services. The proceeds will be used to fund distribution and transmission construction detailed in its July 17, 2014 application. The loan will have a 35-year maturity and will have periodic debt service payments. Southside will have the option to select an interest rate term ranging from less than one year to up to 35 years. The current interest rate on a loan with an interest rate term of 35 years is 2.97%.

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) Southside is authorized to incur up to \$40,000,000 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.

CASE NO. PUE-2014-00083
AUGUST 27, 2014

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On August 7, 2014, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56¹ of the Code of Virginia ("Code") requesting authority to issue additional shares of common stock to the Atmos Energy Corporation Retirement Savings Plan and Trust ("RSP"). The Applicant paid the requisite fee of \$250.

Atmos requests authority to issue up to 2,000,000 additional shares of common stock through its RSP. Under the RSP, Atmos will match every dollar invested by an employee in the RSP up to a maximum of 4.0% of the employee's annual salary, providing a means for additional investment in Atmos and strengthening each employee's direct interest in the financial success of the Applicant.

The Applicant indicates that funds from the stock issuances will be used for general corporate purposes related to the provision of natural gas service. The Applicant also asserts that the issuance of shares under the RSP is in the public interest because it will ultimately enhance Atmos' position as a strong and financially sound public utility, which will enable the Applicant to obtain more favorable financing to support the provision of safe, reasonable, and adequate service to its customers.

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) The Applicant is hereby authorized to issue and sell up to an additional 2,000,000 shares of common stock through and pursuant to the Atmos Energy Corporation Retirement Savings Plan and Trust under the terms and conditions and for the purposes as set forth in the Application.
- (2) There being nothing further to be done, this matter is hereby closed.

¹ Va. Code § 56-55 *et seq.*

CASE NO. PUE-2014-00084
AUGUST 27, 2014

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On August 7, 2014, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56¹ of the Code of Virginia ("Code") requesting authority to issue additional shares of common stock pursuant to the Atmos Energy Corporation Direct Stock Purchase Plan ("DSPP"). The Applicant paid the requisite fee of \$250.

Atmos requests authority to issue up to 2,000,000 additional shares of common stock from time to time through its existing DSPP. Under the DSPP, investors can purchase shares of Atmos' common stock and reinvest all or a portion of their cash dividends in additional shares of common stock. Stock purchases through the DSPP are priced at a three percent discount from the market price of the stock. The Applicant indicates that funds from the stock issuances will be used for general corporate purposes. The Applicant also asserts that the issuance of shares under the DSPP is in the public interest because it will ultimately strengthen Atmos' position as a strong and financially sound public utility, which will enable the Applicant to obtain more favorable financing to support the provision of safe, reasonable, and adequate service to its customers.

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) The Applicant is hereby authorized to issue and sell up to an additional 2,000,000 shares of common stock through and pursuant to the Atmos Energy Corporation Direct Stock Purchase Plan, under the terms and conditions and for the purposes as set forth in the Application.

(2) There being nothing further to be done, this matter is hereby closed.

**CASE NO. PUE-2014-00085
SEPTEMBER 26, 2014**

APPLICATION OF
SMART ONE ENERGY, LLC

For a license to conduct business as a competitive service supplier for natural gas

ORDER GRANTING LICENSE

On August 12, 2014, Smart One Energy, LLC ("Smart One" or the "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business 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 Application seeks authority to serve eligible customers throughout the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. The Company attested that it would abide by all applicable regulations of the Commission as required under the Retail Access Rules.

On August 15, 2014, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Smart One to give notice to appropriate 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 and recommendations in a Staff Report; and provided an opportunity for the participants to file any reply comments to the Staff Report. The Company filed proof of notice on August 28, 2014. No public comments were received by the Commission by the September 8, 2014 deadline.

On September 12, 2014, the Staff filed its Report that summarized Smart One's proposal and evaluated its financial condition and technical fitness and recommended a license be granted to serve residential and commercial customers in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light. Staff also recommended that each year when Smart One renews its license, its most recent audited financial statements be filed directly with the Division of Utility Accounting and Finance. On September 19, 2014, the Commission received a response to the Staff Report from Smart One supporting the Staff's findings and recommendation to grant a license.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, the response to the Staff Report, and applicable law, finds that Smart One's Application for a license to conduct business as a competitive service provider for natural gas to residential and commercial customers throughout the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Smart One Energy, LLC, is hereby granted License No. G-42 to conduct business as a competitive service provider for natural gas to residential and commercial customers throughout the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) At the time of annual renewal of this license, Smart One shall file a copy of its most recent audited financial statements directly with the 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-2014-00088
NOVEMBER 7, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to implement a 2015 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions

FINAL ORDER

On August 14, 2014, Columbia Gas of Virginia, Inc. ("Company"), filed an application for approval to implement a 2015 Infrastructure Reliability and Replacement Adjustment ("IRRA") in accordance with Section 20 of its General Terms and Conditions ("Application"), as contemplated in

the State Corporation Commission's ("Commission") November 28, 2011 Order Approving SAVE Plan and Rider,¹ as modified by the July 3, 2012 Order Approving Amended SAVE Plan.² The Company's SAVE Plan, as amended ("Amended SAVE Plan"), was authorized pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 24 of Title 56 of the Code of Virginia.

On August 27, 2014, 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, request a hearing, and participate as a respondent; directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") on the Application; and permitted the Company to respond to any comments filed and the Staff Report. No comments, notices of participation, or requests for hearing were filed.

The Staff filed its Report on October 22, 2014, wherein it recommended approval of the Company's Application, subject to modification of the 2013 Infrastructure Replacement Reconciliation Rate ("IRRR") to: (i) remove the calendar year 2012 over-recovery amount which was previously reflected in the 2014 SAVE Rider; and (ii) recalculate the carrying costs on calendar year 2012 over-recoveries based on end-of-month balances and include the incremental difference in the 2013 IRRR. The Staff further recommended that carrying costs be calculated prospectively using a two-month average end-of-month balance and that certain modifications be made to the Company's tariff to streamline the provisions.

On October 29, 2014, the Company filed its response to the Staff Report ("Response"). In its Response, the Company stated that it did not oppose the Staff's calculation of the 2015 IRRA, reflecting the 2015 Infrastructure Replacement Current Rate ("IRCR") and the 2013 IRRR, as modified by the Staff Report.

Additionally, the Company did not oppose the Staff's modifications to streamline the tariff language, but did recommend some minor changes which it included in Attachment A to its Response. The Company represented that it presented the modified version of the tariff to the Staff and that it is authorized to represent that the Staff is not opposed to the changes.

Finally, the Company clarified that it requested that the 2013 IRRR should be effective with the first billing unit of January 2015 through the last billing unit of December 2015 and that the 2015 IRCR should be reset effective with the first billing unit of October 2015 through the last billing unit of December 2015.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's 2015 IRRA, as modified by the Staff in its Report, should be approved. Additionally, the tariff revisions included as "Attachment A" to the Company's Response should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2015 IRRA, as modified by the Staff and set forth herein, is approved. The 2013 IRRR shall be effective with the first billing unit of January 2015 through the last billing unit of December 2015 and the Company's 2015 IRCR shall be reset effective with the first billing unit of October 2015 through the last billing unit of December 2015.

(2) The Company shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariffs for the IRRA, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Final Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) At least thirty (30) days prior to the specific filings required as part of the Company's Amended SAVE Plan, the Company shall provide information related to such filings to Staff, upon request.

(4) This matter is dismissed.

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 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, 2013 S.C.C. Ann. Rept. 365, Order Approving Amended SAVE Plan (July 3, 2013).

**CASE NO. PUE-2014-00090
NOVEMBER 25, 2014**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to revise its SAVE Rider for calendar year 2015

**ORDER APPROVING SAVE RIDER
FOR CALENDAR YEAR 2015**

On September 2, 2014, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") to revise its SAVE Rider for calendar year 2015 pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia, the Steps to

Advance Virginia's Energy Plan (SAVE) Act, 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure,¹ and the Commission's April 21, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2010-00087.²

On September 19, 2014, the Commission entered an Order for Notice and Comment, which, among other things, required the Company to publish notice of its Application; provided interested parties an opportunity to file comments on the Application, request a hearing, or participate as a respondent in this proceeding; directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing its findings and recommendations ("Staff Report" or "Report"); and permitted the Company to file a response to any comments received and the Staff Report ("Response"). No comments, notices of participation, or requests for hearing were filed.

On November 7, 2014, Staff filed its Report wherein it recommended that the Commission approve a 2015 SAVE Rider for WGL, effective January 1, 2015, based on a revenue requirement of \$10,859,032. Staff's recommended revenue requirement is composed of a Current Factor revenue requirement of \$11,757,933 and a Reconciliation Factor revenue requirement of (\$898,901). Staff further recommended that the Commission adopt the following: (1) Staff's changes in the calculation of the SAVE Rider revenue requirement; (2) the proposed allocation methodologies among the rate classes when developing the Current Factor and the Reconciliation Factor based on the above revenue requirement; (3) the modifications proposed by Staff to simplify WGL's General Service Provisions at Sheet Nos. 102 and 103; and (4) a requirement that the Company file all rate sheets pursuant to the Final Order in this proceeding.

On November 14, 2014, the Company filed its Response. The Company stated in its Response that it has reviewed the Staff Report and has one area of disagreement with Staff's conclusions. Specifically, the Company stated that the accumulated depreciation in the Company's Application should have been (\$56,890), rather than \$2,142,800. The Company further stated that correcting this error also impacts the reconciliation revenue requirement, which should be (\$733,004). The Company represented that it conferred with Staff and that Staff is in agreement that the accumulated depreciation was incorrectly calculated and that the reconciliation revenue requirement should be (\$733,004).³

NOW THE COMMISSION, having considered the Company's Application and the applicable law, is of the opinion and finds that the Company's Application for its 2015 SAVE Rider should be approved, subject to the modifications and recommendations made by Staff in its Report and the correction made by the Company in its Response.

Accordingly, IT IS ORDERED THAT:

(1) The Company's SAVE Rider for Calendar Year 2015 hereby is approved as modified by Staff in its Report and corrected by the Company in its Response. Rates consistent with this Order shall be effective from January 1, 2015, through December 31, 2015.

(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 2015 Current Factor and Reconciliation Factor, 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 of Virginia at least thirty (30) days prior to such filing deadlines.

(4) This case is dismissed.

¹ 5 VAC 5-20-10 *et seq.*

² *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).

³ The correction to the reconciliation revenue requirement results in a total 2015 SAVE Rider revenue requirement of \$11,024,929.

**CASE NO. PUE-2014-00093
DECEMBER 16, 2014**

PETITION OF
WESTERN VIRGINIA WATER AUTHORITY
and
WIRTZ SERVICES, LLC

For approval of the transfer of a public utility

ORDER GRANTING APPROVAL

On September 12, 2014, Western Virginia Water Authority ("WVWA") and Wirtz Services, LLC ("Wirtz") (together, "Petitioners"), completed the filing of 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 the Wirtz wastewater system ("System") to WVWA.

¹ Va. Code § 56-88 *et seq.*

WVWA is a public service authority that was formed by the Council of the City of Roanoke and the Board of Supervisors of the County of Roanoke 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 58,469 customer accounts. Wirtz is a Virginia limited liability company that provides sewer transmission and treatment services to four customers in Franklin County, Virginia.

The Petitioners request Commission approval for the transfer of the System to WVWA ("Proposed Transaction"). The Petitioners represent that WVWA plans to adopt its existing Franklin County user rates for the Wirtz customers, which are the same as the rates Wirtz currently charges. The Petitioners have notified the customers affected by the Proposed Transaction, and the Commission has not received any complaints.

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 § 56-89 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 NOS. PUE-2014-00097 & PUE-2014-00098
OCTOBER 22, 2014**

PETITION OF
JOHN F. PAVLANSKY, JR.
and
DIANNE H. PAVLANSKY

For a declaratory judgment

and

PETITION OF
CHIH-YUAN DEREK WANG and
HUI-HSIN AMY WANG, TRUSTEES
UNDER THE WANG FAMILY TRUST
DATED SEPTEMBER 23, 2011

For a declaratory judgment

ORDER

On September 25, 2014, by counsel, Chih-Yuan Derek Wang and Hui-Hsin Amy Wang, Trustees under the Wang Family Trust Dated September 23, 2011 ("Wangs"), and John F. Pavlansky, Jr., and Dianne H. Pavlansky ("Pavlanskys") (collectively, "Petitioners"), filed separate Petitions for Declaratory Judgment ("Petitions") with the State Corporation Commission ("Commission").¹ Petitioners request the Commission declare that, prior to exercising its right of eminent domain, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), is required to obtain a certificate of public convenience and necessity ("CPCN"), pursuant to § 56-265.2 A 1 of the Code of Virginia ("Code"), to construct, own, and operate a 32,000-foot natural gas distribution pipeline in Spotsylvania County ("Project" or "Spotsylvania Loop"). Additionally, Petitioners request that the Commission declare that the easement Columbia seeks to acquire from Petitioners is unconstitutional as it takes more property than necessary for the Project.

As discussed in the Petitions, the Wangs and the Pavlanskys own land in Spotsylvania County along the route of Columbia's Project. On June 24, 2014, Columbia filed a Petition for Condemnation ("Condemnation Proceeding") in the Spotsylvania County Circuit Court seeking to acquire a 50-foot wide permanent easement across Petitioners' property in order to facilitate construction, operation, and ownership of the Spotsylvania Loop. In their responses to the Condemnation Proceeding, Petitioners assert that Columbia must acquire a CPCN for the Project from the Commission before exercising the power of eminent domain to take Petitioners' property and that the easement being taken from Petitioners for the Project is unconstitutional as it takes more property than is necessary for the Project.

In their Petitions filed herein, the Wangs and the Pavlanskys assert that Columbia's construction of the Spotsylvania Loop is not an ordinary extension exempt from prior Commission approval under § 56-235.2 A 1 for four reasons:

1. it involves the acquisition of a right of way from private property owners; 2. it is an emergency; 3. it is the first part of a larger planned extension for which a CPCN is required; and 4. it takes property for future projects that would require a CPCN if the easement taken is fully used.²

¹ Because the facts of each Petition are similar and the relief sought in both Petitions is the same, we considered the Petitions together and will address the Petitions together herein.

² Petitions at 5.

On October 8, 2014, Columbia filed its Responses to the Petitions ("Responses") wherein it acknowledged the Commission's jurisdiction of certification requirements applicable to natural gas public service companies.³ Additionally, the Company asserted that there is no statutory requirement that a public service company must first obtain a declaration from the Commission that a CPCN is not required before it can exercise its statutory right of eminent domain through a condemnation proceeding.⁴ The Company further stated that it does not believe that the Commission's jurisdiction in this declaratory judgment proceeding should extend to the issue of whether the taking satisfies the requirements of the Constitution of Virginia.⁵

NOW THE COMMISSION, upon consideration of these matters, is of the opinion and finds as follows.

With regard to the request for a determination of whether, prior to exercising its right of eminent domain, Columbia must first seek from the Commission, pursuant to § 56-265.2 A of the Code, a CPCN for the Project, Petitioners have no other adequate remedy. Therefore, this question is appropriate for declaratory judgment under 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure.⁶

The Utilities Facilities Act⁷ identifies the Commission as the body that determines whether a CPCN is required by law and issues such certificate if one is required.⁸ The Commission's authority over the regulation of public utilities arises both from Article IX of the Virginia Constitution and by the statutory authority granted to it by the General Assembly.⁹ The Commission is given broad discretionary authority in its determinations regarding CPCNs.¹⁰

In support of their assertion that a CPCN is required in this case, Petitioners cite to the Memorandum Opinion and Final Order ("Final Order") in Case No. PUE-1989-00072 ("Pipeline Case") and state that the Commission has held that there are three circumstances in which a regulated entity must obtain a CPCN:

when (1) the facilities it intends to construct lie outside of the utility's service area; (2) in the instances in which the facilities lie within the certificated service area, the magnitude and purpose of the proposed projects render them unusual and not in the ordinary course of business. . .; [and 3. when] acquir[ing] additional rights-of-way or real property owned in fee.¹¹

Petitioners' reliance on the Commission's analysis in the Final Order in the Pipeline Case is misplaced as it fails to identify the critical distinction between that case and the instant case. As discussed in the Order on Motion in the Pipeline Case, Commonwealth Gas Pipeline Corporation ("Pipeline") did not have an identifiable or certificated service territory within which it could make an "ordinary extension" of service.¹² The Commission explained in its Order on Motion that "[i]n view of Pipeline's uniqueness as an entity, it may be appropriate to consider whether any of the projects Pipeline proposes to undertake involves the acquisition of new or additional rights-of-way or additional property owned in fee."¹³ For that reason, the Commission, when determining whether Pipeline required a CPCN for its project, considered whether additional rights of way would need to be acquired.

Petitioners' properties are, as a matter of public record, within Columbia's existing certificated service territory, as is the entirety of the Project.¹⁴ The Supreme Court of Virginia has held that facilities constructed for the purpose of replacing obsolete facilities or extending service within the utility's authorized service territory can be ordinary extensions or improvements in the usual course of business, within the meaning of the statutory exception.¹⁵ In its Order on Motion in the Pipeline Case, the Commission relied on that case and noted "[t]he most apparent distinction between Kricorian and this case is that Pipeline does not have an identifiable service territory in the same sense that the utility in Kricorian did."¹⁶

³ Responses at 3.

⁴ *Id.* at 5.

⁵ *Id.* at 3.

⁶ Based on the pleadings filed in these matters, we find that no other procedures under 5 VAC 5-20-100 C are necessary.

⁷ Chapter 10.1 (§ 56-265.1 *et seq.*) of the Code.

⁸ See §§ 56-265.2, 56-265.2:1, and 56-265.3 of the Code.

⁹ See *id.*; VA. CONST. Art. IX, §2.

¹⁰ See, e.g., *VYVX of Virginia, Inc. v. Cassell*, 258 Va. 276, 294 (1999) ("[W]e cannot sit as a board of revision to substitute our judgment for that of the Commission on matters within its province.").

¹¹ Petitions at 6; citing *Application of Commonwealth Gas Pipeline Corporation, For a certificate of public convenience and necessity under the Virginia Facilities Act*, Case No. PUE-1989-00072, 1990 S.C.C. Ann. Rept. 303, Memorandum Opinion and Final Order (Mar. 20, 1990).

¹² See *Application of Commonwealth Gas Pipeline Corporation, For a certificate of public convenience and necessity under the Virginia Facilities Act*, Case No. PUE-1989-00072, Order on Motion for Jurisdictional Determination at 3 (Nov. 22, 1989) ("Order on Motion").

¹³ *Id.*

¹⁴ See Certificate No. G-47c; Responses at 2.

¹⁵ See *Kricorian v. The Chesapeake and Potomac Telephone Company of Virginia, et al.*, 217 Va. 284, 289 (1976) ("Kricorian").

¹⁶ Order on Motion at 4.

With regard to the Petitioners' assertion that the Project is an emergency, and is therefore not an ordinary extension in the usual course of business, the Company asserts that seeking early entry onto the Wangs' and Pavlanskys' property in order to adhere to the construction schedule does not render the Project itself an emergency or make construction of the Spotsylvania Loop in any way unusual or outside the usual course of business.¹⁷ We agree with the Company. Further, based on the record, including the facts as plead by Petitioners, we find that the magnitude and purpose of the Spotsylvania Loop does not render it unusual or not in the ordinary course of business. Indeed, the Commission has previously held that a proposed 13.5-mile natural gas lateral pipeline to serve a generation facility within the natural gas utility's service territory was an ordinary extension in the usual course of business.¹⁸

Accordingly, having considered the pleadings in this matter, we find that Columbia's construction of the Spotsylvania Loop is an ordinary extension of Columbia's facilities in the usual course of business, pursuant to § 56-265.2 A of the Code. Therefore, Columbia is not required to obtain a CPCN from the Commission in order to construct, own, and operate the Spotsylvania Loop.¹⁹

We now turn to Petitioners' request for a declaration that the easement Columbia seeks to acquire from the Petitioners is unconstitutional, based on Petitioners' assertion that it takes more property than necessary for the Project. We find that Petitioners have not shown that there is no other adequate remedy, and therefore this matter is not properly the subject of a declaratory judgment before the Commission under 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure. In addition, a proceeding related to this matter is currently pending in Spotsylvania County Circuit Court.²⁰

Accordingly, IT IS SO ORDERED, and these matters are dismissed.

¹⁷ Responses at 15.

¹⁸ See *Petition of Columbia Gas of Virginia, Inc., For a declaratory judgment*, Case No. PUE-2009-00077, 2009 S.C.C. Ann. Rept. 522, Order (Sept. 18, 2009).

¹⁹ Because no CPCN is required for the Project, we do not need to decide whether Columbia must obtain a CPCN *prior to* exercising its right of eminent domain through a condemnation proceeding. In addition, because no CPCN is required, § 56-265.2:1 does not apply to the construction of the Project, although we note that this determination does not relieve Columbia of any other regulatory requirements, federal, state, or local, that may exist with respect to the construction, ownership, or operation of the Project. This Order does not address any other legal requirements that may be relevant to the Project before, during, or after construction.

²⁰ Petitions at 2; Responses at 3.

**CASE NO. PUE-2014-00100
DECEMBER 22, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
OHIO POWER COMPANY

For approval to enter into affiliate transaction

ORDER GRANTING APPROVAL

On September 30, 2014, Appalachian Power Company ("APCo") and Ohio Power Company ("OPCo") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ requesting approval to execute one of two alternative affiliate agreements related to the leasing of rail cars (collectively, "Affiliate Transactions" or "Sublease Agreements").

APCo proposes to assume an existing railcar lease² from OPCo by executing either the Assignment and Assumption Agreement³ or the Short-Term Car Lease Agreement⁴ effective January 1, 2015. Each of these Sublease Agreements continues the existing terms and conditions of the original lease executed in 2000 ("Original Lease"), including a rate of \$403.15 per railcar per month for 287 railcars and an expiration date in April of 2020.

Currently, APCo has two railcar leases. The first existing lease is for 323 railcars at \$630 per railcar per month and expires on December 31, 2014. The second existing lease is for 155 railcars at \$495 per railcar per month and expires on December 31, 2015.

APCo provided a cost and usage analysis comparing various railcar leasing options to demonstrate that costs under either Sublease Agreement will provide a cost savings compared to the estimated current market price of \$450 per railcar per month over the remaining life of the Original Lease.⁵ APCo, in response to a Staff data request, provided an analysis of the forecasted power plant coal demand and railcars needed to meet forecasted deliveries under the conditions of either Sublease Agreement.

¹ Va. Code § 56-76 *et seq.*

² Application, Exhibit A.

³ Application, Exhibit B1.

⁴ Application, Exhibit B2.

⁵ Application, Exhibit C.

NOW THE COMMISSION, upon consideration of the Application, and the representations of APCo, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that the above-described Affiliate Transactions are in the public interest and should, therefore, be approved subject to conditions contained herein.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, Appalachian Power Company is hereby granted approval to enter into the Affiliate Transactions, subject to the requirements set forth herein.
- (2) The approval granted herein shall be limited to the remaining term of the Original Lease.
- (3) 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 Affiliate Transactions.
- (4) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the executed Sublease Agreement.
- (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) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.
- (7) APCo shall include all transactions related to the Affiliate Transactions in its Annual Report of Affiliate Transactions 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.
- (8) APCo and OPCo shall file with the Commission a copy of the signed and executed Sublease Agreement approved herein within thirty (30) days of the date that the Affiliate Transactions are completed.
- (9) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2014-00101
NOVEMBER 13, 2014**

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 from its affiliates.

ORDER GRANTING AUTHORITY

On October 16, 2014, Atmos Energy Corporation ("Atmos"), and Atmos Energy Holdings, Inc. ("AEH") (collectively, "Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") requesting authority to incur short-term indebtedness up to a maximum of \$2 billion for the period January 1, 2015, through December 31, 2015. 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 2015. 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 \$1.25 billion credit facility in place that has an accordion feature that could allow borrowings up to \$1.5 billion ("Credit Facility"). According to the application, borrowings under Atmos' 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' 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 proceeds will be used to fund seasonal gas purchases, finance the ongoing capital improvement program, refinance maturing long-term debt, and other corporate purposes.

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, 2015, through December 31, 2015. AEH can also use the Affiliate Facility to lend funds to its wholly-owned subsidiaries, including Atmos Energy Marketing. 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.

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

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 \$2 billion at any one time between January 1, 2015, and December 31, 2015, 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, 2015, and December 31, 2015, 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, 2015, August 15, 2015, and November 14, 2015, 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, 2016, providing the information required in Ordering Paragraph (3) for the fourth calendar quarter of 2015. The final report of action also shall include a summary schedule of fees paid by Atmos in 2015 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 or Credit Facility.

(10) Should Applicants wish to obtain authority beyond year 2015, Atmos shall file an application requesting such authority no later than October 31, 2015.

(11) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00102
NOVEMBER 25, 2014**

APPLICATION OF
ENGLISH BIOMASS PARTNERS – FERRUM, LLC

For a license to conduct business as a competitive service provider for electricity

ORDER GRANTING LICENSE

On October 17, 2014, English Biomass Partners – Ferrum, LLC ("English Biomass" or "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider ("CSP") for electric service pursuant to § 56-587 of the Code of Virginia and the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").¹ The Company seeks authority to provide biomass-generated electricity to Ferrum College in the service territory of Appalachian Power Company ("APCo"). English Biomass attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Retail Access Rules.

On October 22, 2014, 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 APCo; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report"); and provided an opportunity for participants to file any reply comments to the Staff Report.

On October 29, 2014, English Biomass filed proof of service as the Scheduling Order required. No one filed comments on the Application.

On November 14, 2014, the Staff filed its Staff Report which summarized the Company's proposal and evaluated the financial condition and technical fitness of English Biomass to conduct business as a CSP for electric service to Ferrum College. The Staff determined that the Company provided all of the information the Commission's Retail Access Rules require and recommended that the Commission grant English Biomass a license to conduct

¹ 20 VAC 5-312-10 *et seq.*

business as a CSP for electric service to Ferrum College, subject to the provisions of applicable law, the Retail Access Rules, and any Order of the Commission granting such license.

No one filed comments on the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and the applicable law, finds that English Biomass meets the requirements for a license to conduct business as a CSP for electric service to Ferrum College and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) English Biomass hereby is granted License No. E-30 to conduct business as a CSP for electric service to Ferrum College under the terms and conditions and for the purposes set forth in the Application. This license 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.

**CASE NO. PUE-2014-00105
DECEMBER 18, 2014**

APPLICATION OF
AGERA ENERGY LLC

For licenses to conduct business as a competitive service provider for electricity and natural gas

ORDER GRANTING LICENSES

On November 4, 2014, Agera Energy LLC ("Agera" or the "Company"), completed an application with the State Corporation Commission ("Commission") for licenses to conduct business as a competitive service provider for electricity and 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 Application seeks authority to serve all eligible customer classes throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable Commission regulations as required under the Retail Access Rules.

On November 13, 2014, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Agera to provide notice to appropriate 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 and recommendations in a Staff Report; and provided an opportunity for participants to file reply comments to the Staff Report. The Company filed proof of notice on November 18, 2014.

On December 1, 2014, Virginia Electric and Power Company ("Dominion Virginia Power") filed a notice of participation and comments to the Application.¹ In its comments, Dominion Virginia Power urged Staff to investigate closely the financial fitness and collateral of Agera.² Dominion Virginia Power states that Agera did not provide audited financial statements and quotes from the Application that ". . . Applicant does not have a sufficient credit history on which to prepare a credit report/rating."³ Dominion Virginia Power asserts that this supports ". . . the need for a rigorous review of Agera's confidential financial statements/information and its technical and financial fitness to operate as a competitive service provider for natural gas and electricity in the Commonwealth."⁴

On December 5, 2014, the Staff filed its Report which summarized Agera's Application and evaluated its financial condition and technical fitness. Staff recommended that licenses be granted to serve all eligible customer classes throughout the Commonwealth of Virginia, subject to certain conditions. Specifically, Staff recommended that Agera be required to submit annually its most recent audited financial statements directly with the Division of Utility Accounting and Finance for a three-year period commencing in 2015.

NOW THE COMMISSION, upon consideration of the Application, public comments, the Staff Report, and applicable law, finds that Agera's Application for licenses to conduct business as a competitive service provider for electricity and natural gas to all eligible customer classes throughout Virginia should be granted, subject to the conditions set forth below.

¹ Notice of Participation and Comments of Virginia Electric and Power Company ("Dominion Virginia Power comments").

² Dominion Virginia Power comments at 3.

³ *Id.*

⁴ *Id.* at 3-4.

Accordingly, IT IS ORDERED THAT:

- (1) Agera Energy LLC is hereby granted License No. G-43 to conduct business as a competitive service provider for natural gas to all eligible customers throughout Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (2) Agera Energy LLC is hereby granted License No. E-31 to conduct business as a competitive service provider for electricity to all eligible customers throughout Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (3) Agera shall file a copy of its annual audited financial statements directly with the Division of Utility Accounting and Finance simultaneously with its annual report submission as required by the Retail Access Rules 20 VAC 5-312-20 Q.
- (4) These licenses are not valid authority for the provision of any product or service not identified within the licenses themselves.
- (5) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

**CASE NO. PUE-2014-00108
DECEMBER 12, 2014**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On October 29, 2014, Appalachian Power Company ("APCo") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia ("Code") for authority to issue long-term debt securities. With respect to such long-term 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 paid the requisite fee of \$250.

APCo proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of \$750,000,000 from time to time through December 31, 2015. 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 investors. Underwriting costs for the Notes will not exceed 1.0% of the principal amount issued with other issuance costs estimated to amount to approximately \$1,967,150. The proceeds from the issuance of the Notes may be used to redeem 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.

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. 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. Therefore, the cumulative notional amount of the Hedge Agreements will not exceed \$750,000,000 for the underlying Notes.

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-2013-00115,² to use interest rate management techniques and enter into IRMAs through December 31, 2015. 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. 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 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) APCo is hereby authorized under Chapter 3 to issue and sell up to an aggregate principal amount of \$750,000,000 of Notes from time to time through December 31, 2015, for the purposes and under the terms and conditions set forth in the Application.
- (2) 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 the value of underlying Notes.

¹ Va. Code § 56-55 *et seq.*

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 under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00115, 2013 S.C.C. Ann. Rept. 465, Order Granting Authority (Dec. 5, 2013).

- (3) APCo is authorized to enter into IRMAs during the period January 1, 2015, through December 31, 2015, 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.
- (4) APCo shall not enter into any IRMA or Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.
- (5) 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.
- (6) 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 Order Paragraphs (2) and (3) 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.
- (7) 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 and 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 the 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.
- (8) APCo's Final Report of Action shall be due on or before March 1, 2016, and include the information required in Order Paragraph (7) in a cumulative summary of actions taken during the period authorized.
- (9) 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 agency and the Report shall outline APCo's plans and actions to restore an investment grade bond rating.
- (10) Approval of the Application shall have no implications for ratemaking purposes.
- (11) The authority granted herein shall not preclude the Commission from applying hereafter the provisions of § 56-78 or § 56-80 of the Code.
- (12) 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.
- (13) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00109
NOVEMBER 21, 2014**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate

ORDER GRANTING AUTHORITY

On October 29, 2014, Columbia Gas of Virginia, Inc. ("CGV" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") seeking authority to issue long-term debt to an affiliate and to borrow up to \$125 million in short-term debt through participation in an intrasystem money pool arrangement with an affiliate. The amount of short-term debt requested in the application is in excess of twelve percent (12%) of CGV's total capitalization, as defined in § 56-65.1 of the Code. The Company paid the requisite fee of \$250.

CGV proposes to issue up to \$115 million of new promissory notes ("New Notes") to NiSource Finance Corp. ("NFC") between January 1, 2015, and December 31, 2016. The proceeds from the New Notes will be used to fund a portion of its construction program that is projected to be approximately \$235 million during 2014-2016. The interest rate on any New Notes issued to NFC will be determined by the corresponding applicable U.S. Treasury yield effective on the date a New Note is issued, plus the yield spread on corresponding maturities for companies with a credit risk profile equivalent to that of NFC effective on the date a New Note is issued. The term of New Notes would have a maturity of up to thirty (30) years.

In addition, CGV proposes to continue to participate, as a borrower only, in the NiSource System Money Pool ("Money Pool") under the NiSource System Money Pool Agreement for the period January 1, 2015, through December 31, 2016. CGV requests authority to borrow up to \$125 million in short-term debt through the Money Pool. CGV states that the Money Pool proceeds will be used to meet peak short-term cash requirements, including the funding of construction expenditures, gas purchases and gas storage.

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

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) CGV is hereby authorized to issue and sell up to \$115 million New Notes to NiSource Finance Corp., between January 1, 2015, and December 31, 2016, under the terms and conditions and for the purposes set forth in the application.

(2) CGV is hereby authorized to incur short-term indebtedness through the Money Pool in excess of twelve percent (12%) of total capitalization, provided that such debt does not exceed \$125 million at any one time between January 1, 2015, and December 31, 2016, under the terms and conditions and for the purposes set forth in the application.

(3) CGV shall file annually for 2015 and 2016, with the Clerk of the Commission, quarterly reports of action no later than May 15, August 15, November 15 and February 15 of each year, reporting on its Money Pool activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings and investment by CGV, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding. The February 15 report shall also include an annual schedule of allocated credit facility fees charged to CGV.

(4) CGV shall submit to the Clerk of the Commission a Final Report of Action on or before March 1, 2017, providing the information required in Ordering Paragraph (3) above for the fourth calendar quarter of 2016.

(5) CGV shall submit a preliminary report of action with the Clerk of the Commission within ten (10) days after the issuance of any New Notes pursuant to Ordering Paragraph (1), to include the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.

(6) Within sixty (60) days after the end of each calendar quarter in which any New Notes are issued pursuant to Ordering Paragraph (1), CGV shall file with the Clerk of the Commission a detailed report of action with respect to all New Notes issued during the calendar quarter to include:

- (a) The issuance date, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to CGV; and
- (b) The cumulative principal amount of New Notes issued under the authority granted herein and the amount remaining to be issued.

(7) Commission approval shall be required for any subsequent changes in the terms and conditions, as well as participating members, of the Money Pool.

(8) The authority granted herein shall not preclude the Commission from applying 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 of CGV in connection with the authority granted herein, whether or not such affiliate is regulated by the Commission.

(10) Should CGV wish to obtain authority beyond calendar year 2016, it shall file an application requesting such authority no later than November 1, 2016. Such application shall also include pro forma sources and uses of funds schedules for the next three years; a monthly projection of Money Pool borrowing and lending balances; and documentation supporting the need for the requested short-term borrowing limit, and long-term debt financing activity.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00110
NOVEMBER 14, 2014**

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For authority to issue a Note

ORDER GRANTING AUTHORITY

On October 29, 2014, Shenandoah Valley Electric Cooperative ("SVEC" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") under Chapter 3 of Title 56 of the Code of Virginia¹ requesting authority to issue a note. The Applicant has paid the requisite fee of \$250.

SVEC requests authority to obtain a loan from the United States Department of Agriculture Rural Utilities Service ("RUS") to make certain extensions and additions to its electric distribution system. Specifically, SVEC seeks authority to borrow up to \$84,315,000 from the Federal Financing Bank ("FFB") with a guarantee by RUS ("Proposed Loan"). SVEC also requests approval to execute a reimbursement note in favor of RUS, which is required for the purpose of facilitating collection by RUS in the event it is called upon by FFB. The term of the Proposed Loan is 35 years, with the interest rate being the standard FFB interest rate, which is established daily by the United States Treasury. As noted in its financing summary in the Application,

¹ Va. Code § 56-55 *et seq.*

SVEC anticipates drawing approximately \$34 million from the Proposed Loan from August 31, 2014 to August 31, 2015. In addition to drawing from the Proposed Loan, SVEC expects to earn additional margins during that period and, as a result, SVEC expects its Times Interest Earned Ratio to increase over that same period.

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) SVEC is hereby authorized to incur up to \$84,315,000 in debt obligations from the FFB, under the terms and conditions and for the purposes set forth in the Application.
- (2) Within thirty (30) days of any advance of funds from FFB, SVEC 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 term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) 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-2014-00111
DECEMBER 23, 2014**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER CAPITAL CORP.

To continue participation in a financial services agreement with an affiliate

ORDER GRANTING AUTHORITY

On October 29, 2014, Virginia-American Water Company ("Virginia-American") and American Water Capital Corp. ("Capital Corp") (together, the "Applicants"), filed with the State Corporation Commission ("Commission") an application ("Application") to continue participation in a Financial Services Agreement ("FSA")¹ under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").²

Financial services supplied under the FSA include cash management through nightly "cash sweeps" and investment of excess cash. In addition, Virginia-American will borrow short-term funds from Capital Corp under the FSA. Short-term funds will be used to finance ongoing constructions plans, provide working capital, repay maturing long-term debt, pay dividends, and for other corporate purposes. The interest rate applicable to short-term borrowings from Capital Corp or short-term investment with Capital Corp will be the effective cost of funds received by Capital Corp on investments in the capital markets. If short-term funds are available to Virginia-American from another source when needed and on terms Virginia-American finds preferable, it can engage with other lenders without cost or penalty. Costs incurred by Capital Corp in connection with its bank lines of credit and short-term public borrowings will be divided among the participants in proportion to the maximum amount of principal each participant requests be made available during the year. Long-term funds can also be borrowed from Capital Corp under the FSA; however, borrowing long-term debt under the FSA requires separate Commission approval under Chapter 3 of Title 56 of the Code.³

The Applicants represent that continued participation in the FSA will allow Virginia-American to borrow at lower rates and receive higher investment rates than it could obtain on a stand-alone basis.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Applicants' continued participation in the FSA is in the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the Affiliates Act, the Applicants hereby are authorized to continue their participation in the FSA from January 1, 2015, through December 31, 2016, under the terms and conditions and for the purposes set forth in the Application.
- (2) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the FSA.

¹ Virginia-American was most recently authorized to participate in the FSA in 2012. See *Application of Virginia-American Water Company and American Water Capital Corp., To continue participation in a financial services agreement with an affiliate*, Case No. PUE-2012-00121, 2012 S.C.C. Ann. Rept. 524, Order Granting Authority (Dec. 11, 2012). Ordering Paragraph (9) reads: "Should the Applicants seek to extend the authority for Virginia-American to participate in the FSA beyond December 31, 2014, the Applicants shall file an application requesting such authority no later than October 31, 2014." *Id.* at 525.

² Va. Code § 56-76 *et seq.*

³ Va. Code § 56-55 *et seq.*

(3) The Applicants shall file a report of action on a semi-annual basis within sixty (60) days of the end of each calendar half during the authorization period that shall include a monthly schedule of the short-term borrowing and lending activity during the previous calendar half. The schedule shall include: a monthly schedule of the maximum daily balance borrowed or invested by Virginia-American; the average daily balance for each month and the average rate of interest for each month; a simplified balance sheet as of the end of the half containing balances for short-term debt, long-term debt, preferred stock, and common equity; and a monthly schedule of the allocation of all line of credit fees.

(4) 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 FSA.

(5) Approval of the FSA shall not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not the Commission regulates such affiliate.

(7) Virginia-American shall file for separate authority under Chapter 3 of Title 56 of the Code to have aggregate short-term borrowings in excess of 12% of total capitalization.

(8) Should the Applicants seek to issue long-term debt under the FSA, the Applicants shall file for separate authority under Chapter 3 of Title 56 of the Code to issue debt with a maturity in excess of twelve (12) months.

(9) Should the Applicants seek to extend the authority for Virginia-American to participate in the FSA beyond December 31, 2016, the Applicants shall file an application requesting such authority no later than October 31, 2016.

(10) This matter is continued.

**CASE NO. PUE-2014-00114
DECEMBER 18, 2014**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of the acquisition and disposition of utility securities pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On November 6, 2014, Virginia Electric and Power Company ("Dominion Virginia Power" or "Petitioner") filed a petition ("Petition") with the State Corporation Commission ("Commission") to request approval of the out-of-time acquisition of certain public utility securities and their subsequent proposed disposition pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹

On October 29, 2004, the Commission granted approval for Dominion Virginia Power to acquire 100% of the partnership interests in Commonwealth Atlantic Limited Partnership ("CALP") from Chickahominy River Energy Corp. and James River Energy Corp., which resulted in the Company's direct ownership of the 312 MW peaking facility located in Chesapeake, Virginia ("Facility").² The Commission also granted Dominion Virginia Power a certificate of convenience and necessity to operate the Facility. The CALP acquisition closed on November 30, 2004.

Between April 2006 and April 2007, Enron Corporation issued 638 shares of the common stock of Portland General Electric Company ("PGE")³ to CALP as satisfaction for CALP's claim in Enron's bankruptcy proceeding. Dominion Virginia Power represents that it was unaware of CALP's claim and did not previously seek Utility Transfers Act approval of the acquired PGE shares due to administrative oversight.

The Petitioner now desires to sell the PGE shares and, therefore, is requesting Commission approval, to the extent required, for the out-of-time acquisition and proposed disposition of the PGE shares pursuant to the Utility Transfers Act ("Proposed Transaction").

NOW THE COMMISSION, upon consideration of the Petition and the representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the Proposed Transaction will not impair the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved subject to certain requirements set forth below.

¹ For purposes of Va. Code § 56-88 *et seq.* ("Utility Transfers Act"), a utility security means "any note, draft, debenture, bond, *share of stock*, certificate, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, receiver's or trustee's certificate or *any other instrument or interest commonly known as a security which is issued, assumed or guaranteed by any public utility or any company which would be a public utility if the facilities owned or operated by it were within the Commonwealth...*"[emphasis added].

² *Application of Virginia Electric and Power Company, For approval of acquisition of partnership interests under Chapter 5 of Title 56 of the Code of Virginia, for a certificate to operate generating facilities pursuant to § 56-580 D or § 56-265.2 A of the Code of Virginia, for expedited consideration, and for such other relief as may be necessary*, Case No. PUE-2004-00090, 2004 S.C.C. Ann. Rept. 499, Final Order (Oct. 29, 2004).

³ PGE is an investor-owned utility engaged in the generation, transmission, and distribution of electricity to residential, commercial, and industrial customers in northwest Oregon. Prior to the liquidation of Enron to pay its creditors, PGE was a wholly owned subsidiary of Enron.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-89 of the Code, the Petitioner is hereby granted approval for the Proposed Transaction subject to the requirements set forth herein.
- (2) 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.
- (3) Dominion Virginia Power shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the disposition of the PGE shares. The Report shall include the date the disposition was completed and Dominion Virginia Power's accounting entries recording the disposition of the PGE shares.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00116
DECEMBER 23, 2014**

APPLICATION OF
SPRAGUE OPERATING RESOURCES, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On November 14, 2014, Sprague Operating Resources, LLC ("Sprague" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider ("CSP") for natural gas ("Application").¹ The Company paid the required \$250 registration fee. In its Application, the Company seeks authority to serve eligible commercial and industrial customers in the service territory of Washington Gas Light Company ("Washington Gas"). Sprague 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").²

On November 21, 2014, 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 Washington Gas; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report"); and provided an opportunity for participants to file any reply comments to the Staff Report.

On November 26, 2014, Sprague filed proof of service as the Scheduling Order required. No one filed comments on the Application.

On December 12, 2014, the Staff filed its Staff Report which summarized the Company's proposal and evaluated the financial condition and technical fitness of Sprague to conduct business as a CSP for natural gas. Staff determined that the Company provided all of the information the Commission's Retail Access Rules require and recommended that the Commission grant Sprague a license to conduct business as a CSP for natural gas in the service territory of Washington Gas. 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 Sprague meets the requirements for a license to conduct business as a CSP for natural gas, and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Sprague hereby is granted License No. G-44 to conduct business as a CSP for natural gas to commercial and residential customers throughout the service territory of Washington Gas. This license is granted subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, this Order Granting License, 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 the license.

¹ On November 18, 2014, the Company filed additional information to complete its Application.

² 20 VAC 5-312-10 *et seq.*

**CASE NO. PUE-2014-00117
DECEMBER 12, 2014**

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 17, 2014, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3¹ and 4² 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.

The Applicants request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of \$150,000,000 through participation in the Utility Money Pool administered by AGL Services; (ii) issue long-term debt to AGLR in an amount not to exceed \$250,000,000; and (iii) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, all through December 31, 2015.

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-2013-00129³, PUE-2012-00137, 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-2013-00129. Applicants represent that the requested authority for Utility Money Pool borrowings of up to \$150,000,000 is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state that 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 6,489 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.

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-2013-00129, 2013 S.C.C. Ann. Rept. 464, Order Granting Authority (Dec. 9, 2013).

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term 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 \$150,000,000, for the period January 1, 2015, through December 31, 2015, under the terms and conditions and for the purposes set forth in the captioned application.

(2) VNG is hereby authorized to issue long-term debt to AGLR in an amount not to exceed \$250,000,000 and to issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, through December 31, 2015, 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, 2015, Applicants shall file an application requesting such authority no later than November 15, 2015.

(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 2, 2016, 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 2015.

(13) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00118
DECEMBER 15, 2014**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On November 21, 2014, Rappahannock Electric Cooperative ("Rappahannock" 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 \$25,000,000 from CoBank. Rappahannock has paid the requisite fee of \$250.

Rappahannock is seeking authority to borrow \$25,000,000 from CoBank to retire, prior to maturity, a \$25,000,000 loan with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the new debt will be

determined at the time of advance. At the time the Cooperative submitted its application, the interest rate on the new debt was 3.4%. The CoBank debt will have a 30-year maturity, but the interest rate is fixed for only the first seven years of the loan. According to the application, Rappahannock expects to save over \$2.6 million over the first seven years of the new loan with CoBank.

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) Rappahannock is authorized to incur up to \$25,000,000 in debt obligations with CoBank, 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 CoBank, 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.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NOS. SEC-2002-00056 & SEC-2002-00057 FEBRUARY 27, 2014

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTHONY JOHN CARREA
and
SENIOR RETIREMENT SERVICES, INC.,
Defendants

FINAL ORDER

On December 20, 2002, the State Corporation Commission ("Commission") issued a Rule to Show Cause against Anthony John Carrea and Senior Retirement Services, Inc. (collectively, "Defendants"). The Rule outlined allegations by the Division of Securities and Retail Franchising ("Division") against the Defendants. Specifically, the Division alleged that the Defendants violated: (i) § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"), by obtaining money from customers by means of untrue statements or omissions of material fact; (ii) 21 VAC 5-20-230 A of the Commission's Rules governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"), by failing, within 30 calendar days of the date of any complaint, pleading, notice served, answer, reply or response, pleading, decision, order or sanction, to notify the Commission; (iii) Rule 21 VAC 5-20-280 B 1 by borrowing money from customers; (iv) Rule 21 VAC 5-20-280 B 6 by failing to report incidents required to be reported by Rule 21 VAC 5-20-30; and (v) § 13.1-503 of the Act by engaging in dishonest or unethical practices by violating numerous Commission rules.

On April 29, 2003, the Commission entered a Judgment against the Defendants and found that the Defendants violated the Act and the Rules. In addition, the Commission ordered that in lieu of paying penalties in the amount of One Hundred Forty-six Thousand Five Hundred Dollars (\$146,500), the Defendants would be given ninety (90) days in which to present a plan ("Plan") to the Commission by which the Defendants would make monetary restitution to investment clients, Ms. Charlotte Kane ("Kane") and Mr. Winnard Holloman ("Holloman"). It was required that the Plan be approved by the Commission prior to its implementation.

As of the date of this Final Order, the Defendants have failed to present a Plan to the Commission or make monetary restitution to Ms. Kane and Mr. Holloman, and have not otherwise communicated with the Commission or the Division.

NOW THE COMMISSION, upon consideration of the record and the applicable rules and statutes, is of the opinion and finds that the penalties assessed in the Judgment entered April 29, 2003, should be imposed.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendants are in contempt of the Commission's April 29, 2003 Judgment pursuant to § 12.1-33 of the Code of Virginia, and the penalties assessed therein are hereby IMPOSED.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

CASE NO. SEC-2011-00025 JULY 21, 2014

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CREATIVE CONCEPTS INVESTMENTS, INC.
and
GREGORY L. DOCTOR,
Defendants

JUDGMENT ORDER

On October 26, 2012, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Creative Concepts Investments, Inc. ("Creative Concepts"), and Gregory L. Doctor (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 securities in violation of the provisions of §§ 13.1-504 and 13.1-507 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 November 27, 2012. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before November 13, 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 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 November 20, 2012, the Division filed a Motion to Continue because the certified mailing of the Rule made by the Clerk of the Commission remained unclaimed by the Defendants. The Division's Motion to Continue was granted in the Hearing Examiner's Ruling dated November 26, 2012.

On March 26, 2013, the Division, by counsel, filed a Motion to Amend Rule to Show Cause. Counsel for the Division sought to achieve service through the Secretary of the Commonwealth since the Defendants ultimately could not be reached at their last known addresses on file with the Division. The Division's Motion to Amend Rule to Show Cause was granted and certified to the Commission in a Hearing Examiner's Ruling dated March 27, 2013. In the Amended Rule, the Commission directed the Defendants to file responsive pleadings on or before April 29, 2013, and to appear at a hearing scheduled for May 17, 2013.

On April 23, 2013, the Defendants filed their response to the Amended Rule. The Defendants denied all of the allegations. On May 3, 2013, the Division filed a second Motion to Continue. The Division stated that prior to the issuance of the Rule and the Amended Rule, it had made several attempts to contact the Defendants in an attempt to settle this matter. The Division maintained that the Defendants had now been located. Therefore, the Division requested that the May 17, 2013 hearing be continued generally to provide the Division with additional time to communicate with the Defendants in an attempt to resolve this matter through settlement.

On March 10, 2014, the Division filed its Motion to Set Case for Hearing. The Division alleged that the Defendants initially agreed to settlement terms and cooperated with the Division, but the Defendants failed to follow through with certain preliminary conditions of the proposed settlement and ultimately ceased communications. Therefore, the Division requested that this matter be rescheduled for hearing. The hearing in this matter was set for Tuesday, April 29, 2014, in a Hearing Examiner's Ruling dated March 17, 2014.

On April 29, 2014, an evidentiary hearing was convened as scheduled in the Amended Rule. Gauhar R. Naseem, Esquire, appeared on behalf of the Division. The Defendants failed to appear at the hearing following service of the Amended Rule and after receiving notice of the hearing. At the hearing, 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 the testimony of Jonathan Hawkins, an investigator in the Division's Enforcement Section, along with supporting attachments.

On May 28, 2014, the Hearing Examiner issued his report ("Report"), which summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. As an initial matter, the Hearing Examiner found that notice of the proceeding was provided to the Defendants through service of the Amended Rule on the Secretary of the Commonwealth pursuant to § 8.01-329, and he also noted that the Defendants also filed a response to the Amended Rule and were in contact with counsel to the Division. Therefore, the Defendants were in default based upon their failure to appear at the hearing.

The Hearing Examiner also found that the Division established by clear and convincing evidence that the Defendants violated: (i) § 13.1-504 A of the Act by selling securities in Creative Concepts without being duly registered with the Division as an agent of the issuer; and (ii) § 13.1-507 of the Act by offering and selling securities that neither were registered nor exempt from registration under the Act. In addition, 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 ("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 § 13.1-519 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 Virginia; and (ii) violating the Act in the future.

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

**CASE NO. SEC-2011-00046
APRIL 1, 2014**

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

v.
HERNANDO CHOVIL,
Defendant

JUDGMENT ORDER

On November 18, 2013, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Division of Securities and Retail Franchising ("Division") alleging that Hernando Chovil ("Defendant") violated: (i) § 12.1-33 of the Code of Virginia ("Code") by failing or refusing to obey a Settlement Order involving the Defendant entered by the Commission on December 13, 2011;¹ (ii) § 13.1-507 of the Code by

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission v. Hernando Chovil*, Case No. SEC-2011-00046, 2011 S.C.C. Ann. Rep. 601, Settlement Order (Dec. 13, 2011).

offering and selling securities, in the form of investment contracts, which were not registered under the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code; (iii) § 13.1-504 A (i) of the Act by selling securities, in the form of investment contracts, without first being duly registered with the Division as an agent of an issuer; and (iv) § 13.1-502 (1) of the Act by employing a device, scheme or artifice to defraud an investor in the offer and sale of securities. The Division requested that the Commission: (i) impose monetary penalties for the Defendant's violations of the Act; (ii) order the Defendant to make restitution to a Virginia resident ("Complainant") in the amount of \$21,000; (iii) order the Defendant to pay the costs of the Division's investigation; and (iv) permanently enjoin the Defendant from transacting the securities business in Virginia, and permanently enjoin the Defendant from violating the Act.

The Rule, among other things, docketed the case; established a procedural schedule; directed the Defendant to file an answer or other responsive pleading; scheduled an evidentiary hearing; and assigned the case to a Hearing Examiner to conduct all further proceedings. A copy of the Rule was served on the Defendant as required by 5 VAC 5-20-90 A of the Commission's Rules of Practice and Procedure, Rule 5 VAC 5-20-10 *et seq.*

On January 29, 2014, the Division filed a Motion for Default Judgment ("Motion"). The Division noted the Defendant had not filed an answer or other responsive pleading in the case, despite an opportunity to do so and despite notice of the opportunity to do so through perfected service as required by law. The Division stated the Defendant has been afforded all necessary due process. The Division further stated that the case is ripe for the entry of a judgment by default. In support of the Motion, the Division provided an affidavit of its senior investigator together with supporting attachments.

The Division requested that the Defendant be found in default. The Division stated that, pursuant to § 12.1-33 of the Code, the Defendant should be found to have violated the Commission's Settlement Order. Further, the Defendant should be found to have violated § 13.1-507, § 13.1-504 A, and § 13.1-502 (1) of the Act. The Division recommended that the Commission order the Defendant to make restitution to the Complainant, pay a penalty for his violations of the Act, pay the costs of the investigation, and that the Defendant be enjoined from (i) transacting business in Virginia as a broker-dealer, agent, investment advisor, investment advisor representative, issuer or agent of the issuer; and (ii) any future violations of the Act.

The evidentiary hearing was convened as scheduled. The Division appeared by its counsel, Debra M. Bollinger, Esquire. The Defendant failed to appear after having received notice of the hearing. In support of the motion for default judgment, the Division presented the testimony of Marc Bantel, Senior Investigator, in the Division's Enforcement Section, along with supporting attachments.

On March 4, 2014, 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 (i) the investment contracts offered by the Defendant to the Complainant are a "security" as defined in § 13.1-501 of the Act; (ii) the Defendant violated § 13.1-502 (1) of the Act by employing a device, scheme or artifice to defraud the Complainant; (iii) the Defendant violated § 13.1-504 A (i) of the Act by selling securities in the form of investment contracts in Virginia, without first being registered as an agent of the issuer; (iv) the Defendant violated § 13.1-507 of the Act by offering and selling securities, in the form of investment contracts, which were not registered under the Act; and (v) the Defendant violated § 12.1-33 of the Code by failing or refusing to obey the Commission's Settlement Order entered on December 13, 2011. The Defendant made no attempt to make restitution to the Complainant or to pay the costs of the Division's investigation.

Based on these findings, the Hearing Examiner recommended that: (i) pursuant to § 13.1-521 A of the Act, the Defendant be fined \$30,000 for his violations of §§ 13.1-502 (1), 13.1-504 A (i) and 13.1-507 of the Act; (ii) pursuant to § 12.1-33 of the Code, the Defendant be penalized in the amount of \$100,000 for failing or refusing to obey the Settlement Order entered on December 13, 2011. However, the \$100,000 penalty will be waived pursuant to § 13.1-521 C of the Act if the Defendant pays restitution in the amount of \$21,000 to the Complainant within 30 days of the entry of the Commission's order in this proceeding; (iii) pursuant to § 13.1-518 A of the Act, the Defendant be assessed the amount of \$9,500 to pay the actual costs of the Division's investigation; and (iv) pursuant to § 13.1-519 of the Act, the Defendant be permanently enjoined from transacting business in Virginia as a broker-dealer, agent, investment advisor, investment advisor representative, issuer or agent of the issuer and any future violations of the Act.

The Report allowed the parties 21 days to provide comments. Neither the Defendant nor the Division filed comments.

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 § 13.1-521 A of the Act, the Defendant shall be fined in the amount of \$30,000 for his violations of the Act.
- (2) Pursuant to § 12.1-33 of the Code, the Defendant shall be fined in the amount of \$100,000 for failing or refusing to obey the Settlement Order entered by the Commission on December 13, 2011. However, the \$100,000 penalty will be waived pursuant to § 13.1-521 C of the Act if the Defendant pays restitution in the amount of \$21,000 to the Complainant within 30 days of the entry of this Judgment Order.
- (3) Pursuant to § 13.1-519 of the Act, the Defendants are hereby PERMANENTLY ENJOINED from: (i) transacting business in Virginia as a broker-dealer, agent, investment advisor, investment advisor representative, issuer or agent of the issuer; and (ii) violating the Act in the future.
- (4) Pursuant to § 13.1-518 A of the Act, the Defendant is assessed the amount of \$9,500, to pay the actual costs of the Division's investigation.
- (5) This case is dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. SEC-2011-00049
FEBRUARY 25, 2014**

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

v.

FINTEGRA, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Fintegra, LLC ("Fintegra") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based on the investigation, the Division alleges the following:

Fintegra is a registered broker-dealer in Virginia with its principal office in Minneapolis, Minnesota. The company was organized in January 1998 and has been registered with the Division in Virginia since April 5, 2000.

Based upon the Division's investigation, from May 16, 2008 to July 15, 2009, Fintegra employed John Robert Graves ("Graves") as an agent of the broker-dealer. At that time, Graves also was a registered investment advisor representative with Compass Financial Advisors, LLC ("Compass"). During this period, the president of Compass was John Lauer ("Lauer"), who also was the chief operating officer for Fintegra, chairman of Fintegra's Board of Directors, and the chief executive officer of Fintegra's parent company, Compass Financial Holdings, LLC, n/k/a Fintegra Holdings, LLC.

Additionally, based on the Division's investigation, while employed by Fintegra, Graves offered and sold unregistered and fraudulent promissory notes ("Notes") to Virginia investors, including Fintegra clients, from his office in Fredericksburg, Virginia. These Notes included promissory notes issued by Brooke Point Management, Inc. ("BPM") and Dupont Auburn Real Estate, LLC ("DARE") – the latter of which was formed by Lauer in February 2009. Graves had not disclosed to Fintegra or Compass as an outside business activity his involvement with the offer and sale of either BPM or DARE Notes.

Further, based on the Division's investigation, in January 2009, Compass received copies of blank promissory notes for BPM with Graves' name on them and questioned him about the notes. The review was conducted by persons who were employed by and had supervisory duties both for Compass and Fintegra, including Lauer. There is no record that these individuals notified Fintegra's compliance officer about the matter in January 2009 or that Graves received any disciplinary action. On the contrary, based on the Division's investigation, Graves continued to sell BPM and DARE promissory notes for several more months before personnel who discovered the notes in January 2009 notified Fintegra's compliance officer in June 2009. Fintegra terminated Graves on July 15, 2009 and, subsequently, terminated Lauer in November 2009.

On October 4, 2011, the United States Department of Justice filed an indictment against Graves regarding his fraudulent activities. On April 27, 2012 and following a jury trial, Graves was convicted of securities fraud, mail fraud, wire fraud, and making a false statement to the Federal Bureau of Investigation relating to the offer and sale of the Notes.

Following Graves' termination, several investors who purchased Notes from Graves pursued claims against Fintegra in arbitration. Fintegra subsequently resolved these claims through a settlement of the arbitration.

The Division alleges that Fintegra violated its duty to supervise Graves in connection with his offer and sale of Notes. Pursuant to 21 VAC 5-20-260 A of the Commission's rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"), a broker-dealer shall be responsible for the acts, practices, and conduct of its agents in connection with the sale of securities until such time as the agents have been properly terminated. Additionally, Rule 21 VAC 5-20-260 B requires broker-dealers to exercise diligent supervision of the securities activities of all its agents.

Here, the Division alleges that Fintegra failed to diligently supervise its former agent Graves by failing to do the following: (1) act to prevent securities fraud in regard to the Notes sold by Graves; (2) employ an adequate number of qualified staff to supervise the conduct of Graves and its other agents in connection with securities transactions; (3) maintain supervisory policies and procedures that adequately address the supervision of promissory note transactions executed by Graves; and (4) conduct an inspection of Graves' Fredericksburg business office while Graves was employed by Fintegra, as required by Rule 21 VAC 5-20-260 F (formerly Rule 21 VAC 5-20-260 E (2)).

Based upon the investigation, the Division thus alleges that Fintegra violated: (i) Rule 21 VAC 5-20-260 B by failing to diligently supervise the securities activities of its former agent, Graves; and (ii) Rule 21 VAC 5-20-260 F (formerly Rule 21 VAC 5-20-260 E (2)) by failing to conduct an inspection of Graves' Fredericksburg business office while Graves was employed by Fintegra.

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.

Fintegra 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, Fintegra has made an offer of settlement to the Commission wherein Fintegra will abide by and comply with the following terms and undertakings:

(1) In lieu of paying penalties, Fintegra will affirm that it has provided restitution payments in the total amount of \$100,000 to three investors, identified as Investors A through C ("Investors"), by submitting to the Division, within 60 days of the date of this Order, proof of mailing of payment to

Investors and an affidavit, executed by an authorized representative of Fintegra, which contains the date on which payment was sent to each Investor and the amount of each payment. As part of the affidavit, Fintegra shall include copies of the checks sent to each Investor.

(2) Fintegra acknowledges that it is responsible for the acts, practices, and conduct of its agents in connection with securities transactions while employed by the company, and in doing so, Fintegra agrees it shall employ the resources necessary to diligently supervise the securities activities of its agents, especially in connection with securities offered pursuant to § 13.1-514 B (13) of the Act, Regulation D of the Securities Act of 1933, 17 CFR § 230.501 *et seq.*, or other illiquid securities.

(3) Fintegra agrees to ensure that Lauer (CRD #1467522) will not act as a broker-dealer, agent or investment advisor representative of Fintegra, and of its parent or subsidiary companies, or its affiliates. Additionally, Fintegra agrees to ensure that Lauer will not serve as a principal, manager, supervisor, or executive of Fintegra, any of its parent or subsidiary companies, or its affiliates.

(4) Fintegra will pay \$20,000 to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, to defray the costs of investigation.

(5) Fintegra will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Fintegra.

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

Accordingly, IT IS ORDERED THAT:

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

(2) Fintegra 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 Fintegra's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2013-00003
OCTOBER 2, 2014**

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

v.

JAMES F. CRAWFORD
and
NEAL M. WOODARD,
Defendants

AMENDED 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) This Order shall not be construed, and is no way intended, to serve as a basis for any statutory or regulatory disqualification nor is the effect of this Order intended to reach conduct governed by other states, or matters regulated by the Financial Industry Regulatory Authority or the Securities and Exchange Commission.

(8) The Defendants will not violate the Act in the future.

The Division recommends that the Commission accept the Amended Settlement Order of the Defendants.

NOW THE COMMISSION, upon consideration of this matter and upon recommendation of the Division, is of the opinion and finds that the Settlement Order entered in this docket on July 8, 2013, is hereby amended as set forth in Undertaking Paragraph 7 of this Amended Settlement Order.

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-2013-00007
JANUARY 22, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHANELLO'S PIZZA INTERNATIONAL, INC.,
Defendant

FINAL ORDER

On July 9, 2013, 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 Chanello's Pizza International, Inc., has 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 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-2013-00011
MARCH 13, 2014**

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

v.

RESULTS TAX LIENS MANAGEMENT, LLC,
RESULTS AUCTIONS, LLC,
CLIFTON RAY KADERLI,
GREG A. BUTCHER,
and
ADOLF CROSBY WOOD,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Results Tax Liens Management, LLC ("Results Tax"), Results Auctions, LLC ("Results Auctions"), Clifton Ray Kaderli ("Kaderli"), Greg A. Butcher ("Butcher"), and Adolf Crosby Wood ("Wood") (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 the investigation, the Division alleges:

(1) Results Tax was organized as a Virginia limited liability company on November 17, 2010. Kaderli and Wood are its managing members. Results Tax acquires and manages real estate tax liens for investing clients. Results Tax sold securities to 18 investors totaling \$674,600 between November 2011 and November 2012. Investors received a document labeled Agency Agreement for Tax Lien Investing ("Agreement").

(2) The Agreement is a security in the form of an investment contract. Results Tax advertised its securities to the public through its website and at business seminars and investment fairs. The securities are not registered with the Division and do not qualify for an exemption from registration. Kaderli and Wood are not registered with the Division as agents of the issuer Results Tax.

(3) Results Auctions was organized as a Virginia limited liability company on December 29, 2010, for the purpose of obtaining loans from private lenders to purchase inventories of firearms from auctions and estates. Kaderli and Butcher are its managing members. Results Auctions sold securities to two investors totaling \$124,350 between September 2011 and January 2012. Investors received a document labeled "Proposed Investor Agreement." The agreement is a security in the form of an evidence of indebtedness. The securities are not registered with the Division and do not qualify for an exemption from registration. Kaderli and Butcher are not registered with the Division as agents of the issuer Results Auctions.

(4) The Defendants violated (i) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration; (ii) Kaderli, Butcher, and Wood violated § 13.1-504 A (i) of the Act by transacting business in the Commonwealth of Virginia without being registered with the Division as agents of the issuer; and (iii) Results Tax and Results Auctions violated § 13.1-504 B of the Act by employing unregistered agents, Kaderli, Butcher, and Wood, in the offer and sale of securities.

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").

Prior to the entry of this Order, the Defendants voluntarily offered rescission to each of the Results Tax and Results Auctions' investors and paid back those investors who accepted rescission.

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 not violate the Act in the future.
- (2) The Defendants will provide each investor with a copy of this Order.

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-2013-00029
JUNE 3, 2014**

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

v.
INDEPENDENT FINANCIAL GROUP, LLC,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of Independent Financial Group, LLC ("IFG" or "Defendant"), 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) IFG agents James Crawford ("Crawford") and Neal M. Woodard ("Woodard") (collectively "Agents"), who reside and do business in the Commonwealth of Virginia ("Virginia"), failed to receive adequate training in the sale of publicly registered non-traded real estate investment trusts ("REIT(s)"), which are a subset of investments commonly referred to as "alternative investments." IFG's Agents in Virginia made material misrepresentations and untrue statements of fact in the offer and sale of these securities in violation of § 13.1-502 (2) of the Act. Specifically, these Agents improperly marketed alternative investments, designated as high risk securities, to some of their retail brokerage clients in Virginia as lower to moderate risk securities. IFG also failed to implement adequate compliance procedures to monitor the Agents' sale of these securities. As a consequence, in selling these high risk securities to IFG's Virginia clients, IFG's Agents recommended the purchase of, and sold these securities in, high and unsuitable concentrations in violation of 21 VAC 5-20-280 A (3) of the Commission's Rules Governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules").

(2) Pursuant to Rule 21 VAC 5-20-260 B, a broker-dealer must exercise diligent supervision over the securities activities of all of its agents. By failing to adequately train these Agents and by failing to implement adequate compliance procedures to track and monitor the alternative investment sales activities of these Agents, IFG violated Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D. Also, pursuant to Rule 21 VAC 5-20-260 A, a broker-dealer is responsible for the acts, practices, and conduct of its agents in connection with the sale of securities, including the violations of § 13.1-502 (2) of the Act by misrepresentations regarding the risks associated with alternative investments to IFG clients. Also, IFG violated Rule 21 VAC 5-20-280 A (3) for clearing trades made by Crawford and Woodard that were unsuitable.

Defendant and Its Agents' Backgrounds

(3) IFG is a broker-dealer registered (CRD #7717) to offer and sell securities within Virginia. Its principal offices are located in San Diego, California, and it maintains affiliated offices in Virginia.

(4) Crawford is a broker-dealer agent registered (CRD #1327638) to offer and sell securities within Virginia. From March 2012 through December 2012 ("relevant time period"), Crawford was a registered agent of IFG. During the relevant time period, Crawford offered and sold securities through IFG out of an affiliated office in Harrisonburg, Virginia.

(5) Woodard is a broker-dealer agent registered (CRD #5461015) to offer and sell securities within Virginia. During the relevant time period, Woodard offered and sold securities through IFG out of an affiliated office in Harrisonburg, Virginia.

(6) During their time as agents with IFG, Crawford and Woodard offered, as part of a total investment strategy, a class of securities referred to as "alternative investments" to IFG clients, which included investments tied to real estate such as REIT. Crawford and Woodard presented these alternative investment strategies to some of their clients who they believed met the general suitability requirements to purchase such investments.

Background on Alternative Investments Sold by the Defendant

(7) 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 on real estate. 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.

(8) 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 are also, however, REITs that are non-publicly traded. Non-publicly traded REITs also are registered with the SEC, but they are illiquid, long-term investments designed to produce income, with an ultimate goal of appreciation when the REIT either sells its portfolio of real

estate or undergoes a public offering. Additionally, for tax and regulatory 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 IFG clients were publicly reporting non-publicly traded REITs. Although not publicly traded, these REITs have reporting requirements provided under Section 13(a) or 15(d) of the Securities Exchange Act, 15 U.S.C § 78a, *et seq.*

(9) In almost every case, the REITs offered by Crawford and Woodard were newly formed entities with limited operating history. However, these newly formed entities were sponsored by companies that had been doing business syndicating and managing REITs for many years. The sponsoring companies had principals, managers and board members with experience managing such investments and investment funds for the benefit of retail and institutional investors. These REITs 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

(10) 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.

(11) Other significant risks associated with these products, in particular REITs, as generally expressed in the disclosure documents, and summarized here, included the following:

- In instances where the REITs 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.
- Though the REIT companies were managed by companies in the business of managing real estate and syndicating REIT investments, the REITs 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.
- There was no guarantee of income distributions from the REITs.
- REITs were permitted to use offering proceeds to pay distributions to investors and to borrow funds for a variety of purposes, including to pay distributions.
- Certain REITs had the ability to incur debt for operations from the equity in the property purchased which could lead to an inability to pay distributions to shareholders and could facilitate a possible decrease in the value of the investment.
- REITs depended on the management expertise 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.

Internal Compliance and Suitability Standards for Selling Alternative Investments at IFG

(12) The alternative investments offered and sold by the IFG agents were typically classified as non-conventional investments ("NCIs") within the brokerage industry, in part, because they were non-publicly traded and illiquid in nature.

(13) Because NCIs can be 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 National Association for Securities Dealers ("NASD") issued a notice to member firms, of which IFG was a member, in 2003. NASD Notice to Members 03-71 ("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.

(14) Although IFG's Compliance Manual discusses suitability, IFG did not adequately apply the standards in the Notice to the sale of non-publicly traded REITs in its compliance manual, nor did IFG make certain that Crawford and Woodard were aware of the particulars set forth in the Notice prior to engaging them as registered representatives of the firm. IFG required that investors confirm their suitability for direct participation programs and that investors complete a Direct Participation Program Suitability Questionnaire before a purchase request was cleared. IFG reviewed the transaction, including the suitability information provided and the financial status of the investor, prior to approval of the purchase of alternative investments by its customers. Crawford and Woodard completed and submitted to IFG the required forms in connection with their non-traded REIT transactions.

(15) In recommending the purchase of alternative investments, IFG agents were required to use care to ensure that the concentration of alternative investments within a client's investment portfolio was suitable for the client, in part, because of the liquidity and other risks associated with these investments. In general, firms within the retail brokerage industry have compliance guidelines for determining suitable concentration levels of non-publicly traded and illiquid alternative investments for individual clients based on a client's investment profile.

(16) IFG did not impose on its agents specific guidelines regarding concentration in NCIs, except to the extent that there were product-specific concentration guidelines provided by certain states.

IFG Agents' 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 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 due to the fact that they were being purchased toward the end of their offering period.

(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," contrary to IFG's compliance guidance and regulatory requirements cautioning against the minimization of risks associated with these types of products.

(20) 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, some of the 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 investments 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. Although in general it is recognized that diversification may be a means of mitigating risk, the way that Crawford and Woodard presented this risk mitigation to certain customers understated the actual risk of investing in the REITs.

(21) Representing that the risks disclosed in the offering documents 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 all of the operational risks 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 offered by established companies in early-stage funds 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 during this time period did not eliminate the risks associated with the investment, as stated in the disclosure documents.

(22) For example, fluctuations in the value of real estate over time would have had a dramatic influence on the value of a REIT as it would impact any real estate investment, 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 some of them were minimized by Crawford and Woodard.

The Defendant's Failure to Conduct an Adequate Suitability Determination

(23) On several occasions, Crawford and Woodard also failed to make an appropriate suitability determination when recommending the alternative investments they sold to IFG clients. In some cases, 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 IFG clients into high concentrations of alternative investments. In other cases, Crawford and Woodard considered the mitigated risk of a particular REIT to be sufficiently reduced so as to be appropriate to sell in large concentrations to clients who were unaccredited investors.

(24) Crawford and Woodard considered placement in alternative investments, in particular REITs, as an option for IFG clients even before they had completed the necessary steps to determine suitability and made their decision to steer clients into alternative investments based in large part on the amount of money their clients had.

(25) Crawford and Woodard also placed some of their clients into inappropriately high concentrations of high risk alternative investments in relation to their net worth exclusive of home, furnishings and automobiles ("net worth exclusive") and liquid net worth. Considering net worth exclusive and liquid net worth was an important extra component in determining the suitability of these particular investments because of the illiquidity risks they carried.

(26) Out of 31 transactions conducted during the relevant time period, IFG cleared five trades for Crawford and Woodard's clients that made the total concentration of high risk alternative investments in their portfolio in excess of 25% of their net worth exclusive. Out of these five transactions, four trades were cleared by IFG for clients having less than \$1 million in assets including their personal residence. This is an important factor to consider in determining suitability and is generally used as a benchmark within the brokerage industry to gauge the level of an investor's financial sophistication and ability to comprehend complex investments such as NCIs.

(27) Out of these 31 transactions during the relevant time period, IFG also cleared seven trades for clients whose net worth was less than \$1 million and whose total concentration of high risk alternative investments in their portfolios was in excess of 20% of their liquid net worth.

(28) Based on the conduct as described above, the Division alleges that IFG Agents violated § 13.1-502 (2) of the Act by making materially untrue statements or omissions of fact in the offer and sale of securities through Crawford and Woodard. The Division further alleges that IFG allowed Crawford and Woodard to violate Rule 21 VAC 5-20-280 A (3) by recommending to some of their 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.

(29) The Division further alleges that IFG failed to adequately train Crawford and Woodard and failed to implement adequate compliance procedures to track and monitor the alternative investment sales activities of Crawford and Woodard, in violation of Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D.

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 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 ("Treasurer"), contemporaneously with the entry of this Order, the amount of Thirty Thousand Dollars (\$30,000) in monetary penalties.

(2) The Defendant 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) The Defendant acknowledges that it is responsible for the acts, practices, and conduct of its Agents in connection with securities transactions while they were acting as registered representatives affiliated with the firm, and in doing so, the Defendant agrees it shall enhance its compliance measures and supervision policies to more closely and diligently supervise the securities activities of its Virginia agents, especially in connection with monitoring the offer and sale of alternative investments.

(4) The allegations and recitation of investigative findings in this Order are expressly limited to the conduct of Crawford and Woodard during the relevant time period and for specified transactions. The Division's allegations do not extend to actions of other IFG registered representatives or other transactions and the effect of this Order is not intended to reach conduct governed by other states, or matters regulated by the Financial Industry Regulatory Authority or the SEC.

(5) If Crawford and Woodard remain affiliated with IFG, the Defendant will conduct two (2) separate training sessions with both Crawford and Woodard within one (1) year from the date of entry of this Order to ensure that their presentation of investment opportunities to clients is complete, balanced and consistent with IFG's standards and regulatory requirements. Upon such training being completed, IFG will submit an affidavit to the Division attesting to Crawford and Woodard having completed such training and the dates upon which such training was completed. If Crawford and Woodard's affiliation with IFG ends prior to the obligation to either conduct the training or report, IFG will notify the Division that such termination has taken place.

(6) The Defendant will not violate the Act in the future.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant fully complies 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 Defendant 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) This Order is not intended to serve as the basis for a disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934 or under 17 CFR 230.506(d), and such disqualification should not arise as a consequence 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 Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2013-00035
SEPTEMBER 26, 2014**

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

v.
PAUL W. SOUDER,
Defendant

ORDER

On October 30, 2013, the State Corporation Commission ("Commission") entered a Settlement Order¹ in the above-entitled case. As a part of the Settlement Order, the Defendant, Paul W. Souder ("Defendant"), agreed to allow BB&T Bank ("BB&T") and TD Ameritrade, Inc. ("Ameritrade") to freeze all accounts that contain funds or securities obtained or purchased by the Defendant in connection with any investment advisory services that the Defendant provided within the Commonwealth of Virginia until further order of the Commission.

On September 3, 2014, the Defendant was sentenced in the United States District Court, Western District of Virginia ("U.S. District Court, Western District of Virginia ") to: (1) a period of 20 months incarceration, (2) a \$200 assessment, and (3) \$664,321.30 in restitution. A copy of the Judgment in *United States of America v. Paul Souder*, DVAW514 CR000018-001, dated September 10, 2014, is attached hereto and incorporated herein by reference. The Judgment is marked as Attachment 1.

As a result of the Judgment, and pursuant to the Settlement Order, the Commission may direct the release of the Defendant's assets that were frozen to pay towards restitution. The amount of assets being held by BB&T is \$54,449.94, and by Ameritrade is \$45,017.59.² BB&T and Ameritrade shall remit these amounts to: Erica Foster, Financial Technical, U.S. District Court, Western District of Virginia, 1101 Court Street, Suite A66, Lynchburg, Virginia 24504.

The Division of Securities and Retail Franchising recommends that the Commission release these amounts to the U.S. District Court to provide partial restitution to the Defendant's victims.

NOW THE COMMISSION, upon consideration of the terms of the Settlement Order and the Judgment of the U.S. District Court, Western District of Virginia, finds that it is appropriate for the assets being held by BB&T and Ameritrade be released.

Accordingly, IT IS ORDERED THAT:

- (1) BB&T shall release the amounts being held for the benefit of the Defendant to the U.S. District Court, Western District of Virginia.
- (2) Ameritrade shall release the assets being held for the benefit of the Defendant to the U.S. District Court, Western District of Virginia.
- (3) All undertakings and provisions of a continuing nature set forth in the prior Settlement Order remain in full force and effect.
- (4) Entry of this Order shall not affect any duty or obligation to disclose the existence or nature of this matter or of any order entered herein.
- (5) This case is dismissed and the papers herein shall be filed among the ended cases.

NOTE: A copy of Attachment 1 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 Doc. Con. Cen. No. 13180818.

² This is the current liquidation value of the assets in the brokerage account. The liquidation value is subject to change due to account activity or market fluctuations.

**CASE NO. SEC-2013-00042
JULY 15, 2014**

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

v.
GEORGE K. TUMA,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of George K. Tuma ("Tuma") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Based on the Division's investigation, Tuma was involved in the offer and sale of limited liability company membership interests for Bio-Fuel Development Company, LLC ("Bio-Fuel"). Bio-Fuel was formed in December 2005 to support development projects in the ethanol industry in the United

States and Germany. Richard W. Starnes ("Starnes") was the manager of Bio-Fuel and oversaw its activities pursuant to the company's operating agreement. As part of its business, Bio-Fuel, through Starnes and Tuma, offered and sold membership interests in the company to at least 32 individuals from September 2006 through December 2012.

Following its review of information obtained during the investigation, the Division alleges that the membership interests in Bio-Fuel are "securities" subject to regulation under the Act. The Division further alleges that the membership interests neither were registered with the Division, nor were the membership interests exempt from registration. Similarly, the Division alleges that neither Bio-Fuel, Starnes, nor Tuma were registered with the Division and were not exempt from registration.

Based on the investigation, the Division alleges that Tuma violated: (i) § 13.1-504 A (i) of the Act by transacting business in the Commonwealth of Virginia without duly being registered with the Division as an agent of the issuer; and (ii) violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

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.

Tuma 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, Tuma has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

(1) Tuma will pay to the Treasurer of the Commonwealth of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Three Thousand Dollars (\$3,000) in monetary penalties.

(2) Tuma will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.

(3) Tuma is enjoined, for a period of five (5) years from the date of entry of this Order, from registering as an agent of an issuer or broker-dealer, registering as an investment advisor representative, registering as a broker dealer or investment advisor, or offering or selling securities in the Commonwealth of Virginia.

(4) Tuma will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Tuma.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of Tuma in settlement of the matter set forth herein is hereby accepted.
- (2) Tuma shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2014-00002
JANUARY 15, 2014**

APPLICATION OF
ALLEGIANCY, 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 Allegiency, LLC ("Allegiency"), dated June 17, 2013, with attached exhibits, and subsequently amended, requesting that Class A and Class B Units of Membership Interest ("Class A and Class B 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 Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Allegiency is a Delaware limited liability company that has its business based in Virginia; (ii) Allegiency intends to offer and sell up to 499,997 Class A Units for an aggregate amount of \$4,999,970, and (iii) Allegiency is registering 999,994 of the Class B Units for future conversion of the Class A Units. The Class A Units will be offered and sold by registered broker-dealers.

NOW THE COMMISSION, based on the facts asserted by Allegiancy 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 the terms or conditions of Allegiancy's offering may be made in the offering circular without prior submission to the Division and acceptance by the Commission.

**CASE NO. SEC-2014-00004
FEBRUARY 18, 2014**

APPLICATION OF
TRUSTEES OF THE FUNDS OF THE
PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

For an official interpretation pursuant to § 13.1-525 of the Code of Virginia

OFFICIAL INTERPRETATION

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by letter-application of Trustees of the Funds of The Protestant Episcopal Church in the Diocese of Virginia ("Trustees of the Funds") received on December 19, 2013, and filed pursuant to § 13.1-525 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by its counsel and upon payment of the requisite fee. The Board of the Trustees of the Funds ("Board") has requested a determination that Trustees of the Funds, the members of the Board and certain employees described below be exempt from the registration requirements as an investment advisor and investment advisor representatives respectively, pursuant to § 13.1-504 A of the Act. The pertinent information contained in the application is summarized as follows:

Trustees of the Funds is a Section 509(a)(3) tax-exempt, not-for-profit supporting organization founded by The Protestant Episcopal Church in the Diocese of Virginia ("Church"), a not-for-profit religious organization exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended. Trustees of the Funds was chartered in 1992 by an act of the General Assembly of Virginia and was incorporated in 1901. The purpose of Trustees of the Funds is to provide churches in, and related organizations of, the Church with the ability to invest their funds in a unitized investment pool offered by Trustees of the Funds and take advantage of economies of scale, greater diversification, lower fees, and access to better investment managers.

The participants in Trustees of the Funds are all tax-exempt, not-for-profit organizations who are members of the Church. All the participants' funds are invested in a single pool.

The management and oversight of Trustees of the Funds rests with its Board. The Board consists of volunteers who are members of an Episcopal Church in the Diocese of Virginia and who are residents in the Diocese of Virginia. The Board determines with whom to invest the pooled funds and in what products to invest the pooled funds. The members of the Board are not compensated.

The Board invests the pooled funds in three ways: (i) directly in individual equity and bond mutual funds, (ii) directly in private equity and hedge funds, and (iii) through registered investment advisors and broker-dealers who actively manage a portion of the overall pool. The Board selects the mutual funds and private equity and hedge funds in which to invest a portion of the funds. However, all investment decisions with respect to securities within mutual funds or purchased separately are made by registered investment advisors, and all trades are effected through registered broker-dealers.

Trustees of the Funds has no employees, but the Church provides to Trustees of the Funds the use of two employees of the Church. These employees provide accounting and other administrative services to Trustees of the Funds. Trustees of the Funds reimburses the Church for a portion of these employees' salaries based upon the percentage of the employees' time spent on Trustees of the Funds' business. In addition, Trustees of the Funds charges back to the churches that participate in Trustees of the Funds the actual costs associated with managing the assets. These costs are comprised of the costs of the auditor, master custodian, registered investment advisors, the registered consultant, Board meeting expenses, postage, legal expenses, and the costs of the two employees provided by the Church.

Section 13.1-504 A of the Act provides that it is unlawful for any person to transact business in the Commonwealth of Virginia as an investment advisor or an investment advisor representative without registration. Section 13.1-501 defines an investment advisor as: "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities." The key to this definition is that a person must be compensated for providing advice to others. Trustees of the Funds does not receive compensation for providing an investment pool but is reimbursed only for direct operational expenses incurred, without mark-up.

In addition, Trustees of the Funds has asked whether: (a) the Board members of the Trustees of the Funds and (b) the employees provided by the Church would be considered investment advisor representatives for purposes of the Act. An investment advisor representative is defined in § 13.1-501 of the Act as: a person, except clerical or ministerial personnel, who is employed by an investment advisor and who provides certain services as described in the definition.

In this case, the Board members of the Trustees of the Funds are all volunteers and do not receive any compensation for managing the funds of the Trustees of the Funds.

Further, the employees provided by the Church are not employees of the Trustees of the Funds. Moreover, while Trustees of the Funds reimburses the Church for a portion of these employees' salaries, the employees are performing only clerical and other ministerial duties to the Trustees of the Funds. Neither of these employees provides services as an investment advisor representative, as described in the definition under § 13.1-501 of the Act.

NOW THE COMMISSION, upon consideration of this matter and in reliance upon the facts and representations contained in the application, is of the opinion and finds that Trustees of the Funds of the Church is exempt from the registration requirements under § 13.1-504 A of the Act. In addition, (a) since the members of the Board of Trustees of the Funds are not compensated for services provided to Trustees of the Funds as defined under the Act and (b) the employees that are provided by the Church are providing only clerical and ministerial duties to the Trustees of the Funds, both therefore, are not acting as investment advisor representatives as defined under the Act.

Accordingly, IT IS ORDERED THAT the Trustees of the Funds of the Church is not required to register as an investment advisor. In addition, the Board of the Trustees of the Funds and the employees provided by the Church are not required to register as investment advisor representatives.

**CASE NO. SEC-2014-00007
FEBRUARY 4, 2014**

APPLICATION OF
UT CITYWIDE PARTNERS, 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 UT Citywide Partners, LLC ("UT Citywide"), dated October 31, 2013, with attached exhibits, and subsequently amended, requesting that 1,500 Units in UT Citywide ("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 Two Hundred Fifty Dollars (\$250) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) UT Citywide is a Virginia limited liability company whose primary asset is a membership interest in UT Citywide, LLC, a Virginia licensed settlement and title insurance agency; and (ii) UT Citywide intends to offer and sell 1,500 Units for an aggregate amount of up to \$45,000. The Units will be offered and sold by an agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by UT Citywide 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 a confidential offering memorandum, a copy of which is filed as a part of the record.

No material change in UT Citywide's conditions or terms of offering may be made in the confidential offering memorandum without prior submission to the Division and acceptance by the Commission.

**CASE NO. SEC-2014-00009
MARCH 13, 2014**

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

v.
MARK D. KINSER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Warren Street Partners, LLC ("Warren Street") and Mark D. Kinser ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). The investigation concerned the general solicitation of unregistered Warren Street membership units, as well as the Defendant's diversion of investment funds for unauthorized purposes.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-507 of the Act for offering and selling unregistered securities in the general solicitation of Warren Street investors in violation of the prohibition against general solicitation under Federal Regulation D, Rule 506¹; and (ii) § 13.1-502 (2) of the Act by diverting investment funds from Warren Street to Unlimited Construction, Inc. ("Unlimited Construction"), a company controlled by the Defendant. The Division alleges as follows:

(1) The Defendant is an individual residing in Radford, Virginia. From April 27, 2009, until late 2012, the Defendant was the Managing Member of Warren Street.

¹ Regulation D, Rule 506, is an exemption from registration under the Securities Act of 1933, 15 U.S.C. 77a *et seq.*, 17 C.F.R. § 203.506. Notice of the offering must be filed with the Commission pursuant to 21 VAC 5-45-20 of the Commission's rules governing Federal Covered Securities, 21 VAC 5-45-10 *et seq.* An issuer who fails to follow the requirements of Regulation D, Rule 506, loses the exemption and must be registered under the Act pursuant to § 13.1-507 of the Act.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) Warren Street is a Virginia limited liability company formed by the Defendant on April 27, 2009, with an office at 140 East Main Street, Radford, Virginia 24141.

(3) Warren Street was purported to be a single purpose entity created to purchase a parcel of land close to Lane Stadium in Blacksburg, Virginia, from its original developers, the Legends of Blacksburg, and to build a 72 unit "game day" luxury condominium (the "Project").

(4) Warren Street has at least two classes of equity: (a) Class A Units; and (b) Class B Units. Warren Street's Operating Agreement authorizes the manner in which investment funds obtained from the sale may be used.

(5) To date, the Defendant and Colosseum Holdings, Inc. ("Colosseum"), own 100% of Warren Street's Class A Units. The Defendant is the President of Colosseum.

(6) The Division alleges that Warren Street received approximately \$3.45 million from the sale of Warren Street securities to at least nine investors. Each of the nine investors purchased Warren Street's Class B Units at \$10 per unit.

(7) The Division also alleges that the Defendant diverted investors' funds from Warren Street to Unlimited Construction in direct contravention of the Warren Street Operating Agreement. The Defendant is President, Chief Executive Officer and Secretary of Unlimited Construction.

(8) In addition, in the fall of 2012, the Defendant is alleged to have participated in the general solicitation of securities by sending a mass mailing to potential investors in violation of Federal Regulation D, Rule 506.

(9) On December 11, 2012, Warren Street filed for Chapter 11 bankruptcy protection in the Western District of Virginia ("Court"), Case No. 12-72179-RCR. In an effort to reorganize Warren Street and continue the Project, a majority of the Warren Street investors formed WSP NEWCO, LLC in 2013 ("NEWCO"). On January 14, 2014, Warren Street and NEWCO filed a Joint Second Amended Disclosure Statement and Joint Second Amended Plan of Reorganization ("Second Amended Plan of Reorganization") with the Court intended towards that goal. As represented in these filings, Defendant entered into an agreement with NEWCO to assign his ownership interest and Colosseum's ownership interest in Warren Street to NEWCO.

(10) Also, as part of the bankruptcy proceeding, the Defendant has agreed to relinquish Unlimited Construction's general unsecured claim in the amount of \$61,933.36 against Warren Street.

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 the allegation of a violation of § 13.1-507 of the Act, as well as the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). The Defendant neither admits nor denies the allegation of a violation of § 13.1-502 (2) of the Act.

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 provide to the Division within thirty (30) days of the date of the Court's Confirmation Order of the Second Amended Plan of Reorganization a copy of the agreement between NEWCO and the Defendant relinquishing his ownership interest and the ownership interest of Colosseum in Warren Street.

(2) In lieu of a penalty, the Defendant will provide a copy of the document to the Division within thirty (30) days of the date the Court's Confirmation Order of the Second Amended Plan of Reorganization relinquishing Unlimited Construction's general unsecured claim in the amount of \$61,933.36 against Warren Street.

(3) The Defendant will not act as an issuer, agent of the issuer, agent of a broker-dealer, an investment advisor, or investment advisor representative for a period of five (5) years from the date of this Order.

(4) The Defendant will provide a copy of this Order to all investors within thirty (30) days of the date of the entry of this Order.

(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 and finds 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 over 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-2014-00011
MARCH 13, 2014**

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

v.

JAMES D. OLIVER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Warren Street Partners, LLC ("Warren Street") and James D. Oliver ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). The investigation concerned the general solicitation of unregistered Warren Street membership units, as well as the Defendant's diversion of investment funds for unauthorized purposes.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-507 of the Act for offering and selling unregistered securities by participating in the general solicitation of Warren Street investors in violation of the prohibition against general solicitation under Federal Regulation D, Rule 506;¹ and (ii) § 13.1-502 (2) of the Act by diverting investment funds from Warren Street to Unlimited Construction, Inc. ("Unlimited Construction"), a company controlled by Mark D. Kinser ("Kinser"), the former Managing Member of Warren Street. The Division alleges as follows:

(1) The Defendant is an individual residing in Christiansburg, Virginia. From July 2012 to date, the Defendant was the manager of Warren Street. Prior to becoming the manager, the Defendant was Chief Operating Officer for Colosseum Holdings, Inc.

(2) Warren Street is a Virginia limited liability company formed by Kinser on April 27, 2009, with offices at 140 East Main Street, Radford, Virginia 24141.

(3) Warren Street was purported to be a single purpose entity to purchase a parcel of land close to Lane Stadium in Blacksburg, Virginia, from its original developers, the Legends of Blacksburg, and build a 72-unit "game day" luxury condominium.

(4) Warren Street has at least two classes of equity: (a) Class A Units; and (b) Class B Units. Warren Street's Operating Agreement authorizes the manner in which investment funds obtained from the sale may be used.

(5) The Division alleges that the Defendant participated in the diversion of investors' funds from Warren Street to a company called Unlimited Construction in direct contravention of the Warren Street Operating Agreement. Kinser is President, Chief Executive Officer and Secretary of Unlimited Construction.

(6) In addition, in the Fall of 2012, the Defendant is alleged to have participated in general solicitation by sending a mass mailing to potential investors in violation of Federal Regulation D, Rule 506. A failure to comply with Regulation D, Rule 506, means that the Defendant violated § 13.1-507 of the Act for offering unregistered securities.

(7) On December 11, 2012, Warren Street filed for Chapter 11 bankruptcy protection in the Western District of Virginia, Case No. 12-72179-RCR.

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 Defendant admits the allegation of a violation of § 13.1-507 of the Act, as well as the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). The Defendant neither admits nor denies the allegation of a violation of § 13.1-502 (2) of the Act.

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 a penalty to the Treasurer of the Commonwealth of Virginia in the amount of Ten Thousand Dollars (\$10,000) within thirty-six (36) months of the date of entry of this Order.

(2) The Defendant will not act as an agent of the issuer, agent of a broker-dealer, an investment advisor or investment advisor representative for a period of five (5) years from the date of entry of this Order.

(3) The Defendant will provide a copy of this Order to all investors within thirty (30) days of the date of entry of this Order.

(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.

¹ Regulation D, Rule 506, is an exemption from registration under the Securities Act of 1933, 15 U.S.C. 77a *et seq.*, 17 C.F.R. §203.506. The offering must be notice filed with the Division pursuant to Commission Rule 21 VAC 5-45-20 of the Commission's Rules governing Federal Covered Securities, 21 VAC 5-45-10-10 *et seq.* An issuer who fails to follow the requirements of Regulation D, Rule 506, loses the exemption and must be registered under the Act pursuant to § 13.1-507 of the Act.

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-2014-00012
JUNE 23, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PACIFIC WEST SECURITIES, INC.,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of Pacific West Securities, Inc. ("Pac West" or "Defendant"), 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) Pac West's agents in the Commonwealth of Virginia ("Virginia") made material misrepresentations and untrue statements of fact in the offer and sale of a class of high risk securities, commonly referred to as "alternative investments," in violation of § 13.1-502 (2) of the Act. Specifically, these agents improperly marketed alternative investments, designated as high risk securities, to some of their retail brokerage clients in Virginia as lower to moderate risk securities. Pac West also failed to implement adequate compliance procedures to monitor the total concentration levels of alternative investments within a client's portfolio. As a consequence, in selling these high risk securities, Pac West's agents also recommended the purchase of, and sold these securities in, high and unsuitable concentrations to some Virginia clients in violation of 21 VAC 5-20-280 A (3) of the Commission's Rules Governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules").

(2) Pursuant to Rule 21 VAC 5-20-260 B, a broker-dealer must exercise diligent supervision over the securities activities of all of its agents. By failing to adequately train its agents and by failing to establish, maintain and implement adequate compliance procedures to track and monitor the concentration levels of alternative investments within a client's investment portfolio, Pac West violated Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D. Also, pursuant to Rule 21 VAC 5-20-260 A, a broker-dealer is responsible for the acts, practices, and conduct of its agents in connection with the sale of securities. Accordingly, Pac West violated § 13.1-502 (2) of the Act when its agents made misrepresentations regarding the risks associated with alternative investments to Pac West clients. Also, Pac West violated Rule 21 VAC 5-20-280 A (3) for clearing trades made by its agents that were unsuitable for some clients.

The Defendant's and its Agents' Backgrounds

(3) Pac West was a registered broker-dealer (CRD #6390) registered to transact business in securities within Virginia. In the first quarter of 2012, due to financial difficulty, Pac West ceased operating as a brokerage firm and terminated its registration on March 5, 2012.

(4) James F. Crawford ("Crawford") is a broker-dealer agent registered (CRD #1327638) to offer and sell securities within Virginia. On July 1, 2005, Crawford became registered to act as an agent of Pac West. From this date until December 31, 2011, Crawford offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia.

(5) Neal M. Woodard ("Woodard") is a broker-dealer agent registered (CRD #5461015) to offer and sell securities within the Commonwealth. On January 31, 2008, Woodard became registered to act as an agent of Pac West. From this date until December 31, 2011, Woodard offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia, alongside Crawford.

(6) 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"). 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 Defendant and its Agents

(7) 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.

(8) 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.

(9) 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 the opportunity to own larger and more expensive real estate holdings such as commercial property.

(10) 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 Section 1031 of the Internal Revenue Code, 26 U.S.C. § 1031. Such a transaction is commonly referred to as a "1031 Exchange."

(11) 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.

(12) 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

(13) 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.

(14) 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.

Pac West's Failure to Provide Adequate Training to its Agents and Failure to Implement Adequate Suitability Standards for Selling Alternative Investments

(15) 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"). At minimum, both Crawford and Woodard were required to follow at least these guidelines for NCIs in determining whether these alternative investments were suitable for their clients.

(16) 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.

(17) 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.

(18) 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. However, Pac West failed to implement adequate guidelines for concentration within the Manual to assist in determining suitable concentrations of alternative investments for Pac West clients on a subjective basis.

(19) Despite having internal compliance measures for the sale of NCIs, Pac West also failed to provide adequate training or guidance to Crawford and Woodard in determining suitable concentrations of alternative investments within a client's portfolio.

Pac West Agents' Misrepresentations of Risk Associated with Alternative Investments

(20) 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.

(21) On several occasions, 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, in violation of the Act and Manual. 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.

(22) 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 contained in the Act, the Manual and training materials provided to Pac West agents cautioning against the minimization of risks stated in disclosure documents for investment products.

(23) 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 which would require the investor to pay any deferred capital gains tax from other sources.

(24) 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 and, in turn, had to pay from other sources.

(25) 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.

(26) 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 also had 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.

(27) It was improper to represent that the express risks disclosed in the offering documents for these products were reduced as a result of employing this strategy. 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.

(28) 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 also was a factor unrelated to the amount of offering proceeds collected. These risks and others, as expressed above in paragraph (14), continued throughout the life of these investments and were minimized by Crawford and Woodard.

Pac West Agents' Failure to Conduct an Adequate Suitability Determination

(29) 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.

(30) 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.

(31) The above-referenced transactions were carried through in large part because Pac West failed to implement adequate compliance guidelines that could detect and flag transactions in alternative investments that would result in Pac West clients having excessive concentrations of these products within their investment portfolios. Despite being made aware of high concentrations for some clients on the trade forms, Pac West cleared the trades for Investors 1, 2 and 3 and for some other clients of Crawford and Woodard's who in some cases had concentrations of alternative investments in excess of 20% of their net worth.

(32) Based on Pac West's failure to adequately train its agents, failure to supervise its agents and failure to implement adequate compliance procedures and guidelines for the sale of alternative investments, Pac West clients are known to have lost more than \$1 million.

Allegations

(33) Based on the conduct as described above, the Division alleges that Pac West violated § 13.1-502 (2) of the Act by making materially untrue statements or omissions of fact in the offer and sale of securities through Crawford and Woodard. The Division further alleges that Pac West violated Rule 21 VAC 5-20-280 A (3) by allowing Crawford and Woodard to recommend to Pac West 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.

(34) By failing to adequately train its agents and by failing to establish, maintain and implement adequate compliance procedures to track and monitor the alternative investment sales activities of Crawford and Woodard, Pac West violated Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D.

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 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 Virginia the amount of Fifty Thousand Dollars (\$50,000) in monetary penalties.

(2) Within 30 days of the date of entry of this Order, the Defendant will provide a copy of this Order via certified U.S. mail to all Virginia clients having opened a securities account with Crawford and Woodard through Pac West from July 1, 2005, to December 31, 2011. Within 45 days of the date of entry of this Order, proof of such mailing shall be provided to the Division.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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 be, and it is hereby, accepted.
- (2) The Defendant 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 Defendant under applicable law on behalf of Virginia as it relates to the violations described in this Order, up to and including activity occurring through the date of this Order.
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2014-00013
FEBRUARY 27, 2014**

APPLICATION OF
CHURCH OF GOD FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Church of God Foundation ("Foundation"), which the Commission received October 7, 2013, with attached exhibits, as subsequently amended. The application requested that the Foundation's Withdrawable Investment 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 of Foundation 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 Foundation is a Tennessee nonstock corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the Foundation intends to offer and sell the Notes in an approximate aggregate amount of up to \$20 million 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 of the Foundation who will not be compensated for their sales efforts.

Based on the facts asserted by the Foundation in the 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 Foundation's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2014-00017
MARCH 12, 2014**

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 February 24, 2014, with attached exhibits. The application requested that Fixed Rate Certificates, Demand Certificates, Individual Retirement Account Certificates, and Retirement Advantage 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 and employees 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 and employees 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 and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2014-00018
NOVEMBER 26, 2014**

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

v.

MANHATTAN PIZZA COMPANY, LLC,
TANAZ, LLC D/B/A LUV'NBERRY,

and

JACK G. AZAR,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Manhattan Pizza Company, LLC ("Manhattan Pizza"), Tanaz, LLC d/b/a Luv'nberry ("Tanaz"), and Jack G. Azar ("Mr. Azar") (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").

Manhattan Pizza, a limited liability company, organized in the Commonwealth of Virginia ("Virginia") on May 8, 2009 to operate Italian style restaurants. Additionally, Tanaz, a limited liability company, organized in Virginia on October 28, 2013 to operate frozen yogurt stores. Mr. Azar is the managing member of both Manhattan Pizza and Tanaz.

Based on its investigation, the Division alleges that Manhattan Pizza and Tanaz, through Mr. Azar, offered and sold three unregistered franchises in Virginia by providing licensing agreements to franchisees, between September 2011 and September 2013. The Division further alleges, Manhattan Pizza and Tanaz, through Mr. Azar, failed to provide Franchise Disclosure Documents to potential franchisees in connection with these sales. In addition, the franchisees entered into licensing agreements and paid franchise license fees to Manhattan Pizza and Tanaz.

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 Virginia 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 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.

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 Virginia ("Treasurer") the amount of Fourteen Thousand Dollars (\$14,000) in monetary penalties. The Defendant will submit three (3) installments. The first installment of Four Thousand Dollars (\$4,000) will be due within thirty (30) days from the date of entry of this Order, the second installment of Five Thousand Dollars (\$5,000) will be due on or before March 5, 2015, and the third installment of Five Thousand Dollars (\$5,000) will be due on or before July 9, 2015.

(2) The Defendants will pay to the Treasurer, within thirty (30) days from the date of entry of this Order, the amount of One Thousand Dollars (\$1,000) to defray the costs of investigation.

(3) Mr. Azar will complete the Franchise and Sales Management and Compliance Program sponsored by the International Franchise Association and provide evidence of completion to the Division within 120 days from the date of entry of this Order.

(4) Manhattan Pizza and Tanaz will provide to their respective franchisees a copy of this Order within thirty (30) days 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) 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-2014-00020
APRIL 1, 2014**

APPLICATION OF
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of National Covenant Properties ("NCP"), which the Commission received February 28, 2014, with attached exhibits. The application requested that 5-Year Fixed Rate Renewable Certificates, Variable Rate Certificates, Demand Investment Accounts, Individual Retirement Account Certificates, Health Savings Account Certificates, and 403(b) 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 of NCP 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) NCP is a nonprofit Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) NCP intends to offer and sell the Certificates in an approximate aggregate amount of up to \$125,000,000 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 NCP who will not be compensated for their sales efforts; and (iv) NCP will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by NCP 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 officers of NCP are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2014-00021
APRIL 14, 2014**

APPLICATION OF
COLUMBIA UNION REVOLVING 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 Columbia Union Revolving Fund ("Fund"), which the Commission received on March 31, 2014, with attached exhibits. The application requested that the Fund's 90-day Demand Promissory 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) the Fund is a Delaware corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the Fund intends to offer and sell the Notes in an approximate aggregate amount of up to \$25,000,000 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 a registered agent of the Fund; and (iv) the Fund will discontinue issuer transactions for all notes 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 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. IT IS FURTHER ORDERED that the Fund will discontinue issuer transactions for all notes previously exempted by the Commission.

**CASE NO. SEC-2014-00023
SEPTEMBER 29, 2014**

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

v.

RICHARD L. PENNINGTON, JR.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Richard L. Pennington, Jr. ("Defendant") 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:

The Defendant is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). The Defendant is not registered to offer and sell securities. The Defendant sold approximately \$150,000 in unregistered securities in the form of investment contracts issued by Voyager Financial Group, LLC ("Voyager") to two investors.

Voyager is a Delaware limited liability company with a principal business address in Little Rock, Arkansas. Voyager identifies pension income stream sellers, usually retired or disabled veterans, receiving either monthly pension payments or disability payments ("pensioner"). The Defendant, as part of Voyager's network of independent sales agents, located investors to purchase contractual assignments of these pension or disability income streams in exchange for sales commissions. Voyager and its sales agents promote investment transactions between investors and the pensioners whereby, for a lump-sum payment from the investor, the pensioner assigns to the investor the right to receive an income stream from the pensioner's monthly pension or disability payments for a pre-determined period of time, typically several years. The investors do not receive an ownership interest in the underlying asset that provides the payments to the pensioner.

Voyager drafts and supplies all of the paperwork and contracts signed by the investor. Voyager provided Pennington with spreadsheets listing the various pension types and payment amounts for sale. Investors receive monthly payments from the pensioners, facilitated by an escrow company controlled by Voyager. Frequently, pensioners redirect payments from the Voyager-controlled escrow company, thereby discontinuing payments to the investor. This is known as a "redirect." If a pensioner ceases to send their monthly pension or disability payment to the Voyager-controlled escrow company and consequently to the investor (redirect), the investor has nothing but their contract with the pensioner to enforce their legal claim to the income stream. Neither Voyager nor the agents, including the Defendant, disclosed this redirect risk to potential investors.

Voyager's pension income stream investments, described above, constitute investment contracts, and therefore, a security, pursuant to § 13.1-501 A of the Act. The Division has no record that the Voyager contracts were registered as securities or otherwise exempt from registration.

One of the Defendant's investors ("Investor 1") used all of his retirement savings from his corporate deferred compensation plan to purchase three Voyager securities offered by the Defendant. All three Voyager securities purchased by Investor 1 are no longer paying according to the terms of the contracts. Investor 1 lost approximately \$80,000 of his principal investment. Investor 1 completed a suitability form in connection with his purchase of Voyager products. Both Investor 1 and the Defendant signed the suitability form. Investor 1 listed his overall investment objective as "income," his risk tolerance as "conservative" (the most risk-adverse option listed on the suitability form) and his primary source of income as "investments." Based upon the Defendant's presentation of the Voyager securities, Investor 1 believed he was purchasing conservative, safe investment products, appropriate for preserving his principal investment amount.

The Defendant provided Investor 1 and the other Virginia investor with Voyager's marketing materials and contracts. These materials did not mention the redirect risk. The Defendant failed to disclose the redirect risk and the resulting high risk of default of Voyager's products to both investors.

Based on the investigation, the Division alleges the Defendant violated: (i) § 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 when he failed to disclose the high risk of default and the redirect risk of the investment; (ii) § 13.1-504 A (i) of the Act by transacting business in Virginia without duly being registered with the Division as an agent of the issuer, Voyager; and (iii) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

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 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 the sum of \$27,085.57 in partial restitution to two (2) Voyager investors. The total amount will be paid by the Defendant to the investors within two (2) years of the date of entry of this Order.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the cost of investigation.

(3) The Defendant will provide a copy of this Order to the investors.

(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) 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-2014-00025
APRIL 23, 2014

APPLICATION OF
HERITAGE INVESTMENT SERVICES 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 Heritage Investment Services Fund, Inc. ("HIS Fund"), which the Commission received April 3, 2014, with attached exhibits. The application requested that HIS Fund's Demand (Plus 30 days) Notes and Term Notes (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 certain officers, directors, and employees of HIS 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) HIS Fund is a Pennsylvania corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) HIS Fund intends to offer and sell Notes in an approximate aggregate amount of up to \$100,000,000 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 directors, officers, and employees of HIS Fund, who will not be compensated for their sales efforts; and (iv) HIS Fund will discontinue issuer transactions for all other 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 HIS 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, directors, and employees of HIS Fund are exempted from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2014-00026
APRIL 23, 2014

APPLICATION OF
MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund"), which the Commission received April 2, 2014, with attached exhibits. The application requested that Mission Fund's Demand Investments, Fixed and Adjustable Interest Term Investments, MIF4KIDZ Investments, and IRA/CESA/HSA program (collectively, "Mission Investments") 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) Mission Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) Mission Fund intends to offer and sell the Mission Investments in an approximate aggregate amount of up to \$250,000,000 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 registered agents for Mission Fund who will not be compensated for their sales efforts; and (iv) Mission Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of the Mission Investments described herein.

Based on the facts asserted by Mission 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.

**CASE NO. SEC-2014-00027
JULY 16, 2014**

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

v.

J. P. MORGAN SECURITIES, LLC,
Defendant

CONSENT ORDER

J. P. Morgan Securities, LLC, ("JPMS") is a broker-dealer registered in the Commonwealth of Virginia, with a Central Registration Depository number of 79; and

State securities regulators from multiple jurisdictions have conducted an investigation into the registration of JPMS sales assistants ("SAs") and JPMS's supervisory systems with respect to the registration of SAs; and

JPMS has cooperated with regulators by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations; and

JPMS has advised regulators of its agreement to resolve the multi-state investigation pursuant to the terms specified in this Consent Order ("Order"); and

JPMS agrees to make, and already has made, certain remedial changes to its registration policies, supervisory procedures, and order entry systems, and agrees to make certain payments in accordance with the terms of this Order; and

JPMS elects to permanently waive 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

JPMS agrees that the scope of the multi-state investigation is from January 1, 2004 through December 31, 2011; and

Solely for the purposes of terminating the multi-state investigations, including the investigation of the staff of the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division"), and in settlement of the issues contained in this Order, JPMS, 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 Commission, as administrator of the Virginia Securities Act ("Act") § 13.1-501 *et seq.* of the Code, hereby enters this Order:

I.

STATEMENT OF FACTS

1. JPMS admits the jurisdiction of the Commission in this matter.

Relevant JPMS Business Units

2. JPMS's legacy wealth management business unit was referred to as Private Bank within JPMS. A review of Private Bank SAs was included in the scope of this investigation.

3. In July of 2006, the legacy brokerage unit of Banc One Securities Corporation, then known as the Private Wealth Management ("PWM") business unit was operating in J. P. Morgan Securities Inc., the predecessor broker-dealer to JPMS. A review of PWM SAs was included in the scope of this investigation.

4. In October 2008, the legacy brokerage unit of Bear, Stearns & Co. Inc. known as Private Client Services ("PCS") was operating in J.P. Morgan Securities Inc., the predecessor broker-dealer to JPMS. A review of PCS SAs was included in the scope of this investigation.

Sales Assistant Registration Policies

5. For JPMS's legacy Private Bank, PWM, and PCS business units, SAs provided administrative and sales support to one or more JPMS brokers. Many SAs, as part of their support function to brokers, directly accepted and entered orders from clients.

Private Bank

6. SAs for Private Bank were generally not assigned to specific brokers but rather assisted all brokers in the respective offices in which they were located.

7. Private Bank SAs primarily supported one or more brokers in all facets of the daily business of Private Bank, including contacting clients, maintaining accounts, and accepting client orders.

8. Notably, all Private Bank SAs authorized to accept orders must comply with a 50-state registration policy and compliance with this policy was confirmed prior to granting access to the order entry system.

Private Wealth Management

9. Like Private Bank SAs, PWM SAs were generally not assigned to specific brokers but rather assisted all brokers in the respective offices in which they were located.

10. PWM SAs primarily supported one or more brokers in all facets of the daily business of PWM, including client support, maintaining accounts, and accepting client orders.

11. From 2006 through 2008, JMPS's PWM endeavored to register SAs that were authorized to accept client orders in the same states as the broker(s) they supported, but PWM SAs were generally not registered in all 50 states.

12. In 2009, PWM adopted Private Bank's 50-state registration policy for all SAs who were authorized to accept client orders.

Private Client Services

13. Unlike SAs for Private Bank and PWM, SAs for PCS were generally assigned to support specific brokers.

14. PCS SAs' primary role was to support one or more brokers in all facets of the daily business of PCS, including extensive client contacts, reviewing account activity, and accepting orders from clients.

15. PCS policies required PCS SAs who were authorized to accept client orders to be registered in the same state as the broker(s) they supported, but PCS SAs were generally not registered in all 50 states. The multi-state investigation revealed that in some instances, there were PCS SAs that were authorized to accept client orders but not registered in the same state as the broker(s) they supported.

Unlicensed Sales Assistants

16. Consistent with Private Bank's 50-state registration policy, the multi-state investigation did not find that Private Bank SAs accepted orders without appropriate state registrations.

17. However, the multi-state investigation concluded that certain SAs for PWM and PCS accepted unsolicited orders at times when the SAs were not appropriately registered in Virginia.

Failure to Comply with Books and Records Requirements

18. At all relevant times, Private Bank has utilized an order entry system called TOPAZ.

19. Prior to October of 2008, PWM utilized an order entry system called Streetscape. In connection with each order, Streetscape recorded, among other information, the identity of the person who accepted the order from the client. In October of 2008, PWM transferred from Streetscape to TOPAZ.

20. Prior to February of 2011, TOPAZ did not specifically record the identity of the order acceptor (as distinct from the order enterer) and JPMS did not in all instances maintain a separate record to identify the order acceptor for equity or mutual fund trades. Furthermore, prior to June of 2011, TOPAZ did not specifically record the identity of the order acceptor (as distinct from the order enterer) and JPMS did not in all instances maintain a separate record to identify the order acceptor for fixed income and structured product trades.

21. Commission Rule 21 VAC 5-20-240 requires registered broker-dealers to "make and keep true, accurate and current, and preserve the books and records relating to its business, as are described in SEC Rules 17a-3 (17 CFR 240.17a-3) and 17a-4 (17 CFR 240.17a-4)."

Remedial Efforts

22. JPMS has implemented a number of enhancements in its legacy PCS division since this investigation began, including implementing a new trading system with additional blocking mechanisms and the ability to confirm the registration status of order acceptors.

23. JPMS has further enhanced its registration, compliance training, and written compliance policies.

24. As noted above and as a result of the multi-state investigation, JPMS updated the TOPAZ system to record the identity of the order acceptor in the electronic order system.

25. JPMS provided 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. JPMS failed to establish an adequate supervisory system to monitor the registration status of persons accepting client orders, in violation of Commission Rule 21 VAC 5-20-260 B.
3. JPMS's failure to ensure its SAs were registered in accordance with JPMS's written procedures constitutes a failure to enforce its established written procedures in violation of Commission Rule 21 VAC 5-20-260 D.
4. JPMS's acceptance of orders in Virginia through SAs who were not properly registered in Virginia constitute violations of § 13.1-504 A of the Act.
5. JPMS's failures, in certain instances, to record the identity of the person accepting client orders entered through the TOPAZ system until June of 2011 constitute violations of Commission Rule 21 VAC 5-20-240.
6. Pursuant to § 13.1-521 A of the Act, the violations described above constitute basis for the assessment of a civil penalty against JPMS.
7. The Commission finds the following relief appropriate and in the public interest.

III.

ORDER

On the basis of the Statement of Facts, Conclusions of Law, and JPMS's consent to the entry of this Order,

Accordingly, IT IS ORDERED THAT:

(1) This Order concludes the investigation by the Commission's Division and any other action that the Commission could commence against JPMS under applicable Virginia law on behalf of Virginia as it relates to unregistered activity in or from Virginia by JPMS's SAs and JPMS's supervision of SAs' registration status during the period January 1, 2004, through December 31, 2011.

(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 JPMS including limit or create liability of JPMS or limit or create defenses of JPMS to any claims.

(3) JPMS is hereby ordered to pay the sum of Forty-eight Thousand Nine Hundred Dollars (\$48,900) to the Treasurer of Virginia within ten (10) days of the date of this Order. Of this sum, pursuant to § 13.1-521 A of the Act, Forty-five Thousand Dollars (\$45,000) is the civil penalty imposed, and pursuant to § 13.1-518 of the Act, Three Thousand Nine Hundred Dollars (\$3,900) is to be reimbursed to the Division for the cost of investigation.

(4) This Order is not intended 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 JPMS or any of its affiliates and their current or former officers, directors, employees, or other persons that could otherwise be disqualified as a result of the Orders (as defined in paragraph 5 below).

(5) This Order and the order of any other state in any proceeding related to JPMS'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 Commonwealth of Virginia, 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 JPMS and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to the conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

**CASE NO. SEC-2014-00029
MAY 12, 2014**

APPLICATION OF
THE SOLOMON FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Solomon Foundation ("Foundation"), which the Commission received April 15, 2014, with attached exhibits. The application requested that Foundation's Demand Certificates

and Time 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 Foundation 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) Foundation is a Colorado corporation operating not for private profit but exclusively for religious, charitable, benevolent and educational purposes; (ii) Foundation intends to offer and sell the Certificates in an approximate aggregate amount of up to \$100 million 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 and employees of Foundation who will not be compensated for their sales efforts; and (iv) Foundation will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by Foundation 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 and employees of Foundation are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2014-00032
AUGUST 21, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
URBAN BAR-B-QUE COMPANY
and
DAVID J. CALKINS,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Urban Bar-B-Que Company ("Urban Company") and David J. Calkins ("Calkins") (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").

Urban Company is a Maryland corporation that was organized on November 24, 2003, to operate as a restaurant but has never been registered to offer or sell franchises in the Commonwealth of Virginia ("Virginia"). Calkins is President of Urban Company.

On October 5, 2011, Urban Company entered into a license agreement with UBQ4, LLC, a Virginia-based company. Following review of the license agreement, the Division alleges Urban Company offered and sold an unregistered franchise in Virginia. In addition, Urban Bar-B-Que Systems, LLC, an affiliate of Urban Company, recently filed an application to register its franchise to be offered and sold in Virginia.

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 Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide a franchisee with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the Commission.

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 Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Four Thousand Dollars (\$4,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of One Thousand Dollars (\$1,000) to defray the costs of investigation.

(3) The Defendants will make an offer of rescission to the Virginia franchisee ("franchisee") pursuant to the following:

(a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission sent by certified mail to the franchisee, which will include an offer to return the initial franchise fee of \$50,000, and a provision that gives the franchisee thirty (30) days from the date of receipt of the offer of rescission to provide the Defendants with written notification of his decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to the franchisee.

(c) The Defendants will include with the written offer of rescission a copy of this Order.

- (d) If the rescission offer is accepted, the Defendants will forward the payment to the franchisee within fifteen (15) days of receipt of the acceptance.
 - (e) Within ninety (90) days from the date of this Order, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which the franchisee received the offer of rescission, the franchisee's response, and, if applicable, the amount and the date that payment was sent to the franchisee.
- (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) 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-2014-00033
JULY 7, 2014**

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

v.
FRANK Y. SMILEY,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") and the Bureau of Insurance ("Bureau") of the State Corporation Commission ("Commission") jointly conducted an investigation of Frank Y. Smiley ("Smiley" or "Defendant") and Legacy Estate Planning, LLC ("Legacy"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code") and § 38.2-1809 of Title 38.2 of the Code. Based on their investigation, they allege as follows:

- (1) The Defendant sold his insurance client an unregistered security in the form of a \$50,000 promissory note ("Note") issued by a 54 Freedom Foundation, Inc. ("54 Freedom") affiliated company in violation of § 13.1-507 of the Act. Smiley also acted as an unregistered agent of 54 Freedom in violation of § 13.1-504 A of the Act.
- (2) The investor to whom the Note was sold stated that Smiley and other Legacy agents mischaracterized the investment risks associated with the 54 Freedom Note by representing it as a proper alternative to lower risk fixed income annuities sold by licensed insurance carriers. Smiley also failed to conduct adequate due diligence into the background of 54 Freedom, its principals, and the products 54 Freedom sold before he recommended the purchase of the Note.
- (3) In fact, the Note sold by Smiley was a high risk and speculative security that was unsuitable for his elderly client, who maintained a low risk tolerance. Such recommendation was in violation of 21 VAC 5-20-280 A (3) of the Commission's rules governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules").
- (4) Ultimately, principals of 54 Freedom misappropriated funds obtained through the issuance of 54 Freedom Notes, including those funds obtained from the Defendant's client. As a result, the Defendant's client appears to have lost all of her principal investment in the 54 Freedom Note.

The Defendant's Background

- (5) Smiley is a resident of Waynesboro, Virginia, who became licensed by the Bureau to sell life insurance, health insurance, and annuities in the Commonwealth of Virginia ("Virginia") on February 12, 2010. At all times relevant to the allegations herein, Smiley sold insurance through Legacy.
- (6) Legacy was an insurance agency that became licensed by the Bureau to sell life insurance and annuities on May 7, 2007, and health insurance on June 7, 2007. Legacy primarily sold fixed income annuities in connection with the estate planning services it provided to its clients who resided in Virginia. Legacy's principal office was located in Glen Allen, Virginia.
- (7) Neither Smiley nor Legacy was licensed to transact any business in securities in the Commonwealth. At all times relevant herein, Smiley was under the supervision of Legacy principals.
- (8) Smiley's first agency affiliation was with Legacy. He was taught the insurance business by accompanying his Legacy mentors, who were also principals of Legacy, on sales calls.

54 Freedom Notes and Legacy

(8) 54 Freedom was a Florida nonprofit corporation headquartered in Cazenovia, New York, that was purportedly formed to assist disabled individuals in obtaining life, health, and dismemberment insurance products that met their specific needs.

(9) In the fall of 2009, 54 Freedom entered into a relationship with Legacy in which Legacy agreed to sell 54 Freedom investment products in Virginia through Legacy in exchange for the payment of commissions. Among these investment products were Notes issued by 54 Freedom affiliated companies, including 5 Ledyard Avenue, LLC, 54 Freedom Securities, Inc., and 54 Freedom Tele, Inc.

(10) These Notes satisfied the definition of "security" under the Act. However, they were not registered under the Act or with the Securities and Exchange Commission, and they did not qualify for an exemption under the Act or under the federal securities laws. In addition, the Notes were issued by early stage or start-up companies or entities with limited operating histories and carried significant investment risk. Legacy principals authorized the sale of these Notes by Legacy agents.

(11) While affiliated with Legacy, Smiley also sold one such Note. Because he was authorized to sell such Notes by Legacy, Smiley presumed that his conduct was lawful.

(12) Smiley conducted inadequate due diligence to determine whether the Notes were properly registered under the Act or qualified for an exemption. Smiley also conducted inadequate due diligence on the financial condition of these 54 Freedom affiliated companies. Instead, he relied on the representations of Legacy principals and 54 Freedom representatives that the Notes were safe investments.

Sale of Notes by the Defendant

(13) In the fall of 2012, Smiley offered and sold a \$50,000 54 Freedom Note to one of his insurance clients.

(14) The client to whom Smiley sold the Note was retired and on a fixed income and also maintained a low-risk investment profile. The client had previously purchased fixed income annuities issued by licensed insurance carriers from other Legacy agents. Fixed income annuities were offered to this client because they were generally a low-risk form of investment with a guaranteed income stream.

(15) The investor to whom the Note was sold stated that Smiley and other Legacy agents marketed and offered the Note as a safe alternative to fixed income annuities sold by licensed insurance companies. In fact, 54 Freedom Notes were high-risk and speculative securities that were not suitable alternatives to fixed income annuities and did not meet the low-risk investment profile of the client.

(16) Subsequent to Smiley's sale of the 54 Freedom Note to his client, federal law enforcement initiated an investigation of the principals of 54 Freedom for allegedly misappropriating millions of dollars in funds obtained from investors in Virginia and other states through the sale of Notes. All individuals who purchased 54 Freedom products appear to have lost their principal investments, including Smiley's client.

Allegations

(17) Based on the conduct as described above, the Defendant is alleged to have violated § 13.1-507 of the Act by offering and selling unregistered securities to Virginia consumers in the form of 54 Freedom Notes. Additionally, the Defendant acted as an unregistered agent of the issuer, 54 Freedom and its affiliates, when he offered and sold a 54 Freedom Note in violation of § 13.1-504 A of the Act.

(18) Based on the conduct as described above, it is further alleged that Smiley made materially untrue statements of fact and omissions in violation of § 13.1-502 (2) of the Act by failing to disclose the investment risks associated with 54 Freedom Notes and representing them as low risk alternatives to fixed income annuities issued by licensed insurance carriers.

(19) It is also alleged that Smiley violated Rule 21 VAC 5-20-280 A (3) by recommending to his client the purchase of 54 Freedom Notes without reasonable grounds to believe that the recommendation was suitable for his client based upon reasonable inquiry concerning the 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 § 13.1-506 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 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 shall abide by and comply with the following terms and undertakings:

(1) For a period of one year beginning from the date of entry of this Order, the Defendant's license to sell insurance shall be placed on probation ("probationary period"). During the probationary period, the Defendant shall abide by and comply with the following terms:

(a) The Defendant shall submit a report on a quarterly basis detailing all of his annuity sales activity during the quarter. For each annuity sales transaction, the Defendant shall provide the following:

- (i) Client name and address;
- (ii) Annuity product purchased;
- (iii) Amount invested in the annuity or annuities;

- (iv) The client's age and employment status;
- (v) Income and Net worth; and
- (vi) The client's risk tolerance as reported on the annuity enrollment application.

(b) The Defendant shall provide the first such report to the Bureau for the second quarter of 2014 on July 15, 2014. Thereafter, each report shall be submitted to the Bureau on the first business day of the first month following the end of each subsequent quarter.

(2) The Defendant agrees that any failure of the Defendant to comply and abide by the material terms and conditions of this 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 and Code, the immediate suspension or revocation of the Defendant's insurance license, 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.

(3) The Defendant shall pay to the Treasurer of the Commonwealth the amount of Five Thousand Dollars (\$5,000) in monetary penalties upon entry of this Order.

(4) The Defendant shall not violate the Act in the future.

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 be, and it is hereby, accepted.

(2) The Defendant shall 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 Defendant under applicable law on behalf of Virginia 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 Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2014-00037
SEPTEMBER 16, 2014**

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

v.

MIDATLANTIC IRA, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of MidAtlantic IRA, LLC ("MidAtlantic" or "Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

MidAtlantic is a Maryland limited liability company that was formed in 2004 as an IRA administrator that serves as a third party administrator of self-directed IRA accounts.

MidAtlantic, through its Director of Business Development, Richard Scott Blair, sent an investor in the Commonwealth of Virginia ("Virginia") emails regarding a MidAtlantic- sponsored webinar which included a presentation by a company named REOReseller, Inc.¹ REOReseller, Inc. buys foreclosed properties directly from banks at discount prices, then gets the properties rent-ready, before renting them to area residents and reselling them at a profit.

REOReseller, Inc. offered joint venture arrangements which enabled investors to participate in the purchase of foreclosed properties. The contracts used to offer and sell these joint ventures are investment contracts, as defined as securities in § 13.1-501 of the Act. Investors receive rental payments throughout the contract term and profit when REOReseller, Inc. sells the rental property. Through emails, MidAtlantic advertised an educational webinar at which REOReseller, Inc. presented an investment for purchasing rental property.

¹ REOReseller, Inc., a California company that incorporated in Nevada in March 2010, sold joint venture arrangements to enable investors to participate in the purchase of foreclosed properties, receiving rental payments and profit when the rental property is sold. Based on the information gathered during the Division's investigation, the joint venture arrangements offered by REOReseller, Inc. are securities.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based on the investigation, the Division alleges the Defendant violated: (a) § 13.1-504 A (i) of the Act by transacting business in Virginia without duly being registered with the Division as a broker-dealer; (b) § 13.1-504 B of the Act by employing an unregistered agent in the offer and sale of securities; and (c) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

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 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 Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Five Thousand Five Hundred Dollars (\$5,500) in monetary penalties.

(2) The Defendant will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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-2014-00040
NOVEMBER 25, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MR. OIL SAVER, LLC
and
CHRISTOS M. DASKALAKIS,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Mr. Oil Saver, LLC ("Mr. Oil") and Christos M. Daskalakis ("Daskalakis") (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").

Mr. Oil is a Florida limited liability company with its principal place of business at 475 South Shell Road, Suite 1-C, Debary, Florida 32713. Daskalakis is the founder and CEO of Mr. Oil.

Mr. Oil was in the business of providing cooking oil filtration machines to their franchisees. The oil filtration machines extend the life of cooking oil, reducing a restaurant's costs. Franchisees demonstrate the oil filtration machines to restaurants within their territories, hoping to place oil filtration machines for a monthly fee.

In 2012, the Defendants sold three unregistered franchises to be located in the Commonwealth of Virginia ("Virginia"). The Defendants entered into Distributorship Agreements ("Agreements") for Virginia territories with three Virginia residents. The Agreements allow for the use of the Mr. Oil trademark, imposed a fee greater than \$500 and provided marketing materials. All of these are elements of a franchise as defined under § 13.1-559 of the Act. The Agreements also contained provisions that granted the Defendants a level of control over the businesses, including price controls, machine repair procedures and insurance coverage requirements. The Defendants have never registered their franchise to be offered or sold in Virginia. In addition, the Defendants failed to provide franchisees a Franchise Disclosure Document.

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 Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide franchisees with the franchise agreement and 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.

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 each pay to the Treasurer of Virginia ("Treasurer") Fifty Thousand Dollars (\$50,000), for an amount totaling One Hundred Thousand Dollars (\$100,000) in monetary penalties. However, the penalties will be waived if the Defendants pay restitution, within two (2) years of the date of entry of this Order, of Eighteen Thousand Dollars (\$18,000) total to the three (3) Virginia franchisees.

(2) The Defendants will pay to the Treasurer, within one (1) year of the date of entry of this Order, 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 Virginia franchisees within thirty (30) days of the 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) 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-2014-00041
SEPTEMBER 12, 2014**

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("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. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code, provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website, www.scc.virginia.gov/case.

On June 3, 2013, the Commission adopted numerous changes to its Rules governing broker-dealers, broker-dealer agents and agents of the issuer, 21 VAC 5-20-10 *et seq.* ("Rules").¹ These changes included substantial revisions to numerous chapters of Title 21 of the Virginia Administrative Code entitled "Securities Act Rules," including Chapter 20 concerning broker-dealers. As part of these revisions, changes were made to Rule 21 VAC 5-20-280, titled "Prohibited Business Conduct," which governs broker-dealer and agent business conduct.

¹ *Ex Parte: In the Matter of Adopting a Revision to the Rules Governing the Virginia Securities Act*, Case No. SEC-2012-00038, 2013 S.C.C. Ann. Rept 473, Order Adopting Amended Rules, (May 13, 2013).

Significant changes to Rule 280 that were adopted in 2013 included the following:

- Repealing Rule 280 E;
- Combining into one subdivision (Rule 280 A (15)) examples of known broker-dealer manipulative, deceptive, or fraudulent practices, including several provisions from former Rule 280 E; and
- Adding new regulations under Rule 280 A, including subdivisions A (32) through A (39), governing broker-dealer business conduct and that included revised provisions previously found in former Rule 280 E (6).

The changes also revised the language of some of the provisions formerly appearing in Rule 280 E. For example, the changes to Rule 280 A (32) through (39) omitted prefatory language of former Rule 280 E (6) that stated:

Although nothing in this subsection precludes application of the general antifraud provisions against anyone for practices similar in nature to the practices discussed below, the following subdivisions a through f specifically apply only in connection with the solicitation of a purchase or sale of OTC (over the counter) unlisted non-NASDAQ equity securities.

Following adoption of the revisions in 2013, the Division of Securities and Retail Franchising ("Division") was alerted to a potential federal preemption problem regarding Rule 21 VAC 5-20-280 A (32). Rule 280 A (32) states as follows:

No broker-dealer who is registered or required to be registered shall . . . [f]ail to advise the customer, both at the time of solicitation and on the confirmation, of any and all compensation related to a specific securities transaction to be paid to the agent including commissions, sales charges, or concessions; . . .

This rule – which was a revised provision of former Rule 280 E (6) (a) – requires disclosures concerning compensation both at the time of solicitation and on the confirmation of sale for the transaction. The concern raised with the Division was that Rule 280 A (32) creates a writing and record requirement at the point of confirmation of sale that may be in conflict with or may exceed requirements under federal securities law and the Securities and Exchange Commission's ("SEC") rules. The concern also noted that the preemption issue was exacerbated because Rule 280 A (32) omitted the prefatory language under former Rule 280 E (6) that had limited application of this rule to certain transactions.

No comments were filed addressing this rule or the possible preemption issue following the Commission's issuance of the notice order proposing the amendment to Rule 21 VAC 5-20-280 A. After consulting with Division's counsel, however, it was concluded that Rule 21 VAC 5-20-280 A (32) may be preempted under the applicable provisions of the National Securities Markets Improvements Act ("NSMIA"), 15 U.S.C. § 78o (i)(1).

On December 16, 2013, the Division issued a policy statement addressing enforcement of Rule 21 VAC 5-20-280 A (32). The policy statement stated that, until such time as the Commission amended the rule, the Division would not audit for compliance or pursue enforcement against any registered broker-dealer agent for failing to comply with the written disclosure requirements of the rule. The policy statement further advised that registered broker-dealers and their agents may operate as they had prior to the adoption of Rule 21 VAC 5-20-280 A (32) with respect to compensation disclosures on sales confirmation related to specific securities transactions consistent with SEC rules.

The Division, however, noted that broker-dealer and broker-dealer agents were not relieved of their obligations under § 13.1-502 of the Act to make adequate material disclosures relating to agent compensation in a securities transaction at the point of sale. The Division also noted that the policy statement should not be construed as precluding the Division from investigating or pursuing enforcement against any broker-dealer or broker-dealer agent for failing to make adequate material disclosures relating to agent compensation at the point of sale.

In conjunction with issuance of the policy statement in December 2013, the Division formed a working group with representatives of certain registered broker-dealers, the Securities Industry and Financial Markets Association, and the Financial Services Institute to work through NSMIA issues concerning Rule 21 VAC 5-20-280 A (32) as well as other similar issues raised by the revisions to Rule 280 adopted in 2013.

As a result of ongoing discussion within this working group, the Division identified several concerns regarding certain provisions of Rule 280 A, including Rule 280 A (32). These concerns included:

Potential preemption issues and the expansion of the scope of Rule 280 A (32) through (39) following the omission of the prefatory language of former Rule 280 E;

- Compliance issues raised by the industry to satisfy Rule 280 A (32);
- Revised language of certain provisions in Rule 280 A that differed from the language of similar provisions in former Rule 280 E; and
- The lack of uniformity and consistency between Rule 280 and other, similar provisions adopted by the SEC and various states.

The Division proposes to amend Rule 21 VAC 5-20-280 to address these concerns. The proposed changes include:

(a) removing certain provisions of Rule 280 A, including parts of Rule 280 A (15) and Rule 280 A (32) through (39), that were formerly part of Rule 280 E;

(b) placing the removed provisions from Rule 280 A into a new proposed Rule 280 D;

(c) adding the prefatory language under former Rule 280 E (6) to specify that the subject provisions apply only in connection with the solicitation of a purchase or sale of OTC (over the counter) unlisted non-NASDAQ equity securities;

(d) Revising the language of certain provisions under current Rule 280 A (15) (D) (and which the Division proposes moving to Rule 280 D) to more closely match the language of similar provisions under former Rule 280 E; and

(e) Making certain typographical and stylistic revisions.

The Division also proposes to make conforming amendments to Rule 21 VAC 5-20-280 B (6) and Rule 21 VAC 5-20-285 B that include references to provisions in Rule 280 A for which amendments are proposed.

Through these proposed amendments, the Division intends to avoid the possible preemption issues raised regarding the current rule. Additionally and in the interest of uniformity, the proposed change will harmonize the current rule with other similar rules adopted in other states. Finally, the SEC and the North American Securities Administrators Association ("NASAA") are examining the adequacy of disclosure of certain fees charged by broker-dealers related to certain securities transactions by their customers. Rather than abide by the current rule that ultimately may conflict with proposals by the SEC and NASAA, the Division recommends amending Rule 21 VAC 5-20-280 to make it consistent with the SEC's regulations and NASAA's model rules in this area pending any future change.

Accordingly, the Division has submitted to the Commission proposed revisions to Rule 21 VAC 5-20-280 and Rule 21 VAC 5-20-285 of the Virginia Administrative Code.

The Division has recommended to the Commission that the proposed revisions should be considered for adoption. The Division also has recommended to the Commission that a hearing should be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, mail, or e-mail request and also can be found at the Division's website: www.scc.virginia.gov/srf. Any comments to the proposed rules and requests for hearing with the reasons stated therefore must be received by November 5, 2014.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for hearing on the proposed revisions 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 5, 2014. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain reference to Case No. SEC-2014-00041. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website <http://www.scc.virginia.gov/case>.

(3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case> and on the Division's website at <http://www.scc.virginia.gov/srf>. Interested persons also may request a copy of the proposed revisions from the Division by telephone, mail, or e-mail.

NOTE: A copy of the attachment entitled "Proposed Rule Change _2014_ 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-2014-00041
NOVEMBER 19, 2014**

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 to Take Notice ("Order") entered on September 12, 2014¹, all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapters 280 and 285 of Title 21 of the Virginia Administrative Code ("Regulations") entitled "Prohibited Business Conduct." On September 19, 2014, the Division of Securities and Retail Franchising ("Division") mailed and emailed the Order of the proposed Regulations to all interested parties pursuant to the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia. The Order described the proposed amendments and afforded interested parties an opportunity to file comments and request a hearing by November 5, 2014, with the Clerk of the Commission ("Clerk").

No comments were filed nor were any requests for hearing made in this matter.

NOW THE COMMISSION, upon consideration of the proposed amendments to the Regulations, the recommendations of the Division, and the record in this case, finds that the proposed amendments to the Regulations should be adopted.

¹ Doc. Con. Cen. No. 140920097.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The proposed Regulations are attached hereto, made a part hereof, and are hereby ADOPTED effective December 1, 2014.
- (2) AN ATTESTED COPY hereof, together with a copy of the adopted Rules, shall be sent by the Clerk to the Division in care of Ron Thomas, who forthwith shall give further notice of the adopted Rules by mailing a copy of this Order, to all interested persons.
- (3) This Order and the attached adopted Rules shall be posted 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 adopted Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (5) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

NOTE: A copy of the attachment entitled "Proposed Rule Changes _2014_ 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-2014-00044
SEPTEMBER 26, 2014**

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 September 2, 2014, with attached exhibits. The application requested that Lutheran Fund's Young Investor Stamps, Dedicated Certificates, StewardAccount Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Family Emergency StewardAccount Certificates, Congregation Demand Certificates, Congregation StewardAccount Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, Congregation Cemetery Care StewardAccount Certificates, Y.I. StewardAccount Certificates, and FlexPlus 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-2014-00047
OCTOBER 2, 2014**

APPLICATION OF
VIRGINIA UNITED METHODIST DEVELOPMENT COMPANY, LLC

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Virginia United Methodist Development Company, LLC ("Virginia United"), which the Commission received September 5, 2014, with attached exhibits, as subsequently amended. The application requested that Virginia United's Loan Certificates and Savings 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, managers and key personnel of Virginia United 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) Virginia United is a single member Virginia limited liability company operating not for profit but exclusively for religious and charitable purposes; (ii) Virginia United's sole

member is The United Methodist Foundation of the Virginia Conference, Inc., which is an organization described in § 501 (c) (3) of the Internal Revenue Code; (iii) Virginia United intends to offer and sell the Certificates in an approximate aggregate amount of up to \$25,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iv) said securities are to be offered and sold by officers, managers and key personnel of Virginia United who will not be compensated for their sales efforts.

Based on the facts asserted by Virginia United 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, managers and key personnel of Virginia United are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2014-00049
NOVEMBER 10, 2014**

APPLICATION OF
HARVEST LIFE CHANGERS CHURCH INTERNATIONAL 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 Harvest Life Changers Church International Inc. ("Harvest Life"), which the Commission received February 7, 2014, with attached exhibits, as subsequently amended. The application requested that Harvest Life's First Deed of Trust Bonds, Series 2014-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.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Harvest Life is a nonstock-Delaware corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) Harvest Life intends to offer and sell the Bonds in an approximate aggregate amount of up to \$9,000,000 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 Harvest Life 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.

DIVISION OF UTILITY AND RAILROAD SAFETY**CASE NO. URS-2004-00162
AUGUST 6, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated November 15, 2004, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,¹ 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, RGC 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 Chairman and Chief Executive Officer of RGC 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 satisfactorily completed was filed by RGC on November 15, 2004, and May 6, 2005.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Thirty-eight Thousand Seven Hundred Dollars (\$38,700) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2009-00043
AUGUST 6, 2014**

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

FINAL ORDER

By entry of the Order of Settlement ("Order") dated June 25, 2010, the State Corporation Commission ("Commission") accepted the offer of settlement of Virginia Natural Gas, Inc. ("VNG" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ 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, VNG 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 VNG 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 satisfactorily completed was filed by VNG on August 15, 2011.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

¹ 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 Forty-eight Thousand Five Hundred Dollars (\$248,500) shall be vacated.
- (2) This case is hereby dismissed.

**CASE NO. URS-2009-00338
AUGUST 6, 2014**

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

v.

VIRGINIA NATURAL GAS, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated June 25, 2010, the State Corporation Commission ("Commission") accepted the offer of settlement of Virginia Natural Gas, Inc. ("VNG" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ 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, VNG 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 VNG 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 satisfactorily completed was filed by VNG on January 31, 2012.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2010-00055
AUGUST 6, 2014**

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 June 29, 2010, 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,¹ 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.

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 completed the remedial measures required by the Order.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 satisfactorily completed were filed by ANGD on June 30, 2011; September 21, 2010; December 28, 2010; July 1, 2011; and June 28, 2013.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of One Hundred Fifty-three Thousand Dollars (\$153,000) shall be vacated.
- (2) This case is hereby dismissed.

**CASE NO. URS-2010-00204
AUGUST 6, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated August 27, 2004, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,¹ 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, RGC consented to the form, substance, and entry of the Order.

Undertaking Paragraphs (2) and (3) 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 RGC certifying that the Company had completed the remedial measures required by Undertaking Paragraph (3) 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 satisfactorily completed was filed by RGC on August 18, 2011.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Sixteen Thousand Five Hundred Dollars (\$16,500) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2012-00236
OCTOBER 2, 2014**

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

FINAL ORDER

By entry of the Order of Settlement ("Order") dated October 19, 2012, the State Corporation Commission ("Commission") accepted the offer of settlement of Virginia Natural Gas, Inc. ("VNG" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ 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, VNG consented to the form, substance, and entry of the Order.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

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 VNG 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 satisfactorily completed was filed by VNG on April 15, 2013.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Thirty-eight Thousand Dollars (\$38,000) shall be vacated.
- (2) This case is hereby dismissed.

**CASE NO. URS-2012-00237
APRIL 29, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated August 21, 2012, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ 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, RGC consented to the form, substance, and entry of the Order.

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 RGC certifying that the Company had completed the 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 satisfactorily completed were filed by RGC on September 13, 2013, and January 7, 2014. Therefore, the remaining balance of Twenty-eight Thousand Five Hundred Dollars (\$28,500) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Twenty-eight Thousand Five Hundred Dollars (\$28,500) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2012-00450
AUGUST 25, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated January 22, 2013, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,¹ 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.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

By execution of an Admission and Consent document by a representative of the Company, RGC 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 RGC 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 affidavits documenting that the specified remedial actions have been satisfactorily completed were filed by RGC on May 15, 2013, and June 17, 2013.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Twenty-two Thousand Seven Hundred Dollars (\$22,700) shall be vacated.
- (2) This case is hereby dismissed.

**CASE NO. URS-2013-00213
FEBRUARY 5, 2014**

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

v.
G & E COMMUNICATIONS, INC.,
Defendant

FINAL ORDER

On August 16, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against G & E Communications, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant had violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about October 18, 2012, the Defendant damaged an eight-inch plastic gas main line operated by Washington Gas Light Company, located at or near 45064 Underwood Lane, Loudoun County, Virginia, while excavating.

The Rule maintained that the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 of the Code; failed to expose all utility lines which were in the bore path prior to commencing the bore, in violation of 20 VAC 5-309-150 (6) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Commission Rules"), 20 VAC 5-309-10 *et seq.*; and failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Commission Rule 20 VAC 5-309-150 (8).

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 20, 2013. The Rule was properly served on the Defendant, and the Defendant failed to file a responsive pleading to the Rule.

On October 2, 2013, the Division, by counsel, filed a Motion for Leave to Prefile Staff Testimony ("Motion") in which the Division noted that the due date for filing a responsive pleading had passed without the Defendant filing a response. The Motion was granted by Hearing Examiner Ruling on October 4, 2013, and Staff testimony was filed on October 15, 2013.

On October 17, 2013, an evidentiary hearing was convened. The Defendant did not appear. Proof of service of the Rule and the prefiled written testimony of Scott Anthony Marshall, an Associate Damage Prevention Specialist for the Division, were marked as exhibits and admitted into the record. Counsel for the Division recommended that the Defendant be found in default and that the Commission impose a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) on the Defendant.

On December 5, 2013, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Chief Hearing Examiner's Report"), was issued in which she found that the Division proved by clear, convincing, and unrefuted evidence that the Defendant violated § 56-265.24 A of the Code and Commission Rules 20 VAC 5-309-150 (6) and 20 VAC 5-309-150 (8). The Chief Hearing Examiner recommended that the Commission enter an order that adopts the findings of her report; penalizes the Defendant in the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code; enjoins the Defendant from further violations of the Act; and dismisses the case from the Commission's docket of active proceedings. The Defendant and the Division were provided fourteen days in which to file any comments on the Chief Hearing Examiner's Report. No comments were filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Chief Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth of Virginia and against G & E Communications, Inc., and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. Case No. URS-2013-00213 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) There being nothing further to be done herein, this case 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. URS-2013-00286
JANUARY 27, 2014**

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

v.

COMPUTER CABLING AND TELEPHONE SERVICES, INC.
T/A COMPUTER CABLING & TECHNOLOGY SERVICES,
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 October 19, 2012, Computer Cabling and Telephone Services, Inc. t/a Computer Cabling & Technology Services ("Company"), excavated at or near the intersection of Jefferson Davis Highway and Kings Mill Drive, Fredericksburg, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code.

(3) On or about December 5, 2012, the Company excavated at or near the intersection of Courthouse Road and Jason Mooney Drive, Stafford County, Virginia.

(4) On or about December 5, 2012, the Company damaged a six-inch steel gas main line operated by Columbia Gas of Virginia, Inc., located at or near the intersection of Jefferson Davis Highway and Michael Street, Stafford County, Virginia, while excavating.

(5) On the occasions set out in paragraph (3) and (4) 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.

(6) On the occasions set out in paragraph (3) and (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.

(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, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company admits these allegations and 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 Twelve Thousand Five Hundred Dollars (\$12,500) to be paid contemporaneously with the entry of this Order. The 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 Twelve Thousand Five Hundred Dollars (\$12,500) 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.

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-2013-00290
JUNE 16, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PRECON CONSTRUCTION COMPANY,
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 August 6, 2012, Precon Construction Company ("Company") damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 737 East 23rd Street, Norfolk, Virginia, while excavating.
- (2) On or about November 8, 2012, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 406 Maycox Avenue, Norfolk, Virginia, while excavating.
- (3) On or about February 19, 2013, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1701 Parkview Avenue, Norfolk, Virginia, while excavating.
- (4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility lines, in violation of § 56-265.24 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 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 One Hundred Dollars (\$5,100).
- (2) That One Thousand Six Hundred Fifty Dollars (\$1,650) of said penalty will be vacated upon the condition that the Company complete the following remedial action.
- (3) That on or before December 31, 2013, the Company will submit in writing to the Division a set of best practices that will enable excavators to better comply with the requirements of § 56-265.24 A 3 and will protect exposed utility lines from damage. The best practices developed will be subject to the approval of the Division Staff and the Commission's Damage Prevention Advisory Committee.
- (4) That the Three Thousand Four Hundred Fifty Dollar (\$3,450) 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.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for entry of this Order, hereby accepts this offer of settlement. 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 One Hundred Dollars (\$5,100).
- (3) The sum of Three Thousand Four Hundred Fifty Dollars (\$3,450) tendered contemporaneously with the entry of this Order is accepted.
- (4) The remainder of the penalty amount, One Thousand Six Hundred Fifty Dollars (\$1,650), shall be vacated.
- (5) This case is hereby dismissed.

**CASE NO. URS-2013-00435
JANUARY 16, 2014**

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 April 9, 2013, and August 20, 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 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 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 One Hundred Dollars (\$10,100) 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 Ten Thousand One Hundred Dollars (\$10,100) 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-2013-00446
JUNE 4, 2014

COMMONWEALTH OF VIRGINIA, *ex rel.*
 STATE CORPORATION COMMISSION
 v.
 THOMPSON 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 July 29, 2013, Thompson Cable Services, Inc. ("Company"), damaged a three-quarter-inch by two-inch plastic gas service tee operated by Washington Gas Light Company, located at or near 22862 Chestnut Oak Terrace, Loudoun 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 promptly notify 911 after the escape of flammable, toxic, hazardous, or corrosive gas or liquid due to excavation, in violation of 20 VAC 5-309-200 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 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).

(2) That Two Thousand Two Hundred Fifty Dollars (\$2,250) 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 Company will fully expose all natural gas utility lines within the work area as described on Miss Utility Ticket A317502692, and any other possible crossed utility lines with inadequate separation as identified by Washington Gas Light Company ("Operator"), 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 (i) their proper separation in accordance with § 56-257 of the Code and (ii) that their integrity has not been compromised. All excavation performed in accordance with this paragraph shall be subject to the Operator's oversight.

(4) That the Five Thousand Two Hundred Fifty Dollar (\$5,250) 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 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 Five Thousand Two Hundred Fifty Dollars (\$5,250) tendered contemporaneously with the entry of this Order is accepted.

- (4) The remainder of the penalty amount, Two Thousand Two Hundred Fifty Dollars (\$2,250), shall be vacated.
- (5) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2013-00464
JANUARY 16, 2014**

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) 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. § 192.1005 - Failure of the Company to develop and implement an integrity management program that includes a written plan ("Plan") as specified in 49 C.F.R. § 192.1007 by not including an adequate set of procedures detailing the process by which a Subject Matter Expert ("SME") is selected or delineating the minimum qualifications of the SMEs to implement their responsibilities described in the Plan.
 - (b) 49 C.F.R. § 192.1007 (a) (1) - Failure of the Company to identify the characteristics of the pipelines' design and operations needed from the records listed in Appendix A of the Plan to be used in the implementation of the Plan to assess the applicable threats and risks.
 - (c) 49 C.F.R. § 192.1007 (a) (2) - Failure of the Company to consider in its Plan information gained from past design, operations, and maintenance, such as corrosion control maps of anodes, soil resistivity readings, areas that are determined to not have active corrosion, odorant tests, etc.
 - (d) 49 C.F.R. § 192.1007 (a) (3) - Failure of the Company to have a written procedure to collect additional information needed to demonstrate the Company's understanding of its system.
 - (e) 49 C.F.R. § 192.1007 (a) (5) - Failure of the Company to have a written procedure detailing a method to capture and retain data on new pipelines installed, including the name of the person performing fusions or welds.
 - (f) 49 C.F.R. § 192.1007 (b) - Failure of the Company to use reasonably available information to identify threats such as those associated with various types of plastic pipe in the system like Plexco, Aldyl-A, and others.
 - (g) 49 C.F.R. § 192.1007 (c) - Failure of the Company to properly estimate and rank the risks posed to its pipelines based upon subdividing its system into regions with similar characteristics.
 - (h) 49 C.F.R. § 192.1007 (c) - Failure of the Company to follow its risk ranking system by having risk values of zero when the Plan only allows risk values of 1 or higher.
 - (i) 49 C.F.R. § 192.1007 (c) - Failure of the Company to consider potential threats in its evaluation and ranking of risks.
 - (j) 49 C.F.R. § 192.1007 (d) - Failure of the Company to identify and implement measures to address all risks in Table C-4 of the Plan.

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).*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (k) 49 C.F.R. § 192.1007 (e) - Failure of the Company to develop and monitor performance measures for all of the accelerated actions found in Table D-2 of the Plan.
- (l) 49 C.F.R. § 192.1007 (f) - Failure of the Company to properly re-evaluate the threats by not including the potential threats in the risk ranking.
- (m) 49 C.F.R. § 192.1009 - Failure of the Company to have written procedures for the collection of data to report mechanical fitting failures to the Pipeline and Hazardous Materials Safety Administration.

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 Fifty Thousand Dollars (\$50,000), which shall be paid contemporaneously with the entry of this Order. The payment 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 has agreed to undertake the following actions:

- (a) Within 90 days of the date of this Order, CGV shall submit a revised Distribution Integrity Management Plan to the Division correcting the violations alleged in Paragraph (2) above.
- (b) Within 120 days of the date of this Order, the Company shall develop, maintain, and follow procedures for the installation of service lines.

(3) On or before July 1, 2014, CGV shall tender to the Clerk of the Commission, with a copy to the Director of the Division, a notarized affidavit signed by the Company's Vice President – Pipeline Safety and Compliance certifying that the Company has completed the remedial actions described in Undertaking Paragraph (2) (a) and developed procedures for the installation of service lines and begun to follow the service line installation procedures as required by Undertaking Paragraph (2) (b) above.

(4) 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 the information submitted by the Commission Staff.

(5) 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 Division'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-2013-00464.
- (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. be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Fifty Thousand Dollars (\$50,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (4), 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 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 Commission Staff in such a proceeding.
- (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-2013-00473
JUNE 16, 2014**

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

v.

WORTH CABLE, 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 September 24, 2013, Worth Cable, Inc. ("Company"), excavated along River Course Drive, Montgomery County, Virginia, as described in Miss Utility ticket number B326100157.

(2) On the occasion set out in paragraph (1) above, the Company failed on 25 instances to expose the underground utility lines to their 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 on two instances to hand dig at reasonable distances along the lines of excavation, in violation of § 56-265.24 (A) of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed on 27 instances to expose all utility lines which were in the bore path by hand digging to establish the underground utility lines' 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.*

(5) On the occasion set out in paragraph (1) above, the Company failed on 25 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).

(6) On the occasion set out in paragraph (1) above, the Company failed on 27 instances 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).

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 Thousand Two Hundred Fifty Dollars (\$30,250), of which Nine Thousand Eight Hundred Fifty Dollars (\$9,850) shall 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. The remaining Twenty Thousand Four Hundred Dollars (\$20,400) shall be vacated upon the timely completion of the remedial actions set forth in Undertaking Paragraphs (2), (3), (4), (5), (6), and (7) below.

(2) On or before April 23, 2014, the Company will attend a training session on underground utility damage prevention conducted by the Division Staff.

(3) On or before February 24, 2014, the Company will fully expose all natural gas underground utility lines within the work areas described on Miss Utility Ticket numbers B319602328, A326902465, A336401853, A334301217, B325902086 and A222300797 by means of soft digging as that term 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. Further, the Company will inspect these utility lines to ensure that their integrity has not been compromised. All excavation performed pursuant to this paragraph shall be subject to the utility operator's oversight.

(4) On or before March 19, 2014, the Company will send all Company managers and foremen to the Division's Damage Prevention "Train the Trainer" workshop.

(5) The Company will immediately implement the use of the Virginia Utility Damage Prevention forms as outlined in the Company's written plan, presented by the Company to the Commission's Damage Prevention Advisory Committee on February 4, 2014.

(6) The Company will immediately implement the use of inspectors during all excavations in Virginia to ensure compliance with the Code and the Rules.

(7) On or before May 23, 2014, the Company will 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 the remedial actions set forth in Undertaking Paragraphs (2), (3), (4), (5), and (6) above.

The Company has now complied fully with all of the terms and undertakings provided herein. Documentation evidencing the completion of the remedial actions has been submitted on a timely basis in accordance with the undertakings set forth above.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Thousand Two Hundred Fifty Dollars (\$30,250).
- (3) The sum of Nine Thousand Eight Hundred Fifty Dollars (\$9,850) tendered contemporaneously with the entry of this Order is accepted.
- (4) The remainder of the penalty amount, Twenty Thousand Four Hundred Dollars (\$20,400), shall be vacated.
- (5) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2013-00542
JANUARY 16, 2014**

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 September 3, 2013, the Western Virginia Water Authority damaged a one-half-inch plastic gas service stub operated by Roanoke Gas Company ("Roanoke Gas"), located at 1005 Chapman Avenue, S.W., Roanoke County, Virginia, while excavating.
- (3) On or about September 24, 2013, Prillaman & Pace, Inc., damaged a one-half-inch plastic gas service stub operated by Roanoke Gas, located at the intersection of Albemarle Avenue, S.E., near Jefferson Street, Roanoke County, Virginia, while excavating.
- (4) On or about September 26, 2013, Aaron J. Conner, General Contractor, Inc., damaged a one-and-one-quarter-inch plastic gas main line operated by Roanoke Gas, located at 3115 Shenandoah Avenue, N.W., Roanoke County, Virginia, while excavating.
- (5) On or about October 15, 2013, Aaron J. Conner, General Contractor, Inc., damaged a one-half-inch plastic gas service stub operated by Roanoke Gas, located at 2920 Centre Avenue, N.W., Roanoke County, Virginia, while excavating.
- (6) On or about October 2, 2013, the Town of Vinton damaged a one-half-inch plastic gas service line operated by Roanoke Gas, located at 412 Pine Street, Roanoke County, Virginia, while excavating.
- (7) On the occasions set out in paragraphs (2) 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 August 27, 2013, S. C. Rossi & Company, Inc., damaged a two-inch plastic gas main line operated by Roanoke Gas, at the intersection of Cook Avenue and Barbara Lane, Botetourt County, Virginia, while excavating.
- (9) On or about September 26, 2013, Davis H. Elliot Construction Company, Inc., damaged a one-and-one-quarter-inch plastic gas service line operated by Roanoke Gas, at 520 Kimball Avenue, Roanoke County, Virginia, while excavating.
- (10) On the occasions set out in paragraphs (8) and (9) 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.
- (11) On or about September 24, 2013, Murrell's Plumbing & Heating damaged a one-half-inch plastic gas service line operated by Roanoke Gas, located at 5310 Malvern Road, N.W., Roanoke County, Virginia, while excavating.

(12) On the occasions set out in paragraphs (8) and (11) above, the Company failed to accurately report the marking status of the underground utility lines 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.

(13) On the occasions set out in paragraphs (2) through (5) and (9) 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 Fifteen Thousand Four Hundred Dollars (\$15,400) 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 Fifteen Thousand Four Hundred Dollars (\$15,400) 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-2013-00549
JANUARY 16, 2014**

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 18, 2013, and October 15, 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.

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 Eight Thousand Three Hundred Fifty Dollars (\$8,350) to be paid contemporaneously with the entry of this Order. This payment will be made by check 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 Three Hundred Fifty Dollars (\$8,350) 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-2013-00562
JANUARY 28, 2014**

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 12, 2013, Special Plumbing & Mechanical Inc. damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company ("Company"), located at or near 639 Marshall Street, Roanoke County, Virginia, while excavating.
- (2) On or about September 26, 2013, Trigon Exploration, LLC, damaged a one-inch plastic gas service line operated by the Company, located at or near 3119 Brambleton Avenue, S.W., Roanoke County, 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 the occasion set out in paragraph (1) above, the Company failed to prepare and maintain reasonably accurate installation records of the underground utility line, in violation of 20 VAC 5-309-160 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*
- (5) On or about October 1, 2013, E. C. Pace Company, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 4363 Lee Highway, Botetourt County, Virginia, while excavating.
- (6) On or about October 2, 2013, the Town of Vinton damaged a one-half-inch plastic gas service line operated by the Company, located at or near 412 Pine Street, Roanoke County, Virginia, while excavating.
- (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.

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 Two Hundred Dollars (\$8,200) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any 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 Two Hundred Dollars (\$8,200) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the 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-2013-00567
SEPTEMBER 25, 2014**

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 ("C.F.R.") 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 a review of Virginia Natural Gas, Inc.'s ("VNG" or "Company"), Integrity Management Program Plan and the associated implementation records and alleges that:

- (1) VNG is a person within the meaning of § 56-257.2 B of the Code of Virginia ("Code").
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.905 (b) (1) - Failure of the Company to have a comprehensive list of operation and maintenance records to be used for identifying High Consequence Areas ("HCAs") along its transmission pipeline system.
 - (b) 49 C.F.R. § 192.905 (c) - Failure on four instances of the Company to follow its Integrity Management Program ("IMP") Plan Procedures for the identification and review of new HCAs on its transmission pipeline system.
 - (c) 49 C.F.R. § 192.907 (a) - Failure of the Company to include a requirement in its IMP Plan for performing Confirmatory Direct Assessment at seven year intervals for reassessment intervals exceeding seven years.
 - (d) 49 C.F.R. § 192.907 (a) - Failure of the Company to document continual improvements to the External Corrosion Direct Assessment ("ECDA") process.
 - (e) 49 C.F.R. § 192.911 - Failure of the Company to incorporate information relative to its Lanexa and HRX pipelines into its IMP Plan in a timely and effective manner.
 - (f) 49 C.F.R. § 192.911 (c) - Failure of the Company to include data integration and analysis into its IMP Plan.
 - (g) 49 C.F.R. § 192.911 (k) - Failure on four instances of the Company to properly document the implementation of its management of change process.
 - (h) 49 C.F.R. § 192.911 (l) - Failure of the Company to retain records of the IMP Plan review for corrective actions to improve the IMP Plan.
 - (i) 49 C.F.R. § 192.911 (m) - Failure on two instances of the Company to provide an adequate internal communication process within the IMP Plan.
 - (j) 49 C.F.R. § 192.917 (a) - Failure of the Company to identify and evaluate potential threats and interactive potential threats for each covered transmission pipeline segment.

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).*

- (k) 49 C.F.R. § 192.917 (b) - Failure of the Company to have in its IMP Plan a comprehensive process to gather, integrate, and document existing data and information for the entire transmission pipeline system that could be relevant to covered segments, and verify that the necessary pipeline data has been assembled and integrated.
- (l) 49 C.F.R. § 192.917 (c) – Failure on four instances of the Company to adequately perform and document the risk model and assessment processes used for their transmission pipeline system.
- (m) 49 C.F.R. § 192.917 (e) - Failure of the Company to incorporate appropriate criteria for eliminating a specific threat, including but not limited to cyclic fatigue resulting from compressor station operations and interference currents impacting cathodic protection for its transmission pipeline system in its IMP Plan.
- (n) 49 C.F.R. § 192.917 (e) (1) - Failure of the Company to provide documentation of the susceptibility of each covered transmission pipeline segment to excavation damage based upon actual excavation damage data along its transmission pipeline system.
- (o) 49 C.F.R. § 192.917 (e) (5) - Failure of the Company to have in its IMP Plan a procedure to make determine if corrosion exists on a covered transmission pipeline segment that could adversely affect the integrity of the transmission pipeline.
- (p) 49 C.F.R. § 192.919 (a) - Failure of the Company to identify the potential threats to each covered transmission pipeline segment by failing to document the threat identification.
- (q) 49 C.F.R. § 192.919 (b) - Failure on three instances of the Company to document the assessment method selected for covered transmission pipeline segments.
- (r) 49 C.F.R. § 192.921 (b) - Failure of the Company to prioritize transmission pipeline covered segments by not performing a risk analysis since 2010.
- (s) 49 C.F.R. § 192.925 (b) - Failure of the Company to have a procedure in its IMP Plan for the integration and analysis of the data collected to evaluate if the indirect inspection process, such as close interval survey and direct current voltage gradient survey, may be used for its transmission pipeline.
- (t) 49 C.F.R. § 192.925 (b) (1) - Failure of the Company to establish a procedure in its IMP Plan to adequately identify and collect data for ECDA pre-assessment and apply more restrictive criteria when conducting an ECDA direct examination for the first time.
- (u) 49 C.F.R. § 192.927 (c) - Failure of the Company to develop and follow an Internal Corrosion Direct Assessment ("ICDA") Plan that provides for pre-assessment identification of ICDA regions and excavation locations, detailed examination of pipe at excavation locations, and post-assessment evaluation and monitoring.
- (v) 49 C.F.R. § 192.927 (c) (2) - Failure of the Company to identify covered ICDA regions using the appropriate model.
- (w) 49 C.F.R. § 192.927 (c) (4) (i) - Failure of the Company to include a frequency for the integrity reassessment intervals for each transmission pipeline segment.
- (x) 49 C.F.R. § 192.927 (c) (5) - Failure of the Company to include criteria for key decision-making regarding each stage of the ICDA process in its ICDA Plan and the selection of more restrictive criteria when conducting ICDA for the first time on a covered transmission pipeline segment.
- (y) 49 C.F.R. § 192.933 - Failure of the Company to have procedures in its IMP Plan to require documentation for the date of discovery, and criteria for, and schedule of, the evaluation and remediation of a potential threat to the transmission pipeline system.
- (z) 49 C.F.R. § 192.935 (a) - Failure on three instances of the Company to maintain records documenting the selection and implementation of additional Preventive and Mitigative ("P&M") measures to protect HCAs along its transmission pipeline system.
- (aa) 49 C.F.R. § 192.935 (b) (2) - Failure of the Company to make a determination that outside force is a threat to the integrity of its transmission pipelines and provide additional P&M measures.
- (bb) 49 C.F.R. § 192.935 (c) - Failure of the Company to have an adequate risk analysis-based process to determine if an automatic shut-off valve or remote control valve would be an efficient means of adding protection to an HCA in the event of a transmission pipeline failure.
- (cc) 49 C.F.R. § 192.937 (b) - Failure of the Company to perform periodic evaluations that include data integration, risk assessment, and a review of results for the entire transmission pipeline system to determine if changes to reassessment intervals and/or methods are needed.
- (dd) 49 C.F.R. § 192.945 (b) - Failure of the Company to have a procedure in its IMP Plan to define and monitor measures to determine the effectiveness of ECDA.
- (ee) 49 C.F.R. § 192.947 (d) - Failure of the Company to retain documents to support decisions, analysis, and processes developed as part of the IMP Plan.
- (ff) 49 C.F.R. § 192.947 (f) - Failure of the Company to retain records demonstrating prioritization of transmission pipeline conditions for evaluation and remediation.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order. The Division advises that the Company has been fully cooperative with the Division's investigation. According to the Company and the Division, VNG had begun an evaluation of its IMP Plan prior to July 12, 2013, when the Division's review of the IMP Plan began. The Division further advises that VNG has corrected all procedural violations noted herein. The revised IMP Plan became effective on July 1, 2014.

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 Three Hundred Ninety-eight Thousand Dollars (\$398,000), which shall be paid contemporaneously with the entry of this Order. This payment shall be made by check payable to the Treasurer of Virginia, and be 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 thirty (30) days of the date of this Order, the Company shall take the following remedial actions:
 - (a) VNG shall perform an evaluation ("Evaluation") of the operation and maintenance activities and facilities relative to the Company's IMP Plan. The Evaluation shall include the field activities detailed in Attachment A to this Order.
 - (b) The Company shall provide the Division with accurate weekly location sheets for field activities being performed in accordance with this Order. All of the documents, reports, and records developed by VNG to comply with this Order shall be available for review by the Division. In addition, if any consultants are retained to perform any portion of the activities required by this Order, any report

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

provided to the Company by such consultants shall be provided simultaneously to the Director of the Division of Utility and Railroad Safety.

- (c) Should the Company determine that additional testing and validation work is necessary based upon the results of the Evaluation and its IMP Plan, the Company shall revise the Evaluation to include these additional activities and complete these activities based on a schedule agreed to by the Division.
- (d) The Company shall begin to review and revise the mathematical model it uses for the determination of the risks posed by the threats to its transmission pipelines and the ranking of those risks for purpose of prevention and mitigation.
- (e) The Company shall complete all of the actions required by Undertaking Paragraphs 2 (a), 2 (b), and 2 (d) no later than April 15, 2015.

(3) On or before April 30, 2015, VNG 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 of Operations certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (2) above.

(4) The Company agrees to perform the scope of work specified on Attachment A to this agreement, estimated to cost approximately \$770,000, and further agrees not to defer the cost incurred for the work specified on Attachment A or seek recovery of those costs in a future rate case. In addition, the Company has incurred consulting charges from Rosen USA relating to the work specified in Attachment A in the amount of \$99,200. The Company also agrees not to defer the cost incurred from Rosen USA or seek recovery of the Rosen USA charges in a future rate case. Instead, the Company shall charge the actual costs of the specified projects and the Rosen USA charges to operations and maintenance expense in the month in which they are incurred, and the actual cost of the work specified on Attachment A and the Rosen USA charges will be excluded from period costs in either an AIF or rate proceeding.

(5) 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 the information submitted by the Commission 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2013-00567.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by VNG is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Three Hundred Ninety-eight Thousand Dollars (\$398,000).
- (4) Pursuant to Undertaking Paragraph (5), 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 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 Commission Staff in such a proceeding.
- (5) This case is hereby 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-2014-00001
FEBRUARY 18, 2014**

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.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 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 of the Company to follow Procedure 5288, developed to comply with § 192.605 (b) (2), by allowing large rock and other materials that would damage the coating to be used for bedding.
 - (b) 49 C.F.R. § 192.605 (a) – Failure on two instances of the Company to follow Procedure 6410, developed to comply with § 192.605 (b) (9), by not inspecting a fire extinguisher each month.
 - (c) 49 C.F.R. § 192.605 (a) – Failure of the Company on two instances to follow Procedure 5210, developed to comply with § 192.605 (b) (2), by not properly applying external corrosion control protective coating on a pipeline in accordance with the manufacturer's recommendations.
 - (d) 49 C.F.R. § 192.605 (a) – Failure of the Company to follow Procedure 5358 by not following the requirements of trench excavation and shoring.
 - (e) 49 C.F.R. § 192.605 (a) – Failure of the Company to follow Procedure 5358 by not securing a ladder at the top of a trench.
 - (f) 49 C.F.R. § 192.805 (b) – Failure of the Company to ensure through evaluation that individuals performing covered tasks; *i.e.*, directional drilling, are qualified.

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 Twenty-five Thousand Dollars (\$125,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check and be 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) 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 the information submitted by the Commission Staff.
- (3) 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 Division's representations and the 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-2014-00001.
- (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 be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of One Hundred Twenty-five Thousand Dollars (\$125,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (2), 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 WGL, 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 Commission Staff in such a proceeding.
- (5) This case is dismissed.

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).*

**CASE NO. URS-2014-00002
APRIL 9, 2014**

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, 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 of Virginia.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.183 (a) - Failure 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 equipment from anticipated vehicular damage.
 - (b) 49 C.F.R. § 192.187 (b) (2) - Failure of the Company to prevent external sources of ignition from reaching a pit atmosphere with an internal volume of more than 75 cubic feet and less than 200 cubic feet.
 - (c) 49 C.F.R. § 192.199 (h) - Failure on two instances of the Company to have a pressure relief device which prevents unauthorized operation of a stop valve that makes the pressure relief valve or pressure limiting device inoperative.
 - (d) 49 C.F.R. § 192.235 - Failure of the Company to preserve the alignment of the pipe segments while the weld root bead was being deposited.
 - (e) 49 C.F.R. § 192.303 - Failure of the Company to have a comprehensive written specification, developed to comply with § 192.235, for developing and maintaining proper alignment of the pipe while the weld root bead is being deposited.
 - (f) 49 C.F.R. § 192.273 (b) - Failure of the Company to follow written procedures developed to comply with § 192.283, by not inserting the plastic pipe ends to the correct depth for an electrofusion coupling.
 - (g) 49 C.F.R. § 192.305 - Failure of the Company to inspect a main in accordance with Company's procedure Chapter 2, Section XVII, Part A.4, by not verifying the correct insertion depth for an electrofusion coupling.
 - (h) 49 C.F.R. § 192.317 (a) - Failure of the Company to protect a pipeline from hazards that may cause the pipeline to sustain abnormal loads by installing the pipeline in conflict with a proposed bridge construction.
 - (i) 49 C.F.R. § 192.455 (a) (2) - Failure of the Company to protect a pipeline installed after July 31, 1971, against external corrosion within one year after the completion of construction.
 - (j) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures for horizontal directional drilling relative to pipe handling and protection of the pipe during pullback operation.
 - (k) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its procedure, Chapter 2, Section XVII, Part A, by not inspecting the minimum bend radius for a plastic gas service line.
 - (l) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Damage Prevention procedure by not producing facility locate manifests in accordance with the Underground Utility Marking Standards.

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 Seventy-six Thousand Dollars (\$76,000), of which Thirty-six Thousand Dollars (\$36,000) shall be paid contemporaneously with the entry of this Order. The remaining Forty Thousand Dollars (\$40,000) 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 be directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

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 has agreed to undertake the following actions:
- (a) On or before July 1, 2014, the Company shall develop quality assurance/quality control procedures for ensuring the proper operation of the pressure monitoring telemetry equipment throughout RGC's system. These procedures must include testing, at least once each calendar year, not to exceed 15 months, of each pressure sensing telemetry device to ensure it is working properly and sending accurate system pressures to the Company's gas control facility.
 - (b) On or before July 1, 2014, the Company shall develop, maintain, and follow procedures for the installation of service lines.
 - (c) Commencing no later than one month after the date of this Order, the Company shall submit to the Division every working day, as defined by § 56-265.15 of the Code of Virginia, by electronic mail, an accurate daily schedule for each construction contractor and Company crew performing work that day. This schedule shall include, at a minimum, the Company inspector's name and field phone number, specific locations including addresses, and the VA 811 ticket numbers for each project. If multiple projects are assigned to one inspector, a priority must be established and listed for each project.
 - (d) Commencing no later than one month after the date of this Order, the Company shall place a door hanger brochure on each customer's premises where the Company performs a gas service renewal project. The door hanger brochure shall display information about safe digging practices, including the "Call 811 and Dig With C.A.R.E." message.
 - (e) On or before July 1, 2014, the Company shall begin the use of traffic cones with the message "Call 811 and Dig With C.A.R.E." at all construction sites where the Company or its contractors perform pipeline construction, operation and maintenance work.
 - (f) On or before July 1, 2014, RGC shall develop and implement a quality control audit program for construction related activities by, among other things, having and using a construction audit form acceptable to the Division.

(3) On or before July 15, 2014, RGC shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of RGC, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (a), (b), and (f) above, and has begun the remedial actions set forth in Undertaking Paragraphs (2) (c), (d), and (e) above.

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Forty Thousand Dollars (\$40,000) of the amount set forth in Undertaking Paragraph (1) above. Should RGC fail to tender the affidavit required by Undertaking Paragraph (3) above, a payment of Forty Thousand Dollars (\$40,000) 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 (2) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Forty Thousand Dollars (\$40,000), 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.

(5) 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 the information submitted by the Commission 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00002.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by RGC hereby is accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Seventy-six Thousand Dollars (\$76,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Thirty-six Thousand Dollars (\$36,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Forty Thousand Dollars (\$40,000) 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) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) Pursuant to Undertaking Paragraph (5), 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 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 Commission Staff in such a proceeding.
- (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-2014-00003
MARCH 6, 2014**

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 (the "Commonwealth") 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 the Commonwealth.¹ 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) CGV 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. § 192.273 (b) - Failure of the Company to follow written procedures that have been proven by test or experience to produce a gas tight joint.
 - (b) 49 C.F.R. § 192.605 (a) - Failure of the Company to make construction records, maps, and operating history available to appropriate operating personnel by not maintaining records relative to the installation of a plastic service line.

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 the amount of Forty-three Thousand Dollars (\$43,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and be 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) 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 the information submitted by the Commission Staff.
- (3) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00003.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by CGV is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Forty-three Thousand Dollars (\$43,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (2), 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 CGV, any information discovered or obtained in the course of the

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).*

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 Commission Staff in such a proceeding.

- (5) This case is dismissed.

**CASE NO. URS-2014-00004
FEBRUARY 25, 2014**

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.

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. § 192.317 (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. § 192.325 (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.
 - (c) 49 C.F.R. § 192.327 (b) - Failure of the Company to install a buried main with at least 24 inches of cover.
 - (d) 49 C.F.R. § 192.481 (a) - Failure on numerous instances to inspect each pipeline exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months.
 - (e) 49 C.F.R. § 192.721 (b) (2) - Failure on numerous instances 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 seven and one-half months, but at least twice each calendar year.

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 Ninety-eight Thousand Dollars (\$98,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and be 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 April 1, 2014, the Company shall revise its Patrolling and Inspection of Gas Systems Procedure, Division II, Section 2.3, for the visual inspection of all of its exposed distribution mains. This visual inspection shall include the observation of the exposed mains for those conditions that could affect the safe operation of the distribution system, including, but not limited to, evidence of leakage, deterioration of the pipe and pipe supports, deformation of the pipe and pipe supports, land subsidence, flooding, and other natural causes. Further, the Company shall train and qualify the appropriate employees to carry out the revised procedures when inspecting these facilities.

(3) On or before April 30, 2014, 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 revision of its procedures set forth in Undertaking Paragraph (2) above.

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).*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) 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 the information submitted by the Commission Staff.

(5) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00004.

(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 VNG is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Ninety-eight Thousand Dollars (\$98,000), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (4), 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 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 Commission Staff in such a proceeding.

(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-2014-00006
MARCH 31, 2014**

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, § 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 26, 2013, and December 20, 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 underground utility lines by no later than 7 a.m. on the third working day following the excavator's notices to the notification center, in violation of § 56-265.19 A of the Code.
- (b) 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.
- (c) 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 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 Twelve Thousand Four Hundred Fifty Dollars (\$12,450) to be paid contemporaneously with the entry of this Order. The payment will be made by check 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 Twelve Thousand Four Hundred Fifty Dollars (\$12,450) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2014-00056
APRIL 22, 2014**

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

v.
WILLIAM B. HOPKE CO. 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 20, 2013, William B. Hopke Co. Inc. ("Company") damaged a six-inch plastic gas main line operated by Washington Gas Light Company, located at or near the intersection of 10th Street and Long Bridge Drive, Arlington County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 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.

(5) On the occasion set out in paragraph (1) above, the Company utilized mechanized equipment within two feet of the extremities of the exposed utility line, in violation of 20 VAC 5-309-140 (3) 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 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 dismissed.

NOTE: A copy of the attached Admission and Consent 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-2014-00072
MARCH 6, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between September 4, 2013, and December 27, 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.
- (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 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 Sixteen Thousand Three Hundred Fifty Dollars (\$16,350) 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 Sixteen Thousand Three Hundred Fifty Dollars (\$16,350) 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.

NOTE: A copy of the signed "Admission and Consent" document 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-2014-00083
MARCH 31, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 20, 2013, and December 13, 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 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 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 Twenty-four Thousand Eight Hundred Dollars (\$24,800) 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 Twenty-four Thousand Eight Hundred Dollars (\$24,800) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2014-00096
JUNE 24, 2014**

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.

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. § 192.911 (k) - Failure of the Company to have an adequate written management of change process in the Integrity Management Program ("IMP") plan that considers impacts of all changes to pipeline systems and their integrity.
 - b) 49 C.F.R. § 192.911 (l) - Failure of the Company to adequately monitor corrective actions for the repair of washouts along the pipeline to improve the IMP plan and the quality assurance process for effectiveness.
 - c) 49 C.F.R. § 192.915 (b) - Failure of the Company to have adequate procedures for the qualification of any person who conducts, reviews, and analyzes the results from, or makes decisions on, actions to be taken from integrity assessments, by not identifying minimum criteria for the selection of qualified personnel.
 - d) 49 C.F.R. § 192.917 (a) - Failure of the Company to adequately evaluate potential threats by not considering the potential threats of excavation damage to the Company's transmission pipeline by Company employees or Company contractors.
 - e) 49 C.F.R. § 192.917 (a) - Failure of the Company to adequately consider interactive threats from different categories in its IMP plan.
 - f) 49 C.F.R. § 192.917 (b) - Failure of the Company to utilize a more conservative assumption for the unsubstantiated pipeline depth of cover data points during data gathering and integration.
 - g) 49 C.F.R. § 192.917 (c) - Failure of the Company to consider factors that could affect the consequences of potential releases in its risk assessment by having the same consequence factor (*i.e.*, 1) for all covered pipeline segments.
 - h) 49 C.F.R. § 192.917 (e) - Failure of the Company to have adequate procedures to incorporate appropriate criteria for eliminating cyclic fatigue for a particular pipeline segment in its IMP plan.
 - i) 49 C.F.R. § 192.925 (b) (3) (ii) (A) - Failure of the Company to have adequate procedures in its IMP plan to conduct remaining pipe strength calculations.
 - j) 49 C.F.R. § 192.925 (b) (3) (iii) - Failure of the Company to have adequate procedures for notification of changes to the External Corrosion Direct Assessment plan.
 - k) 49 C.F.R. § 192.927 (c) (5) (ii) - Failure of the Company to have adequate provisions in its Internal Corrosion Direct Assessment ("ICDA") plan for applying more restrictive criteria when conducting ICDA for the first time on a covered pipeline segment.
 - l) 49 C.F.R. § 192.933 (a) - Failure of the Company to have a written requirement to notify the Commission when required to do so by § 192.933 (a) (1) and § 192.933 (a) (2).
 - m) 49 C.F.R. § 192.935 (b) (1) (iv) - Failure of the Company to have an adequate procedure in its IMP plan or Operations & Maintenance manual by which the Company is notified of possible excavation encroachments near covered pipeline segments.

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-four Thousand Dollars (\$34,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by 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 sixty (60) days of the date of this Order, WGL shall submit a revised IMP plan to the Division correcting the alleged violations set forth in Paragraph (2) above.

(3) 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 the information submitted by the Commission Staff.

(4) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

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).

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00096.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by WGL is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Thirty-four Thousand Dollars (\$34,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (3), 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 WGL, 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 Commission Staff in such a proceeding.
- (5) This case is hereby dismissed.

**CASE NO. URS-2014-00098
JULY 15, 2014**

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; and, after having conducted an investigation of this matter, discovered the following:

- (1) On or about January 2, 2014, Miller Pipeline, LLC ("Contractor"), a contractor of Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, damaged a one-inch plastic water service line operated by Pulte Home Corporation located at or near 15 Hopkins Branch Way, Stafford County, Virginia, while excavating. Such plastic water service line was installed underground on or after July 1, 2002.
- (2) As a result of the damage described in paragraph (1) above, the escaping water from the water service line damaged a one-inch gas service line owned by CGV.
- (3) As a result of the circumstances set out in paragraphs (1) and (2) above, the leaking natural gas from the damaged natural gas line migrated to the house located at 15 Hopkins Branch Way, Stafford County, Virginia. The house was destroyed by a natural gas explosion on February 1, 2014.

Subsequent to the explosion described in paragraph (3) above, the Division conducted a review of records relative to the construction and operation activities by the Company and its Contractor involving the gas service line at 15 Hopkins Branch Way, Stafford County, Virginia and alleges that:

- (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. § 192.13 (c) - Failure of the Company to follow its written Gas Standard GS 1100.050 by not performing an adequate site investigation to identify facilities that had not been located and crossed the bore path.
 - (b) 49 C.F.R. § 192.13 (c) - Failure of the Company to inspect the installation of the gas service line by trenchless technology to ensure the adequacy of the depth of cover of the service line.

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).*

- (c) 49 C.F.R. § 192.13 (c) - Failure of the Company to follow its written Gas Standard GS 3010.100 by not inspecting the job site to ensure the work was performed in accordance with all governmental regulations.
- (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate written procedures for new or replaced gas service lines installed by trenchless technology that includes, among other things, ensuring the adequacy of the depth of cover, examination of the gas service line for circumferential damage after installation, and the replacement of the gas service line when the examination of the piping reveals damage that continues into the borehole and the piping cannot be examined further for the extent of the damage.
- (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate written procedures for electrofusion joining.
- (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate written procedures for the use of a self-punch tapping tee that includes the process for performing the tapping operation for each type of tapping tee used.

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 Twenty-four Thousand Dollars (\$224,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and be directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) Within ninety (90) days of the date of this Order, the Company shall correct all of the procedural deficiencies alleged above and submit the corrected procedures to the Division.

(3) 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 the information submitted by the Commission Staff.

(4) 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 Division's representations and the 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-2014-00098.

(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, the Company shall pay the amount of Two Hundred Twenty-four Thousand Dollars (\$224,000), which shall be paid contemporaneously with the entry of this Order.

(4) The Company shall complete the actions set out in Undertaking Paragraph (2) and submit the procedural revisions to the Division within ninety (90) days of the date of this Order.

(5) Pursuant to Undertaking Paragraph (3), 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 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 Commission Staff in such a proceeding.

(6) This case is continued.

**CASE NO. URS-2014-00099
AUGUST 1, 2014**

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.

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. § 192.273 (b) - Failure of the Company on nine instances to follow its Operations Procedure Manual, Division IV, Section 6.5.2, by not verifying the correct insertion depth on both ends of a coupling before starting the electrofusion process.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company to follow its Operations Procedure Manual, Division IV, Section 6.1, by not applying sufficient force to ensure proper rollback of heated materials during a butt fusion.
 - (c) 49 C.F.R. § 192.305 - Failure of the Company on seven instances to inspect a main to ensure that it was constructed in accordance with its Operations Procedure Manual, Division IV, Section 6.1, developed to comply with § 192.273 (b).
 - (d) 49 C.F.R. § 192.361 (b) - Failure of the Company to install a service line with backfill free of materials that could damage the pipe.
 - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate procedure for the proper installation of tracer wire on plastic pipe developed to comply with § 192.321 (e).
 - (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures for performing underground leak investigations.
 - (g) 49 C.F.R. § 192.605 (a) - Failure of the Company on three instances to follow its Operations Procedure Manual, Division II, Section 1, by not making accurate construction records, maps, and operating history available to appropriate operating personnel.
 - (h) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Procedure Manual, Division II, Section 4.8.2, by not calibrating Combustible Gas Indicators in accordance with the manufacturer's recommended calibration instructions.
 - (i) 49 C.F.R. § 192.605 (a) - Failure of the Company on two instances to follow its Operations Procedure Manual, Division III, Section 3.6.2, by entering an excavation that exceeded five feet as referenced in OSHA Part 1926, Subpart P, Standard 1926.652 (a) (1) (i) without an adequate system to protect employees from a cave in.
 - (j) 49 C.F.R. § 192.605 (a) - Failure of the Company on two instances to follow its Operations Procedure Manual, Division III, Section 5.11.5, by not joining sections of tracer wire to maintain a conductive flow of current for locating.
 - (k) 49 C.F.R. § 192.614 (c) (6) (i) - Failure of the Company to inspect a pipeline as frequently as necessary during and after excavation activities to verify the integrity of the pipeline.
 - (l) 49 C.F.R. § 192.805 (a) - Failure of the Company to identify the burial of anodes as a covered task in its written qualification program.
 - (m) 49 C.F.R. § 192.805 (b) - Failure of the Company to ensure through evaluation that an individual was qualified to perform the covered task of underground leak investigations.

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 Three Hundred Fourteen Thousand Dollars (\$314,000), of which Two Hundred Two Thousand Five Hundred Dollars (\$202,500) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Eleven Thousand Five Hundred Dollars (\$111,500) 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) (b) and (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 take the following remedial actions:
 - (a) Within 60 days of the date of this Order, the Company shall take the necessary action to retrain those employees installing cathodic protection anodes on the proper methods of installing them, including placement and proximity to the pipeline.
 - (b) Within 90 days of the date of this Order:
 - (i) The Company shall develop, maintain, and follow detailed procedures for the installation of both new and replaced service lines as the term "service line" is defined in 49 C.F.R. § 192.3. These procedures shall include, among other things, a requirement to inspect service lines to ensure they are constructed in accordance with the procedures and the applicable requirements of Part 192. The Company shall submit these procedures to the Division upon completion.
 - (ii) The Company shall implement a program to perform independent audits of its construction activities. The audit reports shall be reviewed by the Vice President of Operations with corrective actions documented.

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).*

(3) The Company has agreed to complete the following:

- (a) On or before October 1, 2014, the Company shall "wrap" 3 damage prevention specialist vehicles with the "Dig With C.A.R.E., Call 811" message as designed by the Division. The message shall be displayed on these vehicles for a minimum of 3 years.
- (b) On or before July 1, 2015, the Company shall implement a damage prevention program for school children to at least 2 school districts in its service area during the 2014/2015 school year. The details of the program must be acceptable to the Division.
- (c) On or before July 1, 2015, the Company shall implement a public outreach program at 2014/2015 sporting events in partnership with Old Dominion University. The details of this program must be acceptable to the Division.

(4) On or before July 15, 2015, VNG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice-President of Operations, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (b) and (3) above.

(5) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to One Hundred Eleven Thousand Five Hundred Dollars (\$111,500) of the amount set forth in Undertaking Paragraph (1) above. Should VNG fail to tender the affidavit required by Undertaking Paragraph (4) above, a payment of One Hundred Eleven Thousand Five Hundred Dollars (\$111,500) 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 Paragraphs (2) (b) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Eleven Thousand Five Hundred Dollars (\$111,500), 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) 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 the information submitted by the Commission Staff.

(7) 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 Division's representations and the 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-2014-00099.

(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 VNG is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay to the Commonwealth of Virginia the amount of Three Hundred Fourteen Thousand Dollars (\$314,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Two Hundred Two Thousand Five Hundred Dollars (\$202,500) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Eleven Thousand Five Hundred Dollars (\$111,500) 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 Paragraphs (2) (b) and (3) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (4) of this Order.

(5) Pursuant to Undertaking Paragraph (6), 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 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 Commission Staff in such a proceeding.

(6) This case is hereby continued.

**CASE NO. URS-2014-00100
MAY 14, 2014**

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 ("C.F.R.") 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 ("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) CGV 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. § 192.909 (a) - Failure of the Company to document a change to its Integrity Management Program ("IMP") plan.
 - (b) 49 C.F.R. § 192.911 (l) - Failure of the Company to adequately monitor corrective actions to improve the IMP plan and the quality assurance process for effectiveness.
 - (c) 49 C.F.R. § 192.911 (l) - Failure of the Company to have an adequate quality assurance process for work performed by outside resources and to document the results within its IMP quality assurance program.
 - (d) 49 C.F.R. § 192.915 (b) - Failure of the Company to provide criteria for the qualification of supervisory personnel.
 - (e) 49 C.F.R. § 192.915 (b) - Failure of the Company to provide criteria for the qualification of any person who conducts, reviews, and analyzes the results from, or makes decisions on, actions to be taken from integrity assessments.
 - (f) 49 C.F.R. § 192.917 (a) - Failure of the Company to identify and evaluate potential threats to each covered pipeline segment.
 - (g) 49 C.F.R. § 192.917 (a) - Failure of the Company to consider potential interactive threats from different categories in the IMP plan by not considering the interaction between outside force and corrosion threats.
 - (h) 49 C.F.R. § 192.917 (b) - Failure of the Company to properly assemble data sets for threat identification and risk assessment by not evaluating atmospheric corrosion records.
 - (i) 49 C.F.R. § 192.917 (b) - Failure of the Company to utilize data captured pursuant to operations and maintenance activities as data sources for data gathering and integration.
 - (j) 49 C.F.R. § 192.917 (c) - Failure of the Company to allocate adequate time and personnel to the completion of the risk assessment and future risk assessment considerations.
 - (k) 49 C.F.R. § 192.917 (e) (4) - Failure of the Company to prioritize covered pipeline segments containing low frequency resistance welded pipe as high-risk segments.
 - (l) 49 C.F.R. § 192.919 (a) - Failure of the Company to identify all threats for new High Consequence Areas ("HCAs") and newly installed pipelines.
 - (m) 49 C.F.R. § 192.925 (b) - Failure of the Company to have adequate procedures to develop and implement an External Corrosion Direct Assessment ("ECDA") plan.
 - (n) 49 C.F.R. § 192.925 (b) - Failure of the Company to have adequate procedures to select more restrictive criteria when conducting ECDA for the first time on a covered pipeline segment.
 - (o) 49 C.F.R. § 192.927 (c) - Failure of the Company to identify Internal Corrosion Direct Assessment ("ICDA") regions across the entire pipeline.
 - (p) 49 C.F.R. § 192.927 (c) - Failure of the Company to implement its ICDA plan by not making conservative assumptions when critical data is not available.
 - (q) 49 C.F.R. § 192.927 (c) (1) - Failure of the Company to determine the inclination angles and the areas where moisture may accumulate inside the pipeline to create conditions that allow for internal corrosion to occur.
 - (r) 49 C.F.R. § 192.927 (c) (5) (ii) - Failure of the Company to have a process in its IMP plan for the selection of more restrictive criteria when conducting ICDA for the first time on a covered pipeline segment.
 - (s) 49 C.F.R. § 192.935 (a) - Failure of the Company to implement a documented decision-making process that incorporates input from relevant parts of the organization to decide which additional Preventive and Mitigative ("P&M") measures are to be implemented to protect HCAs.
 - (t) 49 C.F.R. § 192.935 (a) - Failure of the Company to implement a documented decision-making process to decide which additional P&M measures are to be implemented, including the likelihood and consequences of pipeline failures.
 - (u) 49 C.F.R. § 192.935 (b) (2) - Failure of the Company to develop P&M measures to address identified threats such as flooding, earth movement, and outside force damage.
 - (v) 49 C.F.R. § 192.945 (b) - Failure of the Company to define and monitor measures to determine the effectiveness of the ECDA plan.

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 Ninety-eight Thousand Dollars (\$98,000), of which Forty-eight Thousand Dollars (\$48,000) shall be paid contemporaneously with the entry of this Order. The remaining Fifty Thousand Dollars (\$50,000) 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 Paragraphs (2) and (3) herein and tenders the requisite certification as required by Undertaking

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).*

Paragraph (4) herein. The initial payment and any subsequent payments shall be made by check payable to the Treasurer of Virginia, and be 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 sixty (60) days of the date of this Order, CGV shall submit a revised IMP plan to the Division that corrects the alleged violations set forth in Paragraph (2) above.

(3) The Company shall use the Trimble Global Navigation Survey System Technology Platform that uses the Optimal Ranging SPAR 300 Unit to survey CGV's transmission pipelines to capture, among other things, the pipeline's inclination angles required to be considered as part of the Company's revised IMP plan. The Survey of the Company's pipelines shall be completed on or before December 1, 2014.

(4) On or before December 15, 2014, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit by the Vice President of Pipeline Safety and Compliance for CGV certifying that the Company has completed the remedial action set forth in Undertaking Paragraph (3) above.

(5) Upon timely receipt of the affidavit required by Undertaking Paragraph (4) above, the Commission may suspend and subsequently vacate up to Fifty Thousand Dollars (\$50,000) of the remaining amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender such affidavit or fail to take the action required by Undertaking Paragraph (3) above, a payment of Fifty Thousand Dollars (\$50,000) shall become due and payable, and the Company shall, on or before December 17, 2014, notify the Division of the reasons for CGV's failure to accomplish the action required by Undertaking Paragraph (3) above. If, upon investigation, the Division determines that the reason for such failure justifies a payment lower than Fifty Thousand Dollars (\$50,000), 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.

(6) 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 the information submitted by the Commission Staff.

(7) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00100.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by CGV is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Ninety-eight Thousand Dollars (\$98,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Forty-eight Thousand Dollars (\$48,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Fifty Thousand Dollars (\$50,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the action 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 (6), 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 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 Commission Staff in such a proceeding.
- (6) This case is continued.

**CASE NO. URS-2014-00101
JUNE 3, 2014**

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 gas 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 ("C.F.R.") 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 ("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. § 192.917 (a) - Failure of the Company to consider interactive threats from different categories in its Integrity Management Program plan.
 - (b) 49 C.F.R. § 192.925 (b) - Failure of the Company to conduct feasibility assessments that integrate and analyze the data collected during External Corrosion Direct Assessment ("ECDA") pre-assessment.
 - (c) 49 C.F.R. § 192.925 (b) (2) - Failure of the Company to perform indirect inspections over a portion of the ECDA region of the pipeline during ECDA indirect examination.
 - (d) 49 C.F.R. § 192.943 (a) (2) - Failure of the Company to have a written procedure for justifying a longer assessment period for a covered pipeline segment if the Company demonstrates that it cannot maintain local product supply.
 - (e) 49 C.F.R. § 192.943 (b) - Failure of the Company to have a written procedure requiring the Company to apply for a waiver at least 180 days before the end of the required reassessment interval.

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 Twenty-four Thousand Dollars (\$24,000), of which Twelve Thousand Dollars (\$12,000) shall be paid contemporaneously with the entry of this Order. The remaining Twelve Thousand Dollars (\$12,000) 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 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) On or before December 31, 2014, the Company shall take over the operation and maintenance of two (2) master metered systems in RGC's service area.

(3) Within sixty (60) days of the date of this Order, RGC shall submit a revised Integrity Management Plan to the Division correcting the alleged violations set forth in Paragraph (2) above.

(4) On or before January 15, 2015, RGC shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of RGC, certifying that the Company completed the remedial action set forth in Undertaking Paragraph (2) above.

(5) Upon timely receipt of said affidavit the Commission may suspend and subsequently vacate up to Twelve Thousand Dollars (\$12,000), of the amount set forth in Undertaking Paragraph (1) above. Should RGC fail to tender the affidavit required by Undertaking Paragraph (4), or fail to take the action required by Undertaking Paragraph (2) above, a payment of Twelve Thousand Dollars (\$12,000) 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) and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Twelve Thousand Dollars (\$12,000), 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) 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 the information submitted by the Commission Staff.

(7) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

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).*

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00101.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by RGC is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Twenty-four Thousand Dollars (\$24,000), which shall be paid contemporaneously with the entry of this Order.
- (4) The sum of Twelve Thousand Dollars (\$12,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Twelve Thousand Dollars (\$12,000) 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) of this Order and tenders the requisite certification of the remedial actions required by Undertaking Paragraph (4) of this Order.
- (5) Pursuant to Undertaking Paragraph (6), 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 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 Commission Staff in such a proceeding.
- (6) This case is continued.

NOTE: A copy of the Admission and Consent form 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-2014-00102
SEPTEMBER 29, 2014**

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

v.

PULTE HOME CORPORATION,
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 2, 2014, Miller Pipeline, LLC, damaged a one-inch plastic water service line owned by Pulte Home Corporation ("Company"), located at or near 15 Hopkins Branch Way, Stafford County, Virginia, while excavating. Such plastic water service line was installed underground on or after July 1, 2002.
- (2) As a result of the damage described in paragraph (1) above, the escaping water from the service line damaged a one-inch gas line owned by Columbia Gas of Virginia, Inc.
- (3) As a result of the circumstances set out in paragraphs (1) and (2) above, the leaking gas migrated to the house located at 15 Hopkins Branch Way, Stafford County, Virginia. The house was destroyed by a natural gas explosion on February 1, 2014.
- (4) The Division further alleges that on the occasion set out in paragraph (1) above, the Company failed to mark the approximate horizontal location of the water 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.
- (5) The Division further alleges that on the occasion set out in paragraph (1) above, the Company failed to join the notification center for the area in violation of § 56-265.16:1 of the Code.
- (6) The Division further alleges that on the occasion set out in paragraph (1) above, the Company failed to install the water line in such a manner as to be locatable, in violation of § 56-265.20:1 of the Code.
- (7) Following the events described above, the Division conducted additional investigations in the affected community in Stafford County, Virginia, to ensure the integrity of the natural gas pipeline facilities in the area. As a result of these investigations, the Division further alleges that on 71 instances (listed on Attachment A), the Company failed to install water lines in such a manner as to be locatable, in violation of § 56-265.20:1 of the Code.

As evidenced in the attached Consent to Jurisdiction and Settlement document, the Company denies these allegations but admits to the Commission's jurisdiction and consents to the entry of 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 agreed to comply with the following terms and undertakings:

(1) That the Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Forty-five Thousand Nine Hundred Dollars (\$45,900), of which Fifteen Thousand Dollars (\$15,000) shall be paid contemporaneously with the entry of this Order. The payment 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. The remaining Thirty Thousand Nine Hundred Dollars (\$30,900) shall be suspended and vacated upon the timely completion of the remedial actions outlined in Undertaking Paragraphs (2), (3), (4), and (5) herein.

(2) That the Company will undertake a training session for its Virginia-based field employees on the subject of underground utility damage prevention and will submit documentation evidencing the training session to the Commission contemporaneously with the entry of this Order. Such Virginia-based field employees receiving training pursuant to this paragraph shall include, but not be limited to, construction supervisors, site superintendents, foremen, and construction managers.

(3) That the Company will issue a written directive to those employees having received training pursuant to Undertaking Paragraph (2) herein instructing that they must consider the duties and obligations prescribed by the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia, and the Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-15 *et seq.*, when conducting field inspections and supervision, and that they shall take corrective measures where appropriate.

(4) That the Company will issue a written directive to all subcontractors working on behalf of the Company, responsible for installing water and sewer laterals in the Commonwealth of Virginia, specifically reminding them that their contractual obligation to follow Virginia law includes the obligation to make all non-metallic lines locatable by tracer wire, and that failure to do so is grounds for non-payment and for termination.

(5) On or before August 18, 2014, Pulte Home Corporation shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Company's Division President, certifying that the Company has completed the remedial actions set forth in Undertaking Paragraphs (2), (3), and (4) above.

(6) Upon timely receipt of said affidavit, the Commission shall suspend and subsequently vacate Thirty Thousand Nine Hundred Dollars (\$30,900) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (5) above, or fail to take the actions required by Undertaking Paragraphs (2), (3), and (4) above, the payment of Thirty Thousand Nine Hundred Dollars (\$30,900) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If, upon investigation, the Division determines that the reasons for said failure justify a payment lower than Thirty Thousand Nine Hundred Dollars (\$30,900), 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.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for entry of this order, hereby accepts this offer of settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00102.
- (2) 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.
- (3) Pursuant to § 12.1-15 of the Code of Virginia, the Company shall pay the amount of Forty-five Thousand Nine Hundred Dollars (\$45,900), part of which is hereby suspended and vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Fifteen Thousand Dollars (\$15,000) tendered contemporaneously with the entry of this Order is accepted.
- (5) This case is hereby dismissed.

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-2014-00103
MAY 21, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MILLER PIPELINE, 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 January 2, 2014, Miller Pipeline, LLC ("Company"), damaged a one-inch plastic water service line operated by Pulte Home Corporation, located at or near 15 Hopkins Branch Way, Stafford County, Virginia, while conducting trenchless excavation.

(2) As a result of the damage described in paragraph (1) above, the escaping water from the service line damaged a one-inch gas line owned by Columbia Gas of Virginia, Inc. ("CGV").

(3) As a result of the circumstances set out in paragraphs (1) and (2) above, gas leaking from CGV's pipeline migrated to the house located at 15 Hopkins Branch Way, Stafford County, Virginia. The house was destroyed by a natural gas explosion on February 1, 2014.

(4) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.17 C of the Code.

(5) On the occasion set out in paragraph (1) above, the Company failed to give special consideration to a water system within the area that could not be located accurately while conducting trenchless excavation, in violation of 20 VAC 5-309-150 (5) 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 check for unmarked utility lines, in violation of Rule 20 VAC 5-309-180.

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 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 dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00104
AUGUST 5, 2014**

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

v.
COMMONWEALTH IRRIGATION AND LANDSCAPE CORPORATION,
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 February 25, 2014, Commonwealth Irrigation and Landscape Corporation ("Company") excavated at or near 33 Royal Crescent Way, Stafford County, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed on eleven (11) instances to expose the underground utility lines to their extremities by hand digging, in violation of § 56-265.24 A of the Code, and 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 line, in violation of 20 VAC 5-309-140 (2) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits 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 Dollars (\$5,600).
- (2) That One Thousand Six Hundred Fifty Dollars (\$1,650) 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 Nine Hundred Fifty Dollar (\$3,950) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00104.
- (2) 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.
- (3) The Company is hereby penalized in the amount of Five Thousand Six Hundred Dollars (\$5,600).
- (4) The sum of Three Thousand Nine Hundred Fifty Dollars (\$3,950) tendered contemporaneously with the entry of this Order is accepted.
- (5) The remainder of the penalty amount, One Thousand Six Hundred Fifty Dollars (\$1,650), shall be vacated.
- (6) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00115
APRIL 22, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LINCO 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 12, 2013, Linco Inc. ("Company") damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near 123 Summit Street, Albemarle 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 take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.

(4) 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.*

(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 the underground utility line and the cutting edge or point of the mechanized equipment, in violation of Rule 20 VAC 5-309-140 (4).

As evidenced in the attached Admission and Consent document, the Company admits to the allegations made herein and 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 Dollars (\$5,000) 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 Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed.

**CASE NO. URS-2014-00125
MAY 2, 2014**

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 January 2, 2014, Prillaman & Pace, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4701 Norwood Street, S.W., Roanoke 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 the occasion set out in paragraph (2) above, the Company failed to accurately report the marking status of the underground utility line 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 January 27, 2014, Prillaman & Pace, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4119 Norwood Street, S.W., Roanoke County, Virginia, while excavating.

(6) On the occasion set out in paragraph (5) 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.

(7) On the occasions set out in paragraphs (2) and (5) above, the Company failed 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00126
MAY 2, 2014**

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

v.
DLB, 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 January 16, 2014, DLB, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4335 West Main Street, Roanoke County, Virginia, while excavating.
- (2) On or about February 28, 2014, the Company damaged a three-quarter-inch plastic gas service line operated by Atmos Energy Corporation, located at or near 110 Peppers Ferry Road, Montgomery County, Virginia, while excavating.
- (3) On the occasions set out in paragraphs (1) and (2) 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.
- (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 the underground utility line, in violation of § 56-265.24 A of the Code.
- (5) On the occasion set out in paragraph (2) 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, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company admits to the allegations herein and 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 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 dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00127
MAY 5, 2014**

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

v.

W. E. (BILLY) CURLING WELDING SERVICE, 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 October 17, 2013, W. E. (Billy) Curling Welding Service, Inc. ("Company"), damaged a two-inch steel gas main line operated by Virginia Natural Gas, Inc., located at or near 1022 Quail Street, Norfolk, Virginia, while excavating.

(2) On or about November 5, 2013, the Company damaged a two-inch plastic gas main operated by Virginia Natural Gas, Inc., located at or near the intersection of Freene Avenue and 7th Street, Suffolk, 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 the occasion set out in paragraph (1) above, the Company failed 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 admits to the allegations herein and 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 Dollars (\$5,000) 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 Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.

(3) This case is dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00131
MAY 2, 2014**

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 ("Act"). The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between October 15, 2013, and February 28, 2014, 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 numerous 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 numerous 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 numerous 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.
- (d) Failing on numerous 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 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 Twelve Thousand Nine Hundred Dollars (\$12,900) 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 Twelve Thousand Nine Hundred Dollars (\$12,900) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00144
DECEMBER 18, 2014**

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

v.

NEW HOME MEDIA,
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"), has completed investigations of certain incidents that occurred during the period of September 15, 2012 and January 14, 2014, listed in Attachment A involving New Home Media ("Company") the Defendant, and alleges that:

(1) During the aforementioned period, the Company violated the Act by failing to notify the notification center ("VA811") before beginning its excavation to install signs, in violation of § 56-265.17 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 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) The Company shall pay to the Commonwealth of Virginia the amount of Forty-eight Thousand Dollars (\$48,000), of which Eleven Thousand Eight Hundred Dollars (\$11,800) shall be paid contemporaneously with the entry of this Order. The remaining Thirty-six Thousand Two Hundred Dollars (\$36,200) 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. All 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 promote the C.A.R.E.¹ message by the following:

- (a) Facilitate three outreach events to help educate sign install companies and home builders in the Northern Virginia, Fredericksburg, and Richmond areas relative to the C.A.R.E. message. These events are to be coordinated with the Division and be completed by no later than October 31, 2014.
- (b) Cause the C.A.R.E. message and the color codes pursuant to § 56-265.21 of the Code to be displayed on 30 3' x 6' signs at the entrance of new subdivisions under construction in Loudoun County for the duration of the construction. These signs are to be installed by no later than September 1, 2014.
- (c) Prepare and provide to VA811 200 24" x 18" C.A.R.E. signs by July 1, 2014. VA811 is to use these signs at various public outreach events in which they participate.
- (d) Affix to each of the Company's work vehicles, a C.A.R.E. decal as approved by the Division, for a minimum of two years beginning with the date of this Order.

(3) Contemporaneously with entry of this Order, New Home Media shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Owner, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) above.

(4) Upon timely receipt of said affidavit the Commission may suspend and subsequently vacate up to Thirty-six Thousand Two Hundred Dollars (\$36,200) of the amount set forth in Undertaking Paragraph (1) above.

The Company has fully complied with the terms and undertakings of the settlement as outlined herein. An affidavit from the Company evidencing completion of the terms and undertakings set out in Undertaking Paragraph (2) above was received by the Clerk of the Commission on November 20, 2014.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00144.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by New Home Media is hereby accepted.

¹ The acronym C.A.R.E. stands for: Call 811 before you dig; Allow required time for marking; Respect the marks; and Excavate carefully.

(3) The sum of Eleven Thousand Eight Hundred Dollars (\$11,800) tendered contemporaneously with the entry of this Order is accepted. The remaining Thirty-six Thousand Two Hundred Dollars (\$36,200) of the penalty is hereby suspended and vacated, as provided by Undertaking Paragraph (4) of this Order.

(4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00146
APRIL 29, 2014**

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 July 17, 2013, Swim-N-Pools, Inc., damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 4604 Exton Lane, Chesterfield County, Virginia, while excavating.

(2) On or about October 11, 2013, Willbros T&D Services – East damaged a one-inch plastic gas service line operated by the Company, located at or near 807 Nelson Street, Staunton, Virginia, while excavating.

(3) On or about December 4, 2013, Innerview, Ltd., damaged a one-inch plastic gas service line operated by the Company, located at or near 429 Jamestown Avenue, Portsmouth, Virginia, while excavating.

(4) On or about December 18, 2013, Metheny Contracting, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 707 North 6th Avenue, Hopewell, Virginia, while excavating.

(5) On the occasions set out in paragraphs (1) through (4) above, the Company failed to mark the underground utility lines by no later than 7 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 or about October 16, 2013, Sullivan Plumbing (Amherst Co.) damaged a one-and-one-quarter-inch plastic gas service line operated by the Company, located at or near 207 Colonial Court, Lynchburg, Virginia, while excavating.

(7) On the occasion set out in paragraph (6) 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.

NOTE: A copy of the attached Admission and Consent 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-2014-00147
JUNE 11, 2014**

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, § 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 2, 2013, and March 10, 2014, 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 numerous 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 numerous 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 numerous occasions to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation of 20 VAC 5-309-110 (I) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*
- (d) Failing to use all information necessary to mark 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 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 Seventeen Thousand Eight Hundred Fifty Dollars (\$17,850) to be paid contemporaneously with the entry of this Order. The 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 Seventeen Thousand Eight Hundred Fifty Dollars (\$17,850) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00187
SEPTEMBER 25, 2014**

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.

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. § 192.305 - Failure of the Company to adequately inspect the construction of a plastic main to ensure that a combustible atmosphere did not exist by not having a working combustible gas indicator on site while there was a presence of gas.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company to follow its Engineering and Operating Standards, Section 5278, by not applying sufficient force to form a double rollback bead against the pipe wall during a butt fusion.
 - (c) 49 C.F.R. § 192.305 - Failure of the Company to inspect a main to ensure that it was constructed in accordance with the Company's Engineering and Operating Standards, Section 5278, developed to comply with 49 C.F.R. § 192.273 (b).
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 4091, by not conducting a verification test to ensure operational efficiency of the combustible gas indicator used during operations and maintenance activities.
 - (e) 49 C.F.R. § 192.751 (a) - Failure of the Company to remove a potential source of ignition from an area where the presence of gas constitutes a hazard.
 - (f) 49 C.F.R. § 192.613 (b) - Failure of the Company to initiate a program to phase out a segment of exposed four-inch plastic main within a reasonable time frame.
 - (g) 49 C.F.R. § 192.721 (b) (2) - Failure of the Company to patrol an exposed four-inch plastic main at least twice annually, at an interval not exceeding seven and one-half months.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

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).*

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 Fifty-one Thousand Dollars (\$151,000), of which One Hundred Thirty-six Thousand Dollars (\$136,000) shall be paid contemporaneously with the entry of this Order. The remaining Fifteen Thousand Dollars (\$15,000) 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 Paragraphs (2)(a) and (b) 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) The Company shall take the following remedial actions:

- (a) Within 60 days of the date of this Order, the Company shall develop, maintain, and follow detailed procedures for the installation of both new and replaced service lines as defined in 49 C.F.R. § 192.3. These procedures shall include, among others things, a requirement to inspect service lines to ensure they are constructed in accordance with the procedures and the applicable requirements of Part 192. The Company shall submit these procedures to the Division upon completion.
- (b) The Company shall conduct two pilot programs in parallel to determine the best method to enhance, support, and document its construction oversight and audit activities. These pilots shall include the use of enhanced inspection protocols and tablet-based tools to capture inspection and audit results for construction and maintenance of pipeline facilities. The desired outcome of these programs includes:
 - (i) Develop a more detailed inspection protocol.
 - (ii) Replace paper check lists and eliminate manual data entry.
 - (iii) Provide more timely access to data for systems of record.
 - (iv) Provide data validation in the field.
 - (v) Expand construction job site observation data points.
 - (vi) Provide more detailed reporting of observations and trends.

The Company shall submit the results of these pilot programs to the Division upon completion.

(3) On or before November 14, 2014, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice-President-Operations, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2)(a) and (b) above.

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Fifteen Thousand Dollars (\$15,000), of the amount set forth in Undertaking Paragraph (1) above. Should WGL fail to tender the affidavit required by Undertaking Paragraph (3) above, a payment of One Hundred Thirty-six Thousand Dollars (\$136,000), shall become due and payable, and the Company shall immediately notify the Division of the reasons for WGL's failure to accomplish the actions required by Undertaking Paragraphs (2) (a) and (b) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Thirty-six Thousand Dollars (\$136,000), 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.

(5) 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 the information submitted by the Commission 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00187.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by WGL is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay to the Commonwealth of Virginia the amount of One Hundred Fifty-one Thousand Dollars (\$151,000), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of One Hundred Thirty-six Thousand Dollars (\$136,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Fifteen Thousand Dollars (\$15,000) 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 Paragraphs (2)(a) and (b) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.

(5) Pursuant to Undertaking Paragraph (5), 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 WGL, 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 Commission Staff in such a proceeding.

(6) This case is hereby continued.

**CASE NO. URS-2014-00187
NOVEMBER 24, 2014**

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 September 25, 2014, 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,¹ 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 Vice-President - Operations of WGL certifying that the Company had completed certain remedial measures required by Undertaking Paragraph (2) of the Order.

On November 17, 2014, WGL filed a Motion for Leave to File Affidavit Out of Time ("Motion"), as well as the Affidavit. The Company represented that the Staff of the Commission had no objection to the Motion. We will grant the Company's Motion and accept the Affidavit documenting that the specified remedial actions have been satisfactorily completed as filed on November 17, 2014. The Company has now fully complied with the terms and undertakings as outlined in the Order.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) WGL's Motion is hereby granted.
- (2) The remaining penalty balance of Fifteen Thousand Dollars (\$15,000) shall be vacated.
- (3) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00208
JULY 15, 2014**

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, § 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 January 7, 2014, and March 20, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(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 numerous 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 one occasion 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 two 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 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 Fifty Dollars (\$6,050) to be paid contemporaneously with the entry of this Order. The 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) The captioned case shall be docketed and assigned Case No. URS-2014-00208.
- (2) 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.
- (3) The sum of Six Thousand Fifty Dollars (\$6,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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-2014-00225
JUNE 11, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 3, 2014, and March 14, 2014, 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 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 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 Five Hundred Dollars (\$5,500) 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 Five Thousand Five Hundred Dollars (\$5,500) tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2014-00226
AUGUST 5, 2014**

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

v.
MIDASCO, 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 November 13, 2013, Midasco, LLC ("Company"), excavated at or near the intersection of Prince William County Parkway and Canton Hill Road, Prince William County, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed to provide notice to the notification center (VA811) with the specific location of the proposed work, in violation of § 56-265.18 of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect an underground high pressure natural gas transmission line, in violation of § 56-265.24 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 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) The Company shall pay to the Commonwealth of Virginia the amount of Five Thousand Dollars (\$5,000), of which Two Thousand Five Hundred Dollars (\$2,500) shall be paid contemporaneously with the entry of this Order. The remaining Two Thousand Five Hundred Dollars (\$2,500) 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 Paragraphs (2), (3), (4), and (5) herein. 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 a training session for its employees on the subject of underground utility damage prevention and submit documentation evidencing completion of the training session to the Commission contemporaneously with the entry of this Order.
- (3) The Company shall attend the Northern Virginia Local Damage Prevention Committee meetings.

(4) The Company shall provide a written plan outlining the steps that it will take to prevent the reoccurrence of an incident similar to the one giving rise to the allegations set forth herein.

(5) On or before August 1, 2014, Midasco, LLC 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 completed the remedial actions set forth in Undertaking Paragraphs (2) and (4) above and has begun the remedial action set forth in Undertaking Paragraph (3).

(6) Upon timely receipt of said affidavit the Commission may suspend and subsequently vacate up to Two Thousand Five Hundred Dollars (\$2,500) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (5) above, or fail to take the actions required by Undertaking Paragraphs (2), (3), and (4) above, a payment of Two Thousand Five Hundred Dollars (\$2,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraph (2), (3), (4), and (5) above. If upon investigation, the Division determines that the reasons for said failure justify a payment lower than Two Thousand Five Hundred Dollars (\$2,500), 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.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this order, hereby accepts this offer of settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00226.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by Midasco, LLC is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Five Thousand Dollars (\$5,000) part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Two Thousand Five Hundred Dollars (\$2,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Two Thousand Five Hundred Dollars (\$2,500) 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 Paragraphs (2), (3), and (4) of this Order and tenders the requisite certification of the remedial actions required by Undertaking Paragraph (5) of this Order.
- (5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further orders of the Commission.

NOTE: A copy of Admission and Consent form 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-2014-00238
AUGUST 6, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
D&F CONSTRUCTION, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("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 27, 2014, D&F Construction, Inc. ("Company"), damaged a one-and-one-quarter-inch plastic gas main line operated by Washington Gas Light Company ("WGL"), located at or near the intersection of North Kirkwood Road and 16th Street, Arlington County, Virginia, while excavating.
- (2) On or about May 19, 2014, the Company damaged a one-half-inch copper gas service line operated by WGL, located at or near 208 Duncan Avenue, Arlington County, Virginia, while excavating.
- (3) On or about May 19, 2014, the Company damaged a one-half-inch copper gas service line operated by WGL, located at or near 220 Duncan Avenue, Arlington County, Virginia, while excavating.
- (4) On or about April 10, 2014, the Company damaged a one-and-one-quarter-inch plastic gas service line operated by WGL, located at or near 1700 North Moore Street, Arlington County, Virginia, while excavating.

(5) On or about April 11, 2014, the Company damaged a two-inch steel gas main line operated by WGL, located at or near 1610 North Kirkwood Road, Arlington County, Virginia, while excavating.

(6) On the occasion set out in paragraph (1) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

(7) On the occasion set out in paragraph (2) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code. The Company also failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code and to maintain a reasonable clearance between the marked location of the underground utility line (these marks were placed in response to a notice of excavation for another contractor) 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, 20 VAC 5-309-10 *et seq.*

(8) On the occasion set out in paragraph (3) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code, and the Company failed to exercise due care at all times to protect the marked underground utility line (these marks were placed in response to a notice of excavation for another contractor), in violation of § 56-265.24 A of the Code.

(9) On the occasion set out in paragraph (4) above, the Company notified the notification center (VA811) before beginning its excavation, but failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

(10) On the occasion set out in paragraph (5) above, the Company notified the notification center (VA811) before beginning its excavation, but failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 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 Nineteen Thousand Four Hundred Fifty Dollars (\$19,450) 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.

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) The captioned case shall be docketed and assigned Case No. URS-2014-00238.
- (2) 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.
- (3) The sum of Nineteen Thousand Four Hundred Fifty Dollars (\$19,450) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00247
JULY 28, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 15, 2014, and May 21, 2014, 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 two 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 numerous 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 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 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 Seven Thousand Nine Hundred Dollars (\$7,900) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00247.
- (2) 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.
- (3) The sum of Seven Thousand Nine Hundred Dollars (\$7,900) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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-2014-00264
AUGUST 6, 2014**

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 August 21, 2013, Walter C. Via Enterprises, Inc., damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 13900 Jefferson Davis Highway, Chesterfield County, 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 February 17, 2014, Gaston Brothers Utilities, LLC ("Gaston Brothers"), damaged a two-inch plastic gas main stub operated by the Company, located at or near 600 Dinwiddie Street, Portsmouth, Virginia, while excavating.
- (4) On or about March 11, 2014, Gaston Brothers damaged a two-inch plastic gas main stub operated by the Company, located at or near 601 Dinwiddie Street, Portsmouth, Virginia, while excavating.
- (5) On or about March 27, 2014, Innerview, Ltd., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 2200 Block Queen Street, Portsmouth, Virginia, while excavating.

(6) On the occasions set out in paragraphs (3) 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.

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 Six Thousand Two Hundred Fifty Dollars (\$6,250) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00264.
- (2) 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.
- (3) The sum of Six Thousand Two Hundred Fifty Dollars (\$6,250) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00267
JULY 28, 2014**

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 25, 2014, Davis H. Elliot Construction Company, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company ("Roanoke Gas"), located at or near 55 Alpine Drive, Botetourt County, Virginia, while excavating.
- (3) On the occasion set out in paragraph (2) above, the Company failed to accurately report the marking status of the underground utility line 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 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.
- (5) On or about May 2, 2014, Contracting Enterprises, LLC, damaged a one-half-inch plastic gas service line operated by Roanoke Gas, located at or near 166 Applewood Drive, Botetourt County, Virginia, while excavating.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) On the occasion set out in paragraph (5) 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.

(7) On the occasion set out in paragraph (5) above, the Company failed 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 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 Six Hundred Dollars (\$5,600) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00267.
- (2) 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.
- (3) The sum of Five Thousand Six Hundred Dollars (\$5,600) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00307
AUGUST 6, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LINCO 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 27, 2014, Linco Inc. ("Company") damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near 1420 Lester Drive, Albemarle County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

(3) 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.

(4) On the occasion set out in paragraph (1), the Company failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(5) On or about June 5, 2014, the Company damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near 1120 Leonard Street, Charlottesville, Virginia, while excavating.

(6) 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.

(7) On the occasions set out in paragraphs (1) and (5) above, the Company failed to maintain a reasonable clearance between the marked location of underground utility lines and the cutting edge or point of any mechanized equipment, in violation of Rule 20 VAC 5-309-140 (4).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As evidenced in the attached Admission and Consent document, the Company admits these allegations and 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 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) The captioned case shall be docketed and assigned Case No. URS-2014-00307.
- (2) 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.
- (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.

NOTE: A copy of the Admission and Consent form 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-2014-00310
AUGUST 27, 2014**

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, § 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 March 27, 2014, and June 20, 2014, 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 numerous instances 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 numerous instances 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 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 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 Four Hundred Dollars (\$8,400) to be paid contemporaneously with the entry of this Order. The 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) The captioned case shall be docketed and assigned Case No. URS-2014-00310.
- (2) 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.
- (3) The sum of Eight Thousand Four Hundred Dollars (\$8,400) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2014-00324
AUGUST 6, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between April 28, 2014, and June 23, 2014, 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 two 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 numerous 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 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 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 Four Hundred Fifty Dollars (\$6,450) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00324.
- (2) 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.

- (3) The sum of Six Thousand Four Hundred Fifty Dollars (\$6,450) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2014-00327
SEPTEMBER 12, 2014**

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) 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. § 192.273 (b) - Failure of the Company to follow its Gas Standard 1302.010, Butt Fusion, by making a butt fusion on a four-inch plastic gas main that failed while in service.
 - (b) 49 C.F.R. § 192.327 (b) - Failure of the Company to install a buried main with at least 24 inches of cover.
 - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard 3010.050, Section 1, by not inspecting all work at each jobsite for compliance with Company procedures.
 - (d) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate written procedure for the use of a flare to vent gas to reduce pressure in a pipeline by not including processes to install, light, and remove the flare and flare stack in a manner that provides safety during maintenance and operations activities.
 - (e) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate written procedure to protect all Company facilities during open trench excavation activities for the installation of pipelines.
 - (f) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate procedure developed to comply with 49 C.F.R. § 192.707 (a) for the placement of pipeline markers.
 - (g) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of a pipeline at a pressure less than the design pressure of the weakest element in the segment.
 - (h) 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.

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 Eighty-three Thousand Five Hundred Dollars (\$83,500), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check payable to the Treasurer of Virginia and be directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

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) Within sixty (60) days of the date of this Order, CGV shall revise its Gas Standards plan to correct the alleged procedural violations set forth in Paragraph (2) above.

(3) Within seventy-five (75) days of the date of this Order, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Vice-President of CGV, certifying that the Company has revised its Gas Standards plan as set forth in Undertaking Paragraph (2) above.

(4) 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 the information submitted by the Commission Staff.

(5) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00327.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by CGV is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Eighty-three Thousand Five Hundred Dollars (\$83,500), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (4), 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 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 Commission Staff in such a proceeding.

(5) This case is hereby continued.

**CASE NO. URS-2014-00371
SEPTEMBER 26, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 2, 2014, and July 29, 2014, 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 numerous instances 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 numerous instances 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 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 mark with proper color coding, in violation of § 56-265.21 of the Code.
- (d) Failing on numerous instances to provide paint marks of sufficient size, in violation of 20 VAC 5-309-110 D 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 two instances to provide a minimum of three separate marks for each underground utility line marking, in violation of Rule 20 VAC 5-309-110 E.
- (f) 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 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 Eleven Thousand Three Hundred Dollars (\$11,300) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00371.
- (2) 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.
- (3) The sum of Eleven Thousand Three Hundred Dollars (\$11,300) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00372
SEPTEMBER 29, 2014**

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, § 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 9, 2014, and July 29, 2014, 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 numerous instances 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 numerous instances 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 two 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 numerous instances 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 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 Nineteen Thousand Fifty Dollars (\$19,050) to be paid contemporaneously with the entry of this Order. The 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) The captioned case shall be docketed and assigned Case No. URS-2014-00372.
- (2) 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.
- (3) The sum of Nineteen Thousand Fifty Dollars (\$19,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form 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-2014-00373
SEPTEMBER 26, 2014**

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 May 2, 2014, Samuel James Construction, Inc., damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 541 Madison Road, Culpeper County, Virginia, while excavating.
- (2) On or about May 7, 2014, Innerview, Ltd., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 2219 Queen Street, Portsmouth, Virginia, while excavating.
- (3) On or about May 9, 2014, Innerview, Ltd., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 2225 Queen Street, Portsmouth, Virginia, while excavating.
- (4) On or about May 9, 2014, Duckett Construction, LLC, damaged a one-inch plastic gas service line operated by the Company, located at or near 9102 Tall Oaks Court, Manassas, Virginia, while excavating.
- (5) On or about May 20, 2014, William Davidson Company damaged a one-half-inch plastic gas service line operated by the Company, located at or near 411 Randolph Road, Hopewell, Virginia, while excavating.
- (6) On the instances 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.

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 Three Hundred Dollars (\$8,300) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (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) The captioned case shall be docketed and assigned Case No. URS-2014-00373.
- (2) 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.
- (3) The sum of Eight Thousand Three Hundred Dollars (\$8,300) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00375
OCTOBER 7, 2014**

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 ("C.F.R.") 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 an inspection of records 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 ("Code").
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.1007 - Failure of the Company to follow its Distribution Integrity Management Program Plan ("DIMP"), Section 5.6, by not adequately checking the quality and reasonableness of data gathered and used in the DIMP.

The Company neither admits nor denies this allegation but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegation made against it, the Company represents and undertakes that:

- (1) The Company shall pay to the Commonwealth of Virginia the amount of Seven Thousand Dollars (\$7,000), which shall be paid contemporaneously with the entry of this Order. Payment 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.

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) 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 inspection described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(3) 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 Division's representations and the undertakings set forth above, is of the opinion and finds that the offer of settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00375.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by RGC is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Seven Thousand Dollars (\$7,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (2), 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 RGC, any information discovered or obtained in the course of the Division's investigation and inspection described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (5) This case is hereby dismissed.

**CASE NO. URS-2014-00376
SEPTEMBER 29, 2014**

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, § 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 7, 2014, and July 11, 2014, 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 ten 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.
 - (b) Failing on two instances 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 three instances 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 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 Six Hundred Dollars (\$6,600) to be paid contemporaneously with the entry of this Order. The 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) The captioned case shall be docketed and assigned Case No. URS-2014-00376.
- (2) 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.
- (3) The sum of Six Thousand Six Hundred Dollars (\$6,600) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form 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-2014-00377
SEPTEMBER 29, 2014**

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 May 23, 2014, JWS Communications, Inc., damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 3310 Naval Reserve Road, Lynchburg, Virginia, while excavating.
- (2) On or about May 31, 2014, R&B Plumbing & Heating damaged a one-half-inch plastic gas service line operated by the Company, located at or near 2123 Oak Lane, Petersburg, Virginia, while excavating.
- (3) On or about June 6, 2014, Dan River Communications, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 900 King Street, Portsmouth, Virginia, while excavating.
- (4) On or about June 9, 2014, Dan River Communications, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near the intersection of King Street and Chestnut Street, Portsmouth, Virginia, while excavating.
- (5) On or about June 10, 2014, Dan River Communications, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near the intersection of King Street and Chestnut Street, Portsmouth, Virginia, while excavating.
- (6) On or about June 16, 2014, Miller Pipeline, LLC, damaged a one-inch plastic gas service line operated by the Company, located at or near 853 Third Street, Culpeper, 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.

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 Nine Thousand Six Hundred Fifty Dollars (\$9,650) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00377.
- (2) 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.
- (3) The sum of Nine Thousand Six Hundred Fifty Dollars (\$9,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00378
SEPTEMBER 29, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 2, 2014, and July 3, 2014, 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 two occasions 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.
 - (b) Failing on one occasion 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 two 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 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) The captioned case shall be docketed and assigned Case No. URS-2014-00378.
- (2) 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.

- (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.

NOTE: A copy of Attachment A and the Admission and Consent form 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-2014-00403
OCTOBER 2, 2014**

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

v.
COMMONWEALTH IRRIGATION AND LANDSCAPE 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 7, 2014, Commonwealth Irrigation and Landscape Corporation ("Company") excavated at or near 9424 Deep Creek Lane, Spotsylvania County, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed on six 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 on six instances to maintain a reasonable clearance between the marked 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, 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 Nine Thousand Dollars (\$9,000) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00403.
- (2) 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.
- (3) The sum of Nine Thousand Dollars (\$9,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00447
NOVEMBER 10, 2014**

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 July 16, 2014, Rogers Plumbing & Trenching damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 2237 Kenwood Boulevard, S.E., Roanoke County, Virginia, while excavating.

(3) On the occasion set out in paragraph (2) 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.

(4) On or about July 17, 2014, Prillaman & Pace, Inc., damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 5032 Gatewood Avenue, S.W., Roanoke County, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to accurately report the marking status of the underground utility line 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.

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 Dollars (\$5,000) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00447.
- (2) 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.
- (3) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00491
DECEMBER 19, 2014**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BRANSCOME 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 16, 2014, Branscome Inc. ("Company") damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1000 Lakeside Drive, York 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 maintain a reasonable clearance between the marked 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, 20 VAC 5-309-10 *et seq.*

(4) On or about June 30, 2014, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1509 Showalter Road, York County, Virginia, while excavating.

(5) On or about July 21, 2014, the Company damaged a two-inch steel gas main line operated by Columbia Gas of Virginia, Inc., located at or near James Street and East River Road, York County, Virginia, while excavating.

(6) On the occasion set out in paragraph (4) above, the Company failed to provide notice to the notification center (VA811) with proper information, in violation of § 56-265.18 of the Code.

(7) On the occasions set out in paragraphs (4) and (5) above, the Company failed to exercise due care at all times to protect the underground utility lines, in violation of § 56-265.24 A of the Code.

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 Six Thousand Six Hundred Fifty Dollars (\$6,650) 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.

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) The captioned case shall be docketed and assigned Case No. URS-2014-00491.
- (2) 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.
- (3) The sum of Six Thousand Six Hundred Fifty Dollars (\$6,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2014-00493
DECEMBER 8, 2014**

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"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 14, 2014, and September 30, 2014, 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 one occasion 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.
- (b) Failing on numerous 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 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 One Hundred Dollars (\$10,100) 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) The captioned case shall be docketed and assigned Case No. URS-2014-00493.
- (2) 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.
- (3) The sum of Ten Thousand One Hundred Dollars (\$10,100) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: Copies of Attachment A and the Admission and Consent are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

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 2013 and 2014.

CORPORATIONS		
	<u>12/31/13</u>	<u>12/31/14</u>
<u>Virginia Corporations</u>		
Certificates of Incorporation issued.....	13,247	13,052
Voluntary terminations.....	3,159	3,174
Involuntary terminations.....	0	1
Automatic terminations (Assessment/AR/RA Resignation).....	13,954	14,510
Reinstatement of terminated corporations.....	5,275	5,499
Charters Amended.....	2,012	1,874
On Record		
Active Stock Corporations.....	130,115	127,409
Active Non-Stock Corporations.....	42,631	43,288
Total Active Virginia Corporations.....	172,746	170,697
<u>Foreign Corporations</u>		
Certificates of Authority to do business in Virginia issued.....	3,158	3,174
Voluntary withdrawals from Virginia.....	1,006	934
Automatic Revocations (Assessment/AR/RA Resignation).....	2,127	2,180
Reentry of surrendered or revoked certificates.....	1,036	1,078
Charters Amended.....	706	684
On Record		
Active Stock Corporations.....	36,497	36,649
Active Non-Stock Corporations.....	2,660	2,707
Total Active Foreign Corporations.....	39,157	39,356
Total Active Corporations (Virginia and Foreign).....	211,903	210,053
LIMITED LIABILITY COMPANIES		
<u>Virginia Limited Liability Companies</u>		
Certificates of Organization issued.....	49,323	53,281
Voluntary cancellations.....	5,324	5,969
Automatic cancellations (Assessment/RA Resignation).....	26,965	29,785
Reinstatement of canceled certificates.....	5,497	5,657
Articles of Organization amended.....	2,360	2,330
On Record		
Active Virginia Limited Liability Companies.....	248,851	268,763
<u>Foreign Limited Liability Companies</u>		
Certificates of Registration issued.....	3,280	3,802
Voluntary cancellations.....	787	875
Automatic cancellations (Assessment/RA Resignation).....	1,355	1,271
Reinstatement of canceled certificates.....	386	363
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Limited Liability Companies.....	22,324	24,083
Total Active Limited Liability Companies (Virginia and Foreign).....	271,175	292,846

BUSINESS TRUSTS

<u>Virginia Business Trusts</u>	12/31/13	12/31/14
Certificates of Trust issued.....	47	23
Voluntary cancellations.....	9	5
Automatic cancellations (Assessment/RA Resignation).....	22	28
Reinstatement of cancelled certificates.....	8	6
Articles of Trust amended.....	3	2
On Record		
Active Virginia Business Trusts.....	212	208
<u>Foreign Business Trusts</u>		
Certificates of Registration issued.....	8	12
Voluntary cancellations.....	0	3
Automatic cancellations (Assessment/RA Resignation).....	1	2
Reinstatement of cancelled certificates.....	0	1
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Business Trusts.....	69	77
Total Active Business Trusts (Virginia and Foreign).....	281	285

LIMITED PARTNERSHIPS

<u>Virginia Limited Partnerships</u>		
Certificates of Limited Partnership Filed.....	144	137
Voluntary cancellations.....	124	89
Automatic cancellations (Assessment/RA Resignation).....	254	236
Reinstatement of cancelled certificates.....	95	75
Certificates of Limited Partnership amended.....	331	160
On Record		
Active Virginia Limited Partnerships.....	5,218	5,074
<u>Foreign Limited Partnerships</u>		
Certificates of Registration Filed.....	95	110
Voluntary cancellations.....	66	70
Automatic cancellations (Assessment/RA Resignation).....	73	47
Reinstatement of cancelled certificates.....	27	23
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Limited Partnerships.....	1,558	1,568
Total Active Limited Partnerships (Virginia and Foreign).....	6,776	6,642

GENERAL PARTNERSHIPS

General Partnership Statements filed.....	115	112
On Record		
Active Virginia General Partnerships.....	840	788
Active Foreign General Partnerships.....	91	88
Total Active General Partnerships (Virginia and Foreign).....	931	876

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed.....	82	74
Foreign Registered Limited Liability Partnerships filed.....	20	30
Total Active Registered Limited Liability Partnerships (Virginia and Foreign).....	1,376	1,360

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE
FOR THE FISCAL YEAR ENDING JUNE 30, 2013, AND JUNE 30, 2014**

<u>General Fund</u>	<u>2013</u>	<u>2014</u>	<u>(Difference)</u>
Securities Application Fees-Utilities	\$7,734.00	\$2,783.00	(\$4,951.00)
Charter Fees	1,224,325.00	1,254,185.00	29,860.00
Entrance Fees	1,128,975.00	1,323,295.00	194,320.00
Filing Fees	624,980.00	627,190.00	2,210.00
Registered Name	2,040.00	1,640.00	(400.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	49,500.00	44,780.00	(4,720.00)
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	0.00	0.00	0.00
Uniform Commercial Code Revenues	1,503,668.00	1,542,640.00	38,972.00
Excess Fees Paid into State Treasury	221,366.67	1,308.00	(220,058.67)
Miscellaneous Sales	<u>300.00</u>	<u>0.00</u>	<u>(300.00)</u>
TOTAL	\$4,762,888.67	\$4,797,821.00	\$34,932.33
 <u>Special Fund</u>			
Domestic-Foreign Corp. Registration Fee	\$31,390,724.40	\$31,766,566.55	\$375,842.15
Limited Partnership Registration Fee	348,797.00	340,817.00	(7,980.00)
Reserved Name - Limited Partnership	11,700.00	12,650.00	950.00
Certificate Limited Partnership	22,975.00	14,375.00	(8,600.00)
Application Reg. Foreign LP	8,600.00	12,550.00	3,950.00
Reinstatement LP	12,750.00	15,800.00	3,050.00
Registration Fee LLC	10,836,219.26	11,756,684.60	920,465.34
Application For. Reg. LLC	312,875.00	370,000.00	57,125.00
Art. of Org. Dom. LLC	4,629,925.00	5,172,150.00	542,225.00
AMEND, CANC, CORR. RAC, Etc. LLC	252,205.00	279,950.00	27,745.00
SCC Bad Check Fee	13,356.00	14,358.00	1,002.00
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,349,726.40	1,408,170.60	58,381.20
Statement of Reg. As Domestic LLP	5,800.00	5,700.00	(100.00)
LLP Annual Continuation	56,450.00	71,000.00	14,550.00
Statement of Partnership Authority GP Dom	2,800.00	2,300.00	(500.00)
Statement of Partnership Authority GP For	300.00	300.00	0.00
Statement of Amendments - GP	1,950.00	1,475.00	(475.00)
Statement of Reg. As Foreign LLP	1,400.00	2,400.00	1,000.00
Statement of Amendment LLP	350.00	600.00	250.00
Reinstatement/Reentry LLC	537,090.00	568,725.00	31,635.00
Tape Sales, Misc Fees	20,350.00	11,150.00	(9,200.00)
Copies, Recording Fees	385,133.11	404,712.00	19,578.89
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	150.00	50.00	(100.00)
Expedite Fee Collected	<u>1,006,315.00</u>	<u>1,124,660.00</u>	<u>118,345.00</u>
TOTAL	\$51,207,941.17	\$53,357,080.75	\$2,149,139.58
 <u>Valuation Fund</u>			
Corp Operations Rec. of Copy and Cert. Fees	\$1,201.20	\$485.00	(\$716.20)
Recovery of Prior Year Expenses	<u>32,648.00</u>	<u>108,365.00</u>	<u>75,717.00</u>
TOTAL	\$33,849.20	\$108,850.00	\$75,000.80
 <u>Trust & Agency Fund</u>			
Fines imposed and collected by SCC:	\$960,125.00	\$809,150.00	(\$150,975.00)
Debt Set Off Collections:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$960,125.00	\$809,150.00	(150,975.00)
 GRAND TOTAL	 \$56,964,804.04	 \$59,072,901.75	 \$2,108,097.71

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS
FOR FISCAL YEARS ENDING JUNE 30, 2013, AND JUNE 30, 2014**

	<u>2013</u>	<u>2014</u>
Banks	\$8,599,472.00	\$8,989,662.00
Savings Institutions and Savings Banks	8,804.00	8,910.00
Consumer Finance Licensees	427,265.00	358,248.00
Credit Unions	1,449,805.00	1,505,067.00
Trust subsidiaries and Trust Companies	32,299.00	32,119.00
Industrial Loan Associations	8,923.00	6,000.00
Money Order Sellers and Transmitters	565,311.00	573,452.00
Credit Counseling Agency Licensees	134,581.00	58,004.00
Mortgage Lenders and Mortgage Brokers	1,490,524.00	1,458,488.00
Mortgage Loan Originators	1,342,250.00	1,634,200.00
Check Cashers	102,400.00	93,850.00
Payday Lenders	348,533.00	307,802.00
Motor Vehicle Title Lenders	193,253.00	658,144.00
Miscellaneous Collections	74,391.00	84,561.00
TOTAL	\$15,121,474.00	\$15,768,507.00

CONSUMER SERVICES

The Bureau received and acted upon 444 formal written complaints during 2014 and recovered \$280,466 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2013, AND JUNE 30, 2014**

<u>Kind</u>	<u>General Fund</u>	<u>2013</u>	<u>2014</u>	<u>Increase or (Decrease)</u>
Gross Premium Taxes of Insurance Companies		\$392,305,516.00	\$369,941.17	(\$391,935,574.83)
Fraternal Benefit Societies Licenses		480.00	480.00	0.00
Interest on Delinquent Taxes		141,547.06	98,982.40	(42,564.66)
Penalty on non-payment of taxes by due date		237,508.98	56,389.60	(181,119.38)
<u>Special Fund</u>				
Company License Application Fee		13,000.00	12,000.00	(1,000.00)
Health Maintenance Organization License Fee		0.00	0.00	0.00
Automobile Club/ Agent Licenses		6,300.00	7,400.00	1,100.00
Insurance Premium Finance Companies Licenses		13,400.00	13,000.00	(400.00)
Fraternal Benefit Societies Licenses		0.00	0.00	0.00
Agents Appointment Fees		16,383,984.00	16,929,246.00	545,262.00
Surplus Lines Broker Licenses		102,950.00	108,650.00	5,700.00
Home Service Contract Providers License Fee		2,000.00	7,000.00	5,000.00
Title Settlement Agents Fee		13,320.00	75,860.00	62,540.00
Producer License Application Fees		876,390.00	991,700.00	115,310.00
Surety Bail Bondsmen License Fee		0.00	0.00	0.00
P&C Consultant License Fees		71,900.00	70,300.00	(1,600.00)
Recording, Copying, and Certifying				
Public Records Fee		9,710.00	16,175.52	6,465.52
SCC Bad Check Fee		70.00	0.00	(70.00)
Managed Care Health Ins. Plan Appeals Fee		0.00	0.00	0.00
Administrative Penalty Payment		8,000.00	266,000.00	258,000.00
State Publication Sales		0.00	0.00	0.00
Assessments To Insurance Companies for				
Maintenance of the Bureau of Insurance		4,644,874.13	7,472,927.91	2,828,053.78)
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		7,500.00	7,500.00	0.00
Viatical Settlement Provider License Fees		9,000.00	8,900.00	(100.00)
Viatical Settlement Broker License Fees		9,550.00	10,100.00	550.00
MCHIP Assessment		0.00	0.00	0.00
Public Adjusters		43,500.00	13,000.00	(30,500.00)

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Appointment Fee Penalty	131,825.00	70,950.00	(60,875.00)
Miscellaneous Revenue	(256.00)	328.00	584.00
Recovery of Prior Year Expenses	141,732.25	98,156.03	(43,576.22)
Fire Programs Fund	32,783,413.99	34,810,046.21	2,026,632.22
Fire Programs Fund Interest	0.00	0.00	0.00
DMV Uninsured Motorist Transfer	4,989,330.03	4,715,410.15	(273,919.88)
Flood Assessment Fund	204,983.52	216,831.53	11,848.01
Heat Assessment Fund	1,736,811.33	1,865,573.69	128,762.36
Fines Imposed by State Corporation Commission	4,161,962.13	2,350,478.31	(1,811,483.82)
Fraud Assessment Fund	5,333,743.74	5,606,869.83	271,126.08
Fraud Assessment Interest	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$464,387,046.17	\$76,271,196.35	(\$388,115,849.82)

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES
FOR THE YEARS 2013 AND 2014**

<u>Class of Company</u>	Value of All Taxable Property Including Rolling Stock		Increase or (Decrease)
	<u>2013</u>	<u>2014</u>	
Electric Light & Power Corporations	\$26,813,502,864.00	\$28,044,097,968.00	\$1,230,595,104.00
Gas Corporations	2,241,106,017.00	2,258,735,551.00	17,629,534.00
Motor Vehicle Carriers (Rolling Stock only)	38,373,947.00	41,177,625.00	2,803,678.00
Telecommunications Companies	8,084,567,686.00	7,668,177,801.00	(416,389,885.00)
Water Corporations	<u>250,159,461.00</u>	<u>244,551,778.00</u>	<u>(5,607,683.00)</u>
TOTAL	\$37,427,709,975.00	\$38,256,740,723.00	\$829,030,748.00

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE
COMPANIES FOR THE YEARS 2013 AND 2014**

<u>Class of Company</u>	The Yearly License Tax		Increase or (Decrease)
	<u>2013</u>	<u>2014</u>	
Water Corporations	<u>1,939,723.00</u>	<u>2,076,095.00</u>	<u>136,372.00</u>
TOTAL	1,939,723.00	\$2,076,095.00	\$136,372.00

**COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX
FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF
UTILITY COMPANIES FOR THE YEARS 2013 AND 2014**

<u>Class of Company</u>	<u>2013</u>	<u>2014</u>	Increase or (Decrease)
Motor Vehicle Carriers	\$57,418.00	\$55,679.00	(\$1,739.00)
Railroad Companies	1,202,177.00	878,919.00	(323,258.00)
Telecommunications Companies	9,535,574.00	9,916,041.00	380,467.00
Virginia Pilots Association	39,342.00	40,208.00	866.00
Water Corporations	<u>155,177.00</u>	<u>166,088.00</u>	<u>10,911.00</u>
TOTAL	\$10,989,688.00	\$11,056,935.00	\$67,247.00

Railroad Companies assessed at seven-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2013.

Railroad Companies assessed at five-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2014.

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2013</u>	<u>2014</u>	<u>Increase or Decrease</u>
Alexandria	\$427,845,202	\$440,476,325	\$12,631,123
Bristol	12,482,359	13,114,688	632,329
Buena Vista	13,129,742	14,528,644	1,398,902
Charlottesville	123,048,846	122,474,570	(574,276)
Chesapeake	943,063,931	924,945,382	(18,118,549)
Colonial Heights	32,589,453	31,974,268	(615,185)
Covington	97,090,368	266,413,018	169,322,650
Danville	37,795,746	38,667,116	871,370
Emporia	17,946,797	17,616,971	(329,826)
Fairfax	104,349,576	103,113,307	(1,236,269)
Falls Church	23,623,875	22,995,153	(628,722)
Franklin	4,903,079	4,790,050	(113,029)
Fredericksburg	93,515,314	95,856,672	2,341,358
Galax	14,644,537	15,688,304	1,043,767
Hampton	302,847,260	306,748,590	3,901,330
Harrisonburg	43,660,811	42,022,964	(1,637,847)
Hopewell	343,823,184	354,744,766	10,921,582
Lexington	17,154,829	17,550,744	395,915
Lynchburg	182,890,917	178,077,623	(4,813,294)
Manassas	57,951,449	74,343,053	16,391,604
Manassas Park	23,811,152	24,327,614	516,462
Martinsville	21,577,130	22,256,707	679,577
Newport News	472,659,969	469,860,874	(2,799,095)
Norfolk	647,106,042	606,671,987	(40,434,055)
Norton	20,275,017	19,703,998	(571,019)
Petersburg	102,925,825	103,288,692	362,867
Poquoson	19,456,857	18,908,051	(548,806)
Portsmouth	389,384,620	380,286,500	(9,098,120)
Radford	16,414,380	16,529,529	115,149
Richmond	924,741,695	906,302,569	(18,439,126)
Roanoke	272,888,397	278,566,119	5,677,722
Salem	28,360,185	27,929,762	(430,423)
Staunton	62,993,404	73,144,654	10,151,250
Suffolk	291,339,634	303,534,152	12,194,518
Virginia Beach	893,104,266	874,208,208	(18,896,058)
Waynesboro	101,402,740	100,221,675	(1,181,065)
Williamsburg	50,057,212	50,431,842	374,630
Winchester	64,090,811	62,952,036	(1,138,775)
<u>Total Cities</u>	<u>\$7,296,946,611</u>	<u>\$7,425,267,177</u>	<u>\$128,320,566</u>

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2013</u>	<u>2014</u>	<u>Increase or Decrease</u>
Accomack	\$301,090,873	\$297,131,476	(\$3,959,397)
Albemarle	294,175,816	327,615,867	33,440,051
Alleghany	93,973,231	150,763,454	56,790,223
Amelia	37,152,984	34,325,759	(2,827,225)
Amherst	82,238,798	82,898,820	660,022
Appomattox	40,776,518	42,267,212	1,490,694
Arlington	765,202,121	785,673,362	20,471,241
Augusta	285,099,019	288,018,534	2,919,515
Bath	1,495,051,742	1,481,721,303	(13,330,439)
Bedford	224,424,671	228,033,728	3,609,057
Bland	68,896,268	69,157,475	261,207
Botetourt	175,469,979	183,092,193	7,622,214
Brunswick	62,220,306	83,126,895	20,906,589
Buchanan	72,122,453	74,759,980	2,637,527

Buckingham	601,939,376	595,848,151	(6,091,225)
Campbell	203,079,954	263,538,298	60,458,344
Caroline	422,945,226	438,320,012	15,374,786
Carroll	91,318,550	95,020,014	3,701,464
Charles City	79,001,971	91,341,604	12,339,633
Charlotte	39,374,202	42,544,381	3,170,179
Chesterfield	1,299,117,164	1,275,861,873	(23,255,291)
Clarke	54,922,200	55,137,268	215,068
Craig	14,212,421	14,601,241	388,820
Culpeper	236,006,811	159,309,851	(76,696,960)
Cumberland	39,584,103	44,655,026	5,070,923
Dickenson	71,961,619	72,044,806	83,187
Dinwiddie	119,265,544	132,031,460	12,765,916
Essex	42,119,195	43,239,910	1,120,715
Fairfax	3,277,532,600	3,307,809,071	30,276,471
Fauquier	607,223,336	598,399,025	(8,824,311)
Floyd	51,922,475	56,438,145	4,515,670
Fluvanna	455,729,740	452,217,947	(3,511,793)
Franklin	149,327,676	163,662,249	14,334,573
Frederick	325,974,754	347,228,576	21,253,822
Giles	143,372,591	123,911,742	(19,460,849)
Gloucester	155,642,943	133,618,008	(22,024,935)
Goochland	93,751,658	91,437,457	(2,314,201)
Grayson	41,073,315	46,905,446	5,832,131
Greene	36,167,725	39,719,015	3,551,290
Greensville	37,608,225	38,456,635	848,410
Halifax	949,860,431	1,014,137,000	64,276,569
Hanover	576,505,845	555,625,604	(20,880,241)
Henrico	877,688,932	844,669,851	(33,019,081)
Henry	129,377,328	139,329,507	9,952,179
Highland	15,923,311	17,029,463	1,106,152
Isle of Wight	127,154,413	129,664,993	2,510,580
James City	216,018,383	206,258,630	(9,759,753)
King and Queen	26,982,342	25,554,964	(1,427,378)
King George	253,534,157	252,059,788	(1,474,369)
King William	44,938,385	46,393,963	1,455,578
Lancaster	44,789,060	57,257,295	12,468,235
Lee	41,966,028	45,605,130	3,639,102
Loudoun	1,537,848,585	1,605,078,322	67,229,737
Louisa	2,517,158,986	2,582,314,368	65,155,382
Lunenburg	44,196,534	45,642,910	1,446,376
Madison	43,551,838	47,610,013	4,058,175
Mathews	22,833,852	23,512,456	678,604
Mecklenburg	280,761,624	278,685,555	(2,076,069)
Middlesex	42,272,477	44,518,007	2,245,530
Montgomery	174,430,898	174,501,682	70,784
Nelson	77,744,993	79,720,090	1,975,097
New Kent	108,990,346	109,462,917	472,571
Northampton	47,390,298	48,905,309	1,515,011
Northumberland	45,044,045	45,154,586	110,541
Nottoway	60,440,031	60,059,779	(380,252)
Orange	94,920,779	99,037,329	4,116,550
Page	62,084,975	65,000,598	2,915,623
Patrick	53,613,576	55,983,288	2,369,712
Pittsylvania	263,838,582	281,006,058	17,167,476
Powhatan	83,324,180	88,157,885	4,833,705
Prince Edward	70,488,945	75,077,019	4,588,074
Prince George	117,132,367	121,294,515	4,162,148
Prince William	1,443,118,675	1,467,995,349	24,876,674
Pulaski	111,661,100	114,112,390	2,451,290
Rappahannock	51,478,437	52,611,509	1,133,072
Richmond	54,624,892	62,996,761	8,371,869
Roanoke	232,058,351	241,801,518	9,743,167
Rockbridge	119,534,427	133,135,867	13,601,440
Rockingham	220,447,403	240,401,733	19,954,330
Russell	257,398,825	225,658,498	(31,740,327)
Scott	78,711,542	85038615	\$6,327,073
Shenandoah	168,694,429	180929453	12,235,024
Smyth	85,341,501	95091574	9,750,073
Southampton	124,250,079	161295415	37,045,336

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Spotsylvania	302,675,171	329595516	26,920,345
Stafford	376,229,716	378230668	2,000,952
Surry	1,822,387,380	1804802229	(17,585,151)
Sussex	77,395,645	73908724	(3,486,921)
Tazewell	122,893,510	120673624	(2,219,886)
Warren	532,156,934	795989443	263,832,509
Washington	158,694,784	158260992	(433,792)
Westmoreland	57,448,484	58762639	1,314,155
Wise	1,395,061,974	1323561417	(71,500,557)
Wythe	142,404,239	148374068	5,969,829
York	416,845,240	420875776	4,030,536
<u>Total Counties</u>	\$30,092,389,417	\$30,790,295,921	\$697,906,504
<u>Total Cities & Counties</u>	\$37,389,336,028	\$38,215,563,098	\$826,227,070

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2013, AND DECEMBER 31, 2014**

<u>Kind</u>	<u>2013</u>	<u>2014</u>	<u>Increase or (Decrease)</u>
Securities Act	\$9,657,858.86	\$9,994,381.68	\$336,522.82
Retail Franchising Act	\$482,200.00	\$493,600.00	\$11,400.00
Trademarks-Service Marks	\$26,070.00	\$27,330.00	\$1,260.00
Penalties	\$162,341.16	\$157,597.00	(\$4,744.16)
Global Settlement Penalties	\$77,720.17	\$45,000.00	(\$32,720.17)
Cost of Investigations	\$113,797.45	\$54,100.00	(\$59,697.45)
TOTAL	\$10,519,987.64	\$10,772,008.68	\$252,021.04

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2014

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 reviews, rate adjustment clauses, 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, electric cooperatives, 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 2014.

<u>General Rate Cases/Biennial Reviews</u>	
Electric Companies	1
Electric Cooperatives	2
Gas Companies	3
Water Companies	<u>2</u>
Total General Rate Cases/Biennial Reviews	8
<u>Certificates of Public Convenience and Necessity</u>	1
<u>Rate Adjustment Clauses</u>	
Electric Companies	9
<u>Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans</u>	
Gas Companies	7
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies	1
Gas Companies	4
Water Companies	<u>3</u>
Total Annual Informational Filings/Earnings Tests	8
<u>Fuel Factor Cases - Electric Companies</u>	2
<u>Depreciation Studies</u>	
Electric Companies	1
Electric Cooperatives	2
Natural Gas Companies	3
Water Companies	<u>2</u>
Total Depreciation Studies	8
<u>Other Reviews and Studies</u>	5
During 2014 the Division submitted reports recommending action in applications filed pursuant to Chapter 3 (Issuances of Stocks, Bonds, etc.), Chapter 4 (Affiliates Act), and Chapter 5 (Utility Transfers Act) of Title 56 of the Code of Virginia, and Licensure cases as follows:	
<u>Issuance of Stocks, Bonds, etc.</u>	16
<u>Affiliates Act Cases</u>	
Asset Transfers	3
Service Agreements	20
LNG Service Agreements	0
Tax Allocation Agreements	1
Transportation Service Agreements	1
Total	25
<u>Utility Transfers Act Cases</u>	
Transfers of Control	13
Transfers of Assets	13
Total	26
<u>Total Chapter 3, 4 and 5 Cases</u>	<u>67</u>
<u>Licensure Cases</u>	9

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Personnel:

The Commission's Division of Utility Accounting and Finance consisted of the following personnel on December 31, 2014:

<u>Description</u>	<u>Filled</u>	<u>Vacant</u>
Director	1	
Deputy Director	3	
UAF Manager	5	
Systems Supervisor	1	
Office Supervisor	2	
Principal Utility Analyst	2	
Senior Utility Analyst	2	
Utility Analyst	1	
Utility Analyst	1	
Principal Utility Accountant	2	
Senior Utility Accountant	4	
Utility Accountant	<u>4</u>	<u>1</u>
<u>Total</u>	28	1

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 2014, there were subject to the regulatory oversight of the Division:

14	Incumbent Investor-Owned Local Exchange Telephone Companies
151	Competitive Local Exchange Telephone Companies
102	Long Distance Telephone Companies
42	Payphone Service Providers
11	Operator Service Providers for Payphones

SUMMARY OF 2014 ACTIVITIES

Consumer Complaints Investigated:	2,083
Wireline Complaints	1,820
Wireless Complaints	263
Total Consumer Credit Adjustments:	\$349,775
Wireline Credit Adjustments	\$334,107
Wireless Credit Adjustments	\$15,668
Service Quality Oversight:	
Network Access Lines (reported as of June 30, 2014)	2,661,051
Tariff revisions received:	
Incumbent Local Exchange Companies	74
Competitive Local Exchange Companies	82
Interexchange Companies	5
Tariff sheets filed:	
Incumbent Local Exchange Companies	430
Competitive Local Exchange Companies	1,073
Interexchange Companies	59
Promotional Filings:	
Incumbent Local Exchange Companies	18
Competitive Local Exchange Companies	56
Interexchange Companies	0
Cases in which staff members prepared testimony, reports, or comments	12
Certificates of Convenience and Necessity:	
Competitive Local Exchange Companies	
Granted	5
Amended	5
Canceled	6

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Interexchange Companies	
Granted	4
Amended	5
Canceled	3
Interconnection Agreements or Amendments approved or dismissed	39
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	5
Local Exchange Company payphones	173
Private payphone service providers	37
Private payphones	1816
Payphone audits	2
General Network/Infrastructure Field Reviews	37
OTHER:	
Assisted Commission counsel with respect to formal rate, service, and generic matters.	
Conducted 911 follow up 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.	
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 2014, 6 companies notified the division they will be offering some services without tariffs. Since the legislation became effective, 35 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.	
Participated in Chapter 5 (Utility Transfers Act) cases with the Division of Utility Accounting and Finance.	
Managed Virginia's telephone number utilization program.	
Monitored Virginia Universal Service Plan (Lifeline) participation, 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.	
Represented the Commission at Metropolitan Washington Council of Governments meetings relating to 911 emergency call services matters.	
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 2014

Consumer Complaints and Inquiries Received	2,112
Written Public Comments Relative to Commission Cases Received	11,222
Testimony and Reports Filed by Staff	72
Certificates of Convenience and Necessity Granted, Transferred, or Revised	36
Affiliates Applications	8
Meter Tests Witnessed	7
Community Meetings and Presentations	10

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 5,637 applications for various certificates of authority as shown below:

**APPLICATIONS RECEIVED AND/OR ACTED UPON
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2014**

New Bank	1
Bank Branches	38
Bank Branch Office Relocations	8
Establish a Branch (out-of-the state Bank)	5
Out-of-State Branch Move (Bank)	2
Bank Acquisitions Pursuant to § 6.2-704A	3
Bank Acquisitions Pursuant to § 6.2-704C	2
Intent to Acquire a Saving Institution Outside of Virginia	1
Bank Merger	7
Out of State Bank Merger	2
Credit Union Mergers	8
Establish an Out-of-State Trust Company	1
Credit Union Service Facilities	8
Credit Union Office Relocations	1
New Consumer Finance	1
Consumer Finance Offices	61
Consumer Finance Other Business	21
Consumer Finance Office Relocations	14
New Mortgage Lenders and/or Brokers	143
Acquisitions of Mortgage Lenders/Brokers	24
Mortgage Additional Offices	591
Exempt Mortgage Company Registrations	2
Mortgage Loan Originator Licensees	4,513
Transitional Mortgage Loan Originator	11
New Motor Vehicle Title Lender	6
Motor Vehicle Title Lender Additional Offices	26
Acquire a Motor Vehicle Title Lender	1
Motor Vehicle Title Lender Office Relocations	10
Motor Vehicle Title Lender Other Business	7
New Money Order Sellers/Money Transmitters	29
Acquisitions of Money Order Sellers/Money Transmitters	4
Credit Counseling Agency Additional Offices	3
Credit Counseling Office Relocations	11
Bona Fide Non-Profit Designations	7
New Credit Counseling Agencies	2
New Check Cashers	45
Payday Office Relocations	6
Payday Lender Acquisition	1
Payday Lender Other Business	8
Payday Lender Additional Offices	3

At the end of 2014, there were under the supervision of the Bureau 71 banks with 1,001 branches, 45 Virginia bank holding companies, 3 non-Virginia bank holding companies with a subsidiary Virginia bank, 3 subsidiary trust companies, 1 savings institution, 43 credit unions, 3 industrial loan associations, 24 consumer finance companies with 260 Virginia offices, 81 money transmitters, 39 credit counseling agencies, 448 check cashers, 152 mortgage lenders with 456 offices, 362 mortgage brokers with 435 offices, 230 mortgage lender/brokers with 1,408 offices, 13,019 mortgage loan originators, 5 private trust companies, 28 motor vehicle title lenders with 474 offices, and 20 payday lenders with 224 offices.

BUREAU OF INSURANCE REGULATION ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2014

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 licensing insurance agents, agencies and public adjusters, collecting various special taxes and assessments on insurance companies and working in an auxiliary role in support of the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agents Licensing staff and Agent Investigations staff monitor the activities of insurance agents, agencies and public adjusters 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 2014 ACTIVITIES

New insurance companies licensed to do business in Virginia	21
Insurance company financial statements analyzed	1,143
Financial examinations of insurance companies conducted	23
Property and Casualty insurance rules, rates and form submissions	4,232
Life and Health insurance policy forms and rates submissions	3,148
Property and Casualty insurance complaints received	2,369
Life and Health insurance complaints received	2,514
Market conduct examinations completed by the Life and Health Division	3
Market Regulation Continuum Actions completed by the Life and Health Division	24
Market conduct examinations completed by the Property and Casualty Division	8
Market Regulation Continuum Actions completed by the Property and Casualty Division	146
Insurance agents and agencies licensed	223,194
Assessment audits	4,695
Ombudsman Office inquiries received	540
Individuals assisted by Ombudsman Office in appealing MCHIP denials	140

EXTERNAL APPEAL FISCAL YEAR 2014

Number of Cases Reviewed	312
Eligible Appeals	121
Ineligible Appeals	191
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	81
Final Adverse Decision Overturned by Reviewer	35
Final Adverse Decision Modified	2
MCHIP Reversed Itself	2
Appeal Decisions Pending	0
Terminated or Withdrawn	1

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:

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 K. Cunningham is the Deputy receiver, of the HOW Companies. Any inquiries concerning the conduct of the HOW receivership 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, 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 2014 Activities

UNDER THE VIRGINIA SECURITIES ACT:

Registration Section

17	agent of issuer registrations and renewals denied, withdrawn, or terminated
57	agent of issuer registrations and renewals approved
2,157	broker-dealer registrations and renewals approved
164	broker-dealer registrations and renewals denied, withdrawn, or terminated
216,620	broker-dealer agent registrations and renewals approved
31,001	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
13	investment advisor exempt reporting advisors approved
241	investment advisor other amendments approved
28	investment advisor other amendments denied, withdrawn, or terminated
3,406	investment advisor registrations, renewals, and amendments approved
181	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
14,938	investment advisor representative registrations and renewals approved
2,010	investment advisor representative registrations and renewals denied, withdrawn, or terminated

Examination Section

395	investment company notice filings originals and renewals denied, withdrawn, or terminated
3,232	investment company notice filings originals and renewals accepted
39	securities registrations approved
11	securities registrations denied, withdrawn, or terminated
13	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
607	exemption notice filings for federal-covered securities accepted
1,798	exemptions from registration approved
2	exemptions from registration denied, withdrawn, or terminated

Audit Section

83	broker-dealer audits completed
131	investment advisor audits completed
491	audit violation deficiencies resolved

Enforcement & Investigation Sections

92	investigations completed
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UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

737	trademarks and/or service marks approved, renewed, or assigned
363	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,731	franchise registrations, renewals, or post-effective amendments approved
372	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
34	investigations completed

ORDERS, JUDGMENTS AND SETTLEMENTS:

12	orders granting exemptions and/or official interpretations
8	orders for subpoena of records by banks, corporations, and individuals
4	orders of show cause

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

25	judgments of compromise and settlement
17	final orders and/or judgments
1	special supervision

TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

Registration Section

527	calls/e-mails regarding pending registrations
24,228	registration general inquiry calls/e-mails

Examination Section

209	calls/e-mails regarding pending examinations
7,062	examination general inquiry calls/e-mails

Audit Section

195	calls/e-mails regarding pending audits
295	audit general inquiry calls/e-mails

Enforcement & Investigation Sections

857	calls/e-mails regarding pending investigations
71	investigation general inquiry calls/e-mails
2,352	calls/e-mails regarding pending enforcements
508	enforcement general inquiry calls/e-mails
136	complaints resulting in investigations
65	complaints referred
7	complaints with no authority to investigate
14	complaints with no violation of Securities or Franchise Acts

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR 2014 ACTIVITIES

	<u>12/31/13</u>	<u>12/31/14</u>
Financing/Subsequent Statements Filed	73,632	71,460
Federal Tax Liens/Subsequent Liens Filed	5,686	5,080
Reels of Microfilmed documents sold	420	414

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 2014, the Division's pipeline safety activities involved 12 natural gas companies, with a total of 20,940 miles of pipelines serving 1,230,056 customers, 59 master-metered systems, 32 propane systems and 4 hazardous liquid pipeline companies with a total of 897 miles of pipelines.

Summary of 2014 Activities

Gas Safety Inspection Man-days Conducted	693
Hazardous Liquid Safety Inspection Man-days Conducted	86
Number of Counts of Probable Violations Cited	174
Pipeline Accidents Investigated	36
Pipeline Safety Trainings Conducted	44
Reports filed	7

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 3,394 miles of track and thousands of cars and locomotives.

Summary of 2014 Activities

Number of Track Units ¹ Inspected	8,065
Number of Locomotive and Car Units ² Inspected	16,576
Number of Operating Practice Units ³ Inspected	1,972
Number of Defects Noted	5,843
Number of Violations Cited	29
Number of Accidents Investigated	23
Number of Complaints Investigated	12

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 by the Commission 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, disseminates damage prevention educational material and promotes partnership among the stakeholders to further underground utility damage prevention in Virginia.

Summary of 2014 Activities

Underground Utility Damage Reports Investigated	1,310
Number of Individuals Having Received Damage Prevention Training	1,853
Number of Damage Prevention Educational Material Disseminated	89,000
Number of Damage Prevention Field Audits Conducted	374

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.

INDEX OF LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

- 1 -

1st Solution Mortgage, Inc. License revocation pursuant to Chapter 16 of Title 6.2 of the Code of Virginia.....	34
--	----

- 2 -

24/7 Chesapeake Holdings, LLC For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC.....	238
24/7 Mid-Atlantic Network of Virginia, LLC For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC.....	238
24X7 Computer Services, LLC Final Order.....	42

- 7 -

703 code of Northern Virginia, Investigation of area code relief for the Final Order.....	198
--	-----

- A -

A&N Electric Cooperative For authority to incur long-term indebtedness.....	432
A-1 Mortgage Corporation License revocation pursuant to Chapter 16 of Title 6.2 of the Code of Virginia.....	37
Abel, Edward Alen License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	185
Access One of Virginia, Inc. For a certificate to provide local exchange telecommunications services in the Commonwealth of Virginia.....	208
ACE American Insurance Company Settlement for alleged violations of §§ 38.2-317 <i>et al.</i> of the Code of Virginia.....	89
ACE Fire Underwriters Insurance Company Settlement for alleged violations of §§ 38.2-317 <i>et al.</i> of the Code of Virginia.....	89
ACI Worldwide Corp. Settlement for alleged violation of § 6.2-1914 of the Code of Virginia.....	32
AEP Appalachian Transmission Company, Inc. For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project	264
Agera Energy LLC For licenses to conduct business as a competitive service provider for electricity and natural gas.....	489
AGL Resources Inc. For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	496
AGL Resources, Inc. For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	259
AGL Services Company For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	259
For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	496

Alfa Alliance Insurance Corporation Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	78
Alfa Specialty Insurance Corporation Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	91
Alfa Vision Insurance Corporation Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	91
Allegiancy, LLC For registration of securities pursuant to § 13.1-510 of the Code of Virginia.....	514
Allen, Cristina Marie License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	129
Allied Property and Casualty Insurance Company Settlement for alleged violation of § 38.2-1906 A of the Code of Virginia..... Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia.....	122 122
Allstate Indemnity Company Settlement for alleged violation of § 38.2-305 A of the Code of Virginia.....	139
Allstate Insurance Company Settlement for alleged violation of § 38.2-305 A of the Code of Virginia..... Settlement for alleged violation of § 38.2-317 of the Code of Virginia.....	139 76
Allstate Property and Casualty Insurance Company Settlement for alleged violation of § 38.2-305 A of the Code of Virginia.....	139
ALPS Property & Casualty Insurance Company Settlement for alleged violations of §§ 38.2-1024 B 4 <i>et al.</i> of the Code of Virginia.....	181
AMCO Insurance Company Settlement for alleged violation of § 38.2-1906 A of the Code of Virginia..... Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia.....	122 122
American Bankers Insurance Company of Florida Settlement for alleged violation of § 38.2-305 of the Code of Virginia..... Settlement for alleged violation of violated § 38.2-305 of the Code of Virginia.....	95 95
American Title Loans, Tidewater Loans LLC d/b/a For a license to engage in business as a motor vehicle title lender.....	20
American Water Capital Corp. To continue participation in a financial services agreement with an affiliate.....	493
Anderson, Marianne and Charles For review of HOW Insurance Company, Home Warranty Corporation and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal.....	45
Anderson, Michael G. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	152
ANGD LLC For authority to incur debt and receive cash capital contributions from an affiliate under Chapters 3 and 4 of Title 56 of the Code of Virginia.....	409
Anthem Health Plans of Virginia, Inc. For approval to have associates located outside of Virginia conduct customer service and provider services back-up support for Anthem's Virginia Medicaid managed care and FAMIS plans..... 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..... For modification of the Final Order to permit an Anthem affiliate to provide certain medical management services from locations outside Virginia.....	72 73 110
Appalachian Natural Gas Distribution Company For a certificate pursuant to Virginia Code § 56-265.3..... For authority to incur debt and receive cash capital contributions from an affiliate under Chapters 3 and 4 of Title 56 of the Code of Virginia..... For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia..... Final Order.....	325 409 475 542

Appalachian Power Company	
For authority to issue promissory notes	259
For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project	264
For approvals pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Va. Code §§ 56-76 <i>et seq.</i>	308
For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia	322
For a certificate to construct and operate electric transmission facilities in Campbell County and the City of Lynchburg: South Lynchburg Area Improvements 138 kV Transmission Line Project	340
For Approval and Certification of the Cloverdale-Lexington 500 kV Transmission Line Reconductoring Project under Title 56 of the Code of Virginia	353
For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia	364
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	369
Order Granting Reconsideration	374
For approval to close its Peak Shaving and Emergency Demand Response Rider to new customers	382
For a 2014 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	392
Order Granting Reconsideration	409
For approval and certification of electric transmission facilities in Tazewell and Buchanan Counties: Richlands-Whitewood 138 kV Transmission Line Project	427
For approval to enter into affiliate transaction	486
For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia	490
Appalachian Power Company, <i>Ex Parte</i> : In the matter concerning certain fuel factor cases of	
Order Closing Fuel Factor Cases	239
Approved Financial Corp.	
Order Cancelling a Certificate	36
Aqua America, Inc.	
For approval of a services agreement	476
To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 <i>et seq.</i> of the Code of Virginia	478
Aqua Presidential, Inc.	
For approval of a transfer of utility assets	298
To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 <i>et seq.</i> of the Code of Virginia	478
Aqua Virginia Utilities, Inc.	
For an increase in rates and fees	261
Order	262
Order on Motion	262
For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia	381
Aqua Virginia Water Utilities, Inc.	
For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates	249
For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia	381
Aqua Virginia, Inc.	
For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates	249
For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia	324
For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia	332
For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia	381
For an increase in rates	434
For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia	437
For Rulemaking to establish a Water and Wastewater Infrastructure Service Charge	463
For approval of a services agreement	476
To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 <i>et seq.</i> of the Code of Virginia	478
AssuranceAmerica Insurance Company	
Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia	118

Atmos Energy Corporation	
For an expedited increase in rates.....	335
Final Order.....	339
For authority to enter into a Gas Supply and Asset Management Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56 76 <i>et seq.</i>	359
For authority to enter into a Gas Purchase Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56 76 <i>et seq.</i>	361
For approval of a 2014-2015 SAVE Plan and Rider adjustment and to amend the SAVE Plan.....	433
For authority to issue common stock.....	480
For authority to incur short term debt and to lend and borrow short-term funds to and from its affiliates.....	487
Atmos Energy Holdings, Inc.	
For authority to incur short term debt and to lend and borrow short-term funds to and from its affiliates.....	487
Atmos Energy Marketing, LLC	
For authority to enter into a Gas Supply and Asset Management Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 <i>et seq.</i>	359
For authority to enter into a Gas Purchase Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56 76 <i>et seq.</i>	361
Augusta, Jeremy Paul	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	196
Aviva Life & Annuity Company	
Order Approving Settlement Agreement.....	74
Azar, Jack G.	
Settlement for alleged violations of the Virginia Retail Franchising Act.....	524
- B -	
Bancinsure, Inc., Red Rock Insurance Company f/k/a	
Take Notice Order of License Revocation.....	52
Order Suspending License.....	52
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.....	523
Bay Telecom, Inc.	
For approval of an interconnection agreement.....	205
Bayport Credit Union, Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a	
To merge with Chesapeake City Employees Credit Union.....	17
To merge with Hampton Roads Postal Credit Union, Inc.....	20
To merge with Hampton City Employees Credit Union, Incorporated.....	23
BCHH, Inc.	
Settlement for alleged violation of § 55-525.30 of the Code of Virginia.....	71
BD PDL Services, LLC a/k/a BD PDL Services.com, LLC	
Cease and Desist Order.....	29
BD PDL Services, LLC a/k/a Bottom Dollar Payday	
Cease and Desist Order.....	29
BD PDL Services, LLC a/k/a BottomDollarPayday.com	
Cease and Desist Order.....	29
Bedford Regional Water Authority, The	
For approval of the transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	474
Bedford, Town of	
For an amended and reissued certificate to provide local exchange telecommunications services to reflect the City's transition to a Town.....	233
Bissonette, Heather L.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	109
Blue Ridge Mutual Association, Inc.	
Settlement for alleged violations of §§ 38.2-510 A (6) <i>et al.</i> of the Code of Virginia.....	169

Blusewicz, Lawrence Michael	
Revocation of license pursuant to § 38.2-1831 of the Code of Virginia	115
Bonnell, Timothy K.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	132
Vacating Order.....	133
Bostic, Ivy Joe, Sr.	
Final Order.....	156
Botetourt Forest Water Corporation	
For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	332
Braley, Ryan	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	112
Branscome Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	609
Brown, Nicole L.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	134
Brunswick Insurance Agency, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	130
Butcher, Greg A.	
Settlement for alleged violations of the Virginia Securities Act	508

- C -

California Casualty Indemnity Exchange	
Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	94
Calkins, David J.	
Settlement for alleged violations of the Virginia Retail Franchising Act.....	531
Canai, Karl	
Revocation of license pursuant to § 38.2-1831 of the Code of Virginia	102
Carrea, Anthony John	
Final Order.....	499
Cathey, Anne Marie	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	82
Cbeyond Communications, LLC, <i>et al.</i>	
For approval of the transfer of control of Cbeyond Communications, LLC, pursuant to Va. Code § 56-88 <i>et seq.</i>	220
CCA Resort Holdco, LLC	
For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	307
Central Acceptance Company, Inc.	
Settlement for alleged violation of § 38.2-4707 of the Code of Virginia	192
Central Telephone Company of Virginia d/b/a CenturyLink	
For alternative dispute resolution of interconnection agreements with NTELOS Network Inc. and NA Communications Inc	207
For elimination of conditions	213
To establish a competitive test.....	229
CenturyLink QCC, Qwest Communications Company, LLC d/b/a	
For approval of an internal corporate restructuring pursuant to Va. Code § 56 88 <i>et seq.</i>	209
For certificates to provide facilities-based local exchange and interexchange telecommunications services in the Commonwealth of Virginia.....	210
CenturyLink, Central Telephone Company of Virginia d/b/a	
For alternative dispute resolution of interconnection agreements with NTELOS Network Inc. and NA Communications Inc	207
For elimination of conditions	213
To establish a competitive test.....	229

CenturyLink, Qwest Communications Corporation of Virginia d/b/a For approval of an internal corporate restructuring pursuant to Va. Code § 56-88 <i>et seq.</i>	209
CenturyLink, United Telephone Southeast LLC d/b/a For alternative dispute resolution of interconnection agreements with NTELOS Network Inc. and NA Communications Inc.	207
For elimination of conditions	213
To establish a competitive test.....	229
Chamizo, Shawn License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	166
Chanello's Pizza International, Inc. Final Order	507
Charter Communications, Inc. For approval of the transfer of control of Midwest Cable Phone of Virginia, LLC, pursuant to Va. Code § 56-88 <i>et seq.</i>	224
For authority to complete certain pro forma intra-corporate transactions	224
Chastang, Jasmine License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	168
Church of God Foundation For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	523
Citizens and Farmers Bank For a certificate of authority to conduct a banking and trust business following a merger with Central Virginia Bank and for authority to operate the authorized offices of the merging banks.....	16
CloseCall America, Inc. of Virginia For approval of an interconnection agreement.....	206
For approval of an interconnection agreement.....	207
Clyburn, Reco L. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	80
CMFG Life Insurance Company Settlement for alleged violations of §§ 38.2-502 (1) <i>et al.</i> of the Code of Virginia.....	169
Cobb, Daniel Patrick License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	113
Coleman, Michael For approval of Affiliate Agreement	304
Colin B. Stegall, Individually, and t/a Quality Communication Specialist Final Order	204
Columbia Gas of Virginia, Inc. For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate.....	243
For authority to amend its natural gas conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia.....	326
For approval of a Firm Transportation Service Agreement with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	358
For approval of a Capacity Assignment Agreement, a Capacity Interest Lease Agreement, and a Negotiated Rate FT-C Transportation Service Agreement with Columbia Gas Transmission, LLC, pursuant to Chapter 4 of Title 56 of the Code of Virginia	379
For an expedited approval of a special rate and contract pursuant to Va. Code § 56-235.2	385
For approval of Master Auto PAL Agreements with Columbia Gas Transmission, LLC and Columbia Gulf Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	386
For authorization to extend its Gas Cost Hedging Program.....	413
For approval of a Purchase and Sale Agreement, a Restated and Amended Delivery Interconnect Agreement, and a Revised Point of Delivery Policy pursuant to the Utility Affiliates Act and the Utility Transfers Act	449
For approval of a service agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company	460
For approval to implement a 2015 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions	481
For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate.....	491
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	550
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	562
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	569
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	572

Settlement for alleged violations of the Underground Utility Damage Prevention Act	585
Settlement for alleged violations of the Underground Utility Damage Prevention Act	594
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	599
Settlement for alleged violations of the Underground Utility Damage Prevention Act	602
 Columbia Union Revolving Fund	
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	525
 Comcast Corporation	
For approval of the transfer of control of Time Warner Cable Information Services (Virginia), LLC, Time Warner Cable Business LLC, and DukeNet Communications, LLC, pursuant to Va. Code § 56 88 <i>et seq.</i>	219
For approval of the transfer of control of Midwest Cable Phone of Virginia, LLC, pursuant to Va. Code § 56-88 <i>et seq.</i>	224
 Commercial Travelers Mutual Insurance Company	
Final Order.....	57
 Commonwealth Irrigation and Landscape Corporation	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	578
Settlement for alleged violations of the Underground Utility Damage Prevention Act	607
 Communications Infrastructure Investments, LLC	
For approval of the Pro Forma change in indirect ownership pursuant to Va. Code § 56-88 <i>et seq.</i>	235
 Computer Cabling & Technology Services, Computer Cabling and Telephone Services, Inc. t/a	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	546
 Computer Cabling and Telephone Services, Inc. t/a Computer Cabling & Technology Services	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	546
 Connectiv LLC	
For approval of transfer of control pursuant to the Utility Transfers Act.....	442
 Conterra Ultra Broadband Holdings, Inc.	
For approval of a transfer of control pursuant to Va. Code § 56-88.1 <i>et seq.</i>	216
Conterra Ultra Broadband, LLC	
For approval of a transfer of control pursuant to Va. Code § 56-88.1 <i>et seq.</i>	216
 Converge Cornerstone Fund, Baptist General Conference Cornerstone Fund d/b/a	
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	523
 Cortellessa, Gary R.	
For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal	79
 CPL Holdings, LLC	
Settlement for alleged violation of § 6.2-1608 of the Code of Virginia.....	25
 Crawford, James F.	
Amended Settlement Order	503
 Crawford, Roger Lee, Jr.	
For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	324
 Creative Concepts Investments, Inc.	
Judgment Order.....	499
 Cress, Charles A.	
Settlement for alleged violation of §§ 38.2-512 <i>et al.</i> of the Code of Virginia	101
 Crown Castle NG Atlantic LLC	
For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC.....	238
 Crown Castle NG Atlantic LLC f/k/a Crown Castle NG Atlantis Inc.	
For amended and reissued certificates to provide local exchange and interexchange telecommunications services to reflect a company name change	232
Order Nunc Pro Tunc	233
 Crown Castle NG Atlantic Inc., Crown Castle NG Atlantic LLC f/k/a	
For amended and reissued certificates to provide local exchange and interexchange telecommunications services to reflect a company name change	232
Order Nunc Pro Tunc	233

CUB Parent, Inc.	
For approval of a transfer of control pursuant to Va. Code § 56-88.1 <i>et seq.</i>	216

- D -

D&F Construction, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	592
Dale Service Corporation	
For authority to enter into an affiliate agreement	346
For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 <i>et seq.</i> and the Affiliates Act, Va. Code § 56-76 <i>seq.</i>	445
DanMarc, Inc.	
Order Terminating Corporate Existence	38
Daskalakis, Christos M.	
Settlement for alleged violations of the Virginia Retail Franchising Act	535
Delaware Life Insurance Company	
Order Approving Settlement Agreement	193
Delmarva Power & Light Company	
For approval of transfer of control pursuant to the Utility Transfers Act	442
Depositors Insurance Company	
Settlement for alleged violation of § 38.2-1906 A of the Code of Virginia	122
Depositors Insurance Company	
Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia	122
Diamond State Liability Company	
Settlement for alleged violations of violated §§ 38.2-317 <i>et al.</i> of the Code of Virginia	117
Dickerson, Richard Olen	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	107
Diesel, Sandra	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	126
Direct Energy Business Marketing, LLC	
For a license to conduct business as a competitive service supplier for natural gas	264
Discover Property and Casualty Insurance Company	
Settlement for alleged violation of § 38.2-305 of the Code of Virginia	74
DLB, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	581
Doctor, Gregory L.	
Judgment Order	499
Dominion Energy Solutions, Dominion Retail, Inc. t/a	
For permanent licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator	239
Dominion Retail, Inc. t/a Dominion Energy Solutions	
For permanent licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator	239
Dominion Virginia Power, Virginia Electric and Power Company d/b/a	
For approval and certification of electric transmission facilities in Prince William County and the City of Manassas: Cannon Branch-Cloverhill 230 kV Transmission Line and Cloverhill Substation	247
For approval and certification of electric facilities: Dooms – Brems 230 kV Transmission Line Rebuild	248
Order Denying Petition	253
dPi Teleconnect, L.L.C.	
For a certificate to provide local exchange telecommunications services	200

Draper, Robert G. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	157
Dunbar, De Borah License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	188

- E -

Eagle Bancorp, Inc. To acquire control of Virginia Heritage Bank	20
East Coast Transport, Inc. For approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	426
Eastern Virginia Bankshares, Inc. Order Reducing Fees	35
EC Financial LLC Revocation of license pursuant to Chapter 16 of Title 6.2 of the Code of Virginia	35
Order Granting Reconsideration.....	36
Ecova, Inc. For a license to conduct business as an electric and natural gas aggregator.....	242
Eichhorn, Michael Joseph License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	153
Electric Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	90
English Biomass Partners - Ferrum, LLC For a license to conduct business as a competitive service provider for electricity.....	488
Essential and Standard Health Benefit Plan Contracts, In the matter of Repealing the Rules Governing Order to Take Notice.....	140
Order Repealing Rules	141
EVB For a certificate of authority to conduct a banking and trust business following a merger with Virginia Company Bank and for authority to operate the authorized offices of the merging banks.....	22
Order Reducing Fees	35
Everest National Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	111
Executive Financial Services Co., Inc. License revocation pursuant to Chapter 16 of Title 6.2 of the Code of Virginia.....	33
Executive Risk Indemnity, Inc. Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	117
Exelon Corporation For approval of transfer of control pursuant to the Utility Transfers Act.....	442
Exelon Energy Delivery Company LLC For approval of transfer of control pursuant to the Utility Transfers Act.....	442

- F -

Farm Family Casualty Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	177
Farmville Area Habitat for Humanity, Inc. To be designated as a bona fide nonprofit organization.....	23

Fauquier County Water and Sanitation Authority For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	388
Federal Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	117
Ferguson, Royall Braxton, III Settlement for alleged violations of §§ 38.2-1812 A <i>et al.</i> of the Code of Virginia.....	157
Ferrell, Richard Christopher License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	177
Fidelity Life Association, A Legal Reserve Life Insurance Company Settlement for alleged violations of § 38.2-3115 B of the Code of Virginia.....	165
Fields, Bernard L. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	159
Financial American Life Insurance Company Settlement for alleged violations of §§ 38.2-502 (1) <i>et al.</i> of the Code of Virginia.....	181
Financial Exchange Company of Virginia, Inc. d/b/a Money Mart For a license to engage in business as a payday lender.....	15
First Choice Insurance Intermediaries, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	151
First Penn Pacific Life Insurance Company Order Approving Settlement	77
Fistel, Benjamin Victor Revocation of license pursuant to § 38.2-1831 of the Code of Virginia	108
Fitterling, Andrea Keel License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	154
Foreman, John Thomas License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	134
Forti, Robert A. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	139
Fox Run Water Co., Inc. For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates	249
Freeman, Jeffrey Earl License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	137
Freestone Insurance Company Take Notice Order of license suspension.....	123
Order Suspending License.....	124
Take Notice Order of License Revocation.....	124
Fuel factor cases of Virginia Electric and Power Company d/b/a Dominion Virginia Power, In the matter concerning certain Order Closing Fuel Factor Cases.....	241
Fuel procurement arrangements among Virginia Electric and Power Company and its affiliates Order	257
- G -	
G & E Communications, Inc. Final Order	545
Gadient Enterprises, Inc. For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal	66

Gadsden, Germone License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	186
Gavaris, George Michael License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	154
Gaye, Nyaten License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	178
GEICO Casualty Company Settlement for alleged violation of § 38.2-1905 C of the Code of Virginia	146
General Casualty Insurance Company of Wisconsin Settlement for alleged violations of §§ 38.2-317 <i>et al.</i> of the Code of Virginia.....	147
Genworth Life and Annuity Insurance Company Settlement for alleged violations of §§ 38.2-610 A (1) <i>et al.</i> of the Code of Virginia	64
Order Approving Settlement Agreement.....	80
Genworth Life Insurance Company Order Approving Settlement Agreement.....	80
Genworth Life Insurance Company of New York Order Approving Settlement Agreement.....	80
Gillespie, Tiffany Michelle License revocation pursuant to §38.2-1831 of the Code of Virginia.....	113
Gonzales, Mike Lee License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	114
Great American Alliance Insurance Company Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	96
Great American Assurance Company Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	96
Great American Insurance Company Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	96
Settlement for alleged violation of § 38.2-317 of the Code of Virginia.....	111
Great American Insurance Company of New York Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	96
Great Point Insurance Services, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	136
Greater Lynchburg Habitat for Humanity, Inc. To be designated as a bona fide nonprofit organization.....	21
Greek Catholic Union of the U.S.A. Final Order.....	47
Green Energy Partners/Stonewall LLC For a certificate for a 750 MW electric generating facility in Loudoun County	309
Green, Sean A. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	93
Greenwood Lending, Summit Funding, Inc. d/b/a Settlement for alleged violations of §§ 6.2-406 A <i>et al.</i> of the Code of Virginia.....	35
GRI Fund #2, L.P. For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC.....	238
GTE South Incorporated, Verizon South Inc. f/k/a For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	199
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	200

- H -

Habitat for Humanity of Northern Virginia, Inc. To be designated as a bona fide nonprofit organization.....	22
Haddad, Filip License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	81
Hamlet, Edward M. Final Order.....	77
Hardin, David S. and Elizabeth H. For review of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation Deputy Receiver's Determination of Appeal.....	44
Harding, Harold Edward, III License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	161
Harvest Life Changers Church International Inc. For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	540
Health Maintenance Organizations, In the matter of Amending the Rules Governing Order to Take Notice.....	141
Order Adopting Rules.....	142
HealthKeepers, Inc. For approval to have associates located outside of Virginia conduct customer service and provider services back-up support for Anthem's Virginia Medicaid managed care and FAMIS plans.....	72
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.....	73
For modification of the Final Order to permit an Anthem affiliate to provide certain medical management services from locations outside Virginia.....	110
Heritage Investment Services Fund, Inc. For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	527
Hermosillo, Mark License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	126
Hess Energy Marketing, LLC For a license to conduct business as a competitive service supplier for natural gas.....	264
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.....	317
Holley, Keisha Denise License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	145
Howson, Bruce Kenneth License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	151
HUB International Midwest Limited License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	135
Hull's, L.L.C. For approval of the transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	474
Hunter, Chase Carmen For declaratory judgment.....	97

- I -

In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 <i>et seq.</i> Final Order.....	305
In re: Ocwen Financial Corporation and Ocwen Loan Servicing, LLC Order Approving Settlement Agreement.....	28

In re: Payday Lending Order Adopting Regulations.....	24
In the matter concerning certain fuel factor cases of Appalachian Power Company, <i>Ex Parte</i> : Order Closing Fuel Factor Cases.....	239
Independence Life and Annuity Company Order Approving Settlement Agreement.....	193
Independent Financial Group, LLC Settlement for alleged violations of the Virginia Securities Act.....	509
iNetworks Group of Virginia, Inc. For cancellation of a certificate for the provision of local exchange telecommunications services and of the associated bond and tariffs.....	212
iNetworks Group Virginia, Inc. For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated bond and tariffs.....	211
Infotelecom, LLC For cancellation of certificates to provide local exchange and interexchange telecommunications services.....	223
InSITE Fiber of Virginia LLC For an amended and reissued certificate to provide interexchange telecommunications services to reflect a company name change.....	232
Insurance Holding Companies, In the matter of Amending the Rules Governing Order to Take Notice.....	174
Order Adopting Rules.....	175
Integon Casualty Insurance Company Settlement for alleged violation of § 38.2-1906 A of the Code of Virginia.....	194
IntelePeer Holdings, Inc. For approval of a transfer of control of an authorized telecommunications provider.....	217
Final Order.....	218
IntelePeer Virginia, Inc. For approval of a transfer of control of an authorized telecommunications provider.....	217
Final Order.....	218
For amended and reissued certificates to provide local exchange and interexchange telecommunications services to reflect a company name change.....	236
IntelePeer, Inc. For approval of a transfer of control of an authorized telecommunications provider.....	217
Final Order.....	218
International Placement Services, LC License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	153
Investigation of area code relief for the 703 code of Northern Virginia Final Order.....	198
- J -	
J. P. Morgan Securities, LLC Consent Order.....	528
Jackson, Jerald License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	180
Jackson, Josh License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	127
James B. Johnston, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	148
Jaramillo, Christina Marie License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	197

Jean-Baptiste, Giovanni R. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	171
Jeffrey W. Smith d/b/a S.T.S. Dismissal Order.....	208
Jepperson, Zach S. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	179
Jimenez, Rodolfo License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	158
Jones, Christopher License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	179
Jones, Kurt A. Final Order.....	143
Justice Title & Escrow, LLC Settlement for alleged violations of § 55-525.24 A <i>et al.</i> of the Code of Virginia.....	119

- K -

Kaderli, Clifton Ray Settlement for alleged violations of the Virginia Securities Act.....	508
Keller, Scott H. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	153
Kentucky Utilities Company d/b/a Old Dominion Power Company Final Order.....	256
For authority to amend cost allocation manual under Chapter 4, Title 56 of the Code of Virginia.....	345
For authority to engage in affiliate transactions.....	375
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia.....	376
Order Establishing Fuel Factor.....	378
For authority to issue securities and assume obligations under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia.....	411
Keswick Estates Utilities, LLC For certificates to provide water and sewerage services pursuant to the Utility Facilities Act and for approval of a transfer of utility assets pursuant to the Utility Transfers Act.....	276
Keswick Utilities, Inc. For certificates to provide water and sewerage services pursuant to the Utility Facilities Act and for approval of a transfer of utility assets pursuant to the Utility Transfers Act.....	276
King, Lawrence T. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	106
Order Granting Reconsideration.....	107
Kinser, Mark D. Settlement for alleged violations of the Virginia Securities Act.....	516
Kopatz, Christopher License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	105

- L -

Lakewood Service Corporation For approval of the transfer of a public utility pursuant to Va. Code § 56-88 <i>et seq.</i>	410
Lay, Kevin A. License revocation pursuant to §38.2-1831 of the Code of Virginia.....	131
Lewis, Jacki Gail Final Order.....	42

LG&E and KU Energy LLC For authority to engage in affiliate transactions.....	375
LG&E and KU Services Company For authority to engage in affiliate transactions.....	375
Life Line Credit Union, Inc. Order Closing the Credit Union.....	34
Linco, Inc. Settlement for alleged violations of the Underground Utility Damage Prevention Act	579
Settlement for alleged violations of the Underground Utility Damage Prevention Act	596
Lincoln Life and Annuity Company of New York Order Approving Settlement	77
Lincoln National Life Insurance Company Order Approving Settlement	77
Lloyd, James Franklin Revocation of license pursuant to § 38.2-1831 of the Code of Virginia	93
Loan Shop a/k/a/ Loan Shop Online and Loan Shop Online.com Settlement for alleged violation of § 6.2-1801 of the Code of Virginia	31
Long-Term Care Insurance, In the matter of Amending the Rules Governing Order to Take Notice.....	87
Order Adopting Rules	88
Long-term Care Insurance, In the matter of revising the Rules Governing Order to Take Notice.....	65
Louisville Gas and Electric Company For authority to engage in affiliate transactions.....	375
LPB Energy Consulting, MRDB Holdings LP d/b/a For a permanent license to conduct business as an electric and gas aggregator.....	242
LSF8 Canada Limited To acquire 100% of Financial Exchange Company of Virginia, Inc. d/b/a Money Mart.....	19
LTS of Rocky Mount, LLC For a certificate of public convenience and necessity to provide local exchange telecommunications services	206
Luke Minor Insurance Agency, LLC License revocation pursuant to § 38.2-1040 of the Code of Virginia.....	183
Order Denying Petition for Reconsideration	184
Lutheran Church Extension Fund - Missouri Synod For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	539
Luv'nberry, Tanaz LLC d/b/a Settlement for alleged violations of the Virginia Retail Franchising Act.....	524
- M -	
M&M Insurance Agency, Inc. Final Order.....	53
Manaquin Water Company For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	437
Manhattan Pizza Company, LLC Settlement for alleged violations of the Virginia Retail Franchising Act.....	524
Manry-Rawls, LLC License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	133

Mansfield Power and Gas, LLC	
For a license to conduct business as a competitive service provider of natural gas and electricity	432
Martinez, Jared Gumaro	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	130
Martinsville Du Pont Employees Credit Union, Incorporated	
To merge with Martinsville Postal Credit Union, Incorporated.....	18
Maryland Energy Advisors, LLC	
For a license to conduct business as an aggregator of natural gas and electricity	475
Massanutten Public Service Corporation	
For an increase in water and sewer rates	421
For Rulemaking to establish a Water and Wastewater Infrastructure Service Charge	463
Mayfield, Reuben, Jr.	
Final Order	53
MCImetro Access Transmission Services of Virginia, Inc.	
Notice of election to be regulated as a competitive telephone company.....	226
MD Financial LLC d/b/a Wire Into Cash	
Settlement for alleged violation of § 6.2-1801 of the Code of Virginia.....	33
Medley, Steven Edward, Jr.	
License revocation pursuant to 38.2-1831 of the Code of Virginia	91
MetCity Capital LLC (Used in VA by: JT Holding LLC)	
Order Granting Reconsideration.....	27
Revocation of license for failure to maintain bond pursuant to § 6.2-1604 of the Code of Virginia.....	27
Order on Reconsideration.....	28
Midasco, LLC	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	591
MidAtlantic Farm Credit, ACA	
Final Order	41
MidAtlantic IRA, LLC	
Settlement for alleged violations of the Virginia Securities Act.....	534
Midwest Cable Phone of Virginia, LLC	
For certificates to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia	225
Midwest Cable, LLC	
For approval of the transfer of control of Midwest Cable Phone of Virginia, LLC, pursuant to Va. Code § 56-88 <i>et seq.</i>	224
Milestone Providers, LLC	
Take Notice Order of license revocation pursuant to § 38.2-6002 of the Code of Virginia	59
License revocation pursuant to § 38.2-1040 of the Code of Virginia.....	59
Miller Pipeline, LLC	
Settlement for alleged violations of the Underground Utility Damage Prevention Act.....	577
Minor, Luther H., Jr.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	183
Order Denying Petition for Reconsideration	184
Mission Investment Fund of the Evangelical Lutheran Church in America	
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	527
Mitsui Sumitomo Insurance Company of America	
Settlement for alleged violations of §§ 38.2 317 <i>et al.</i> of the Code of Virginia.....	147
Mitsui Sumitomo Insurance USA Inc.	
Settlement for alleged violations of §§ 38.2 317 <i>et al.</i> of the Code of Virginia.....	147
Mix, Jeannette Louise	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	189

Money Mart, Financial Exchange Company of Virginia, Inc. d/b/a For a license to engage in business as a payday lender.....	15
Moreau, Emma Margaret License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	185
Morrow, Fara D. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	115
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.....	249
Mr. Oil Saver, LLC Settlement for alleged violations of the Virginia Retail Franchising Act.....	535
MRDB Holdings LP d/b/a LPB Energy Consulting For a permanent license to conduct business as an electric and gas aggregator.....	242
Musser, Skyler License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	183
MutualAideXchange Settlement for alleged violations of § 38.2-1906 D of the Code of Virginia.....	192
- N -	
National Council on Compensation Insurance, Inc. For revisions of advisory loss costs and assigned risk workers' compensation insurance rates.....	162
National Covenant Properties For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	525
National Union Fire Insurance Company of Pittsburgh, PA Settlement for alleged violation of § 38.2-317 of the Code of Virginia.....	195
NationsLine Virginia, Inc. For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	202
Nationwide Agribusiness Insurance Company Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia.....	122
Nationwide Mutual Fire Insurance Company Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia..... Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	122 176
Nationwide Mutual Insurance Company Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia.....	122
Nationwide Property & Casualty Insurance Company Settlement for alleged violation of violated § 38.2-1906 D of the Code of Virginia.....	122
Nationwide Property and Casualty Insurance Company Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	176
Navigator Telecommunications, LLC Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996.....	204
Nelson, Mysty Leigh Consent Order	155
NEON Virginia Connect, LLC For cancellation of certificates for the provision of local exchange and interexchange telecommunications services and of the associated bond and tariffs	221
Net Energy Metering, In the matter of amending regulations governing Order Establishing Proceeding..... Order Adopting Regulations.....	365 366

New America Financial Corporation Settlement for alleged violations of §§ 6.2-1614 (1) <i>et al.</i> of the Code of Virginia.....	32
New Home Media Settlement for alleged violations of the Underground Utility Damage Prevention Act	584
Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union To merge with Chesapeake City Employees Credit Union.....	17
To merge with Hampton Roads Postal Credit Union, Inc.....	20
To merge with Hampton City Employees Credit Union, Incorporated.....	23
Nextel Communications of the Mid-Atlantic, Inc. For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	199
Nextel Partners, NPCR, Inc. d/b/a For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	200
Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	203
North South Financial LLC Revocation of License.....	29
Northern Star Credit Union, Incorporated To merge with Belt Line Employees Credit Union, Incorporated.....	15
Northern Virginia Electric Cooperative For approval of pole attachment rates and terms and conditions under § 56-466.1 of the Code of Virginia.....	272
NPCR, Inc. d/b/a Nextel Partners Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	203
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	200
Nyman, Craig For approval of Affiliate Agreement.....	304
- O -	
Obopay, Inc., Ultralight FS, Inc. f/k/a Settlement for alleged violations of §§ 6.2-1905 D <i>et al.</i> of the Code of Virginia.....	26
Ocwen Financial Corporation and Ocwen Loan Servicing, LLC, In re: Order Approving Settlement Agreement.....	28
Ohio Power Company For approval to enter into affiliate transaction.....	486
Old Dominion Power Company, Kentucky Utilities Company d/b/a Final Order.....	256
For authority to amend cost allocation manual under Chapter 4, Title 56 of the Code of Virginia.....	345
For authority to engage in affiliate transactions.....	375
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia.....	376
Order Establishing Fuel Factor.....	378
For authority to issue securities and assume obligations under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia.....	411
Oliver, James D. Settlement for alleged violations of the Virginia Securities Act.....	518
Omni Homestead, Inc. For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	307
Omni Indemnity Company Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	190

O'Neill, Derrick Patrick License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	129
Ostrander, Daryl Craig, Sr. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	108

- P -

Pacific West Securities, Inc. Settlement for alleged violations of the Virginia Securities Act.....	519
Paladin Insurance Services, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	136
Palmer, Deborah Niccole License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	150
Palumbo, Jacqueline Marie License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	149
Pavlansky, Dianne H. For a declaratory judgment.....	484
Pavlansky, John F., Jr. For a declaratory judgment.....	484
Payday Lending, In re: Order Adopting Regulations.....	24
PCC Title Loans, LLC For a license to engage in business as a motor vehicle title lender.....	19
Peck, Paul Final Order.....	38
Peerless Network, Inc. For approval of a transfer of control of an authorized telecommunications provider..... Final Order.....	217 218
Pennington, Richard L., Jr. Settlement for alleged violations of the Virginia Securities Act.....	526
Pepco Energy Services, Inc. For permanent licenses to conduct business as an electric and natural gas competitive service provider and as an aggregator.....	240
Pepco Holdings, Inc. For approval of transfer of control pursuant to the Utility Transfers Act.....	442
Philadelphia Indemnity Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia.....	71
Piedmont Housing Alliance To be designated as a bona fide nonprofit organization.....	21
Pittler, James Douglas Final Order.....	58
Pittler, Michaelson & Frost, Inc. Final Order.....	58
Pivotal Propane of Virginia, Inc. For approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	469
Plummer, Bradley Joseph License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	132
Potomac Edison Company, The For approval and certification of electric transmission facilities for the Millville-Old Chapel 138 kV transmission line rebuild.....	471

Potomac Electric Power Company For approval of transfer of control pursuant to the Utility Transfers Act.....	442
PPL Corporation For authority to engage in affiliate transactions.....	375
PPL Electric Utilities Corporation For authority to engage in affiliate transactions.....	375
PPL Energy Supply LLC For authority to engage in affiliate transactions.....	375
PPL Power Insurance, LTD. For authority to engage in affiliate transactions.....	375
PPL Services Corporation For authority to engage in affiliate transactions.....	375
Precon Construction Company Settlement for alleged violations of the Underground Utility Damage Prevention Act	547
Presidential Service Company Tier II, Inc. For approval of a transfer of utility assets	298
Pride Settlement and Escrow, LLC Settlement for alleged violations of §§ 55-525.24 <i>et al.</i> of the Code of Virginia.....	119
Professional Insurance Company Order Approving Settlement Agreement	193
Professional Risk Management Services, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	137
Progressive Northern Insurance Company Settlement for alleged violation of § 38.2-1906 A of the Code of Virginia	195
Promark Utility Locators, Inc. Settlement for alleged violations of the Underground Utility Damage Prevention Act	553
Settlement for alleged violations of the Underground Utility Damage Prevention Act	566
Settlement for alleged violations of the Underground Utility Damage Prevention Act	580
Settlement for alleged violations of the Underground Utility Damage Prevention Act	595
Settlement for alleged violations of the Underground Utility Damage Prevention Act	606
Settlement for alleged violations of the Underground Utility Damage Prevention Act	608
Protestant Episcopal Church in the Diocese of Virginia, Trustees of the Funds of the For an official interpretation pursuant to § 13.1-525 of the Code of Virginia.....	515
Prudential Insurance Company of America, The Settlement of alleged violation of 14 VAC 5-400-60 of the Rules Governing Unfair Claim Settlement Practices.....	148
Pulte Home Corporation Settlement for alleged violations of the Underground Utility Damage Prevention Act	576
- Q -	
Quality Communication Specialist, Colin B. Stegall, Individually, and t/a Final Order	204
Quinn, Dana License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	104
Qwest Communications Company, LLC For reissuance of certificates to reflect a corporate name change	222
Qwest Communications Company, LLC d/b/a CenturyLink QCC For approval of an internal corporate restructuring pursuant to Va. Code § 56-88 <i>et seq.</i>	209
For certificates to provide facilities-based local exchange and interexchange telecommunications services in the Commonwealth of Virginia.....	210

Qwest Communications Corporation of Virginia d/b/a CenturyLink	
For approval of an internal corporate restructuring pursuant to Va. Code § 56-88 <i>et seq.</i>	209

- R -

Rappahannock Electric Cooperative	
For approval of a demand-side management program including promotional allowances	243
For approval of a plan to migrate transitioning customers to the Cooperative's legacy rates and to revise rate schedules for electric service.....	270
For authority to incur indebtedness	497
Reciprocal Group, in Receivership, The	
Final Order	61
Reciprocal of America	
Final Order	61
Red Rock Insurance Company f/k/a Bancinsure, Inc.	
Take Notice Order of License Revocation.....	52
Order Suspending License.....	52
Regent Insurance Company	
Settlement for alleged violations of §§ 38.2-317 <i>et al.</i> of the Code of Virginia.....	147
Renaissance Settlement Partners, Inc.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	86
Renewable Energy Certificates to Virginia Electric and Power Company for 2013 as directed by § 56-585.2 J of the Code of Virginia, Issuance of	
Issuance of Renewable Energy Certificates	448
Renaissance Energy, LLC	
For a license to conduct business as an electric and natural gas aggregator.....	241
Reston RELAC LLC	
For approval of Affiliate Agreement	304
Results Auctions, LLC	
Settlement for alleged violations of the Virginia Securities Act	508
Results Tax Liens Management, LLC	
Settlement for alleged violations of the Virginia Securities Act	508
Reyna, Mysty Leigh	
Consent Order	155
RNK VA, LLC	
For cancellation of certificates to provide local exchange and interexchange telecommunications services	215
Roanoke Gas Company	
For an expedited increase in rates.....	296
For authority to issue debt	444
For approval of certain transactions pursuant to the Affiliates Act of Title 56 of the Code of Virginia.....	446
For modification of its SAVE Plan and Rider	464
Final Order	541
Final Order	543
Final Order	544
Settlement for alleged violations of the Underground Utility Damage Prevention Act	555
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	560
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	574
Settlement for an alleged violation of the Natural Gas Pipeline Safety Act.....	603
Rockbridge Area Habitat for Humanity, Inc.	
To be designated as a bona fide nonprofit organization.....	21
Romero, Melissa	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	190

Rules Governing Accelerated Benefits Provisions; the Rules Governing Long-Term Care Insurance; the Rules Governing Actuarial Opinions and Memoranda; Life Insurance Reserves; Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits; Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities	
Order to Take Notice.....	172
Order Adopting Rules	173
Rules Governing Essential and Standard Health Benefit Plan Contracts, In the matter of Repealing the	
Order to Take Notice.....	140
Order Repealing Rules	141
Rules Governing Health Maintenance Organizations, In the matter of Amending the	
Order to Take Notice.....	141
Order Adopting Rules	142
Rules Governing Insurance Holding Companies, In the matter of Amending the	
Order to Take Notice.....	174
Order Adopting Rules	175
Rules Governing Long-Term Care Insurance, In the matter of Amending the	
Order to Take Notice.....	87
Order Adopting Rules	88
Rules Governing Long-term Care Insurance, In the matter of revising the	
Order to Take Notice.....	65
Rules Governing the Virginia Securities Act, In the matter of Adopting a Revision to the	
Order to Take Notice.....	536
Order Adopting Amended Rules	538

- S -

S&N Locating Services, LLC	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	567
Settlement for alleged violations of the Underground Utility Damage Prevention Act	583
Settlement for alleged violations of the Underground Utility Damage Prevention Act	590
Settlement for alleged violations of the Underground Utility Damage Prevention Act	593
Settlement for alleged violations of the Underground Utility Damage Prevention Act	600
Settlement for alleged violations of the Underground Utility Damage Prevention Act	610
S.T.S., Jeffrey W. Smith d/b/a	
Dismissal Order.....	208
Sages, Allan	
License revocation pursuant to § 38.3-1831 of the Code of Virginia.....	85
SBC Telecom, Inc.	
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	201
Scales, Michael	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	162
Secondary Life Capital, LLC	
Take Notice Order of License Revocation pursuant to § 38.2-6002 of the Code of Virginia.....	60
License revocation pursuant to § 38.2-1040 of the Code of Virginia.....	60
SeeChange Health Insurance Company	
Take Notice Order of License Suspension.....	187
Order Suspending License.....	187
Self Storage Partners, LLC	
Final Order	38
Senior Retirement Services, Inc.	
Final Order	499
Sentinal Insurance Company, Ltd.	
Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	76

Settlement Escrow and Abstract Solutions, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	75
Shannon, Shana Chandler Settlement for alleged violations of § 38.2-512 <i>et al.</i> of the Code of Virginia.....	86
Shenandoah Valley Electric Cooperative For approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service.....	348
For authority to issue a Note.....	492
Shepard, Gregory M. For approval of acquisition of control of or merger with a domestic insurer.....	56
SI Mortgage Company d/b/a Sistar Mortgage Company Settlement for alleged violation of §§ 6.2-406 <i>et al.</i> of the Code of Virginia.....	26
SIG Acquisition Company, LLC For cancellation and reissuance of certificates to provide local exchange and interexchange telecommunications services to reflect a company name change.....	215
Singh, Umes Dustin License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	167
Sistar Mortgage Company, SI Mortgage Company d/b/a Settlement for alleged violation of §§ 6.2-406 <i>et al.</i> of the Code of Virginia.....	26
Skyline Innovations, Inc. For a license to conduct business as an aggregator for natural gas service.....	391
Smart One Energy, LLC For a license to conduct business as a competitive service supplier for natural gas.....	481
Smiley, Frank Y. Settlement for alleged violations of the Virginia Securities Act.....	532
Smith, Kathryn Macey License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	96
Snyder-Anderson, Carrie Ann Marie License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	170
Solomon Foundation, The For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.....	530
Sommersby Water Company, Inc. To amend its certificate to furnish water service.....	316
Sonabank For authority to conduct banking business following a merger.....	17
Souder, Paul W. Order.....	513
Southern National Bancorp of Virginia, Inc. To acquire Prince George's Federal Savings Bank.....	16
Southern Title Insurance Corporation, in Receivership Order of Liquidation with a Finding of Insolvency.....	49
Southers, Robyn License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	145
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).....	297
For authority to incur indebtedness.....	479
Specialty Risk Solutions, Inc. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	153

Sprague Operating Resources, LLC For a license to conduct business as a competitive service provider for natural gas	495
Sprint Communications Company of Virginia, Inc. For partial discontinuance of service	234
Staunton - Augusta - Waynesboro Habitat for Humanity, Inc. To be designated as a bona fide nonprofit organization.....	22
Sudden Bail Bonds, LLC Final Order	143
Summit Funding, Inc. d/b/a Greenwood Lending Settlement for alleged violations of §§ 6.2-406 A <i>et al.</i> of the Code of Virginia.....	35
Sun Life and Health Insurance Company Order Approving Settlement Agreement	193
Sun Life Insurance Company of Canada Order Approving Settlement Agreement	193
Symetra National Life Insurance Company Order Approving Settlement Agreement	196

- T -

Talk America Services, LLC For certificates to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia	236
Tanaz LLC d/b/a Luv'nberry Settlement for alleged violations of the Virginia Retail Franchising Act.....	524
Teachers Protective Mutual Life Insurance Company Take notice order of license suspension	103
To eliminate impairment in its surplus and restore same to amount required by law.....	103
Order Suspending License.....	104
Telecommunications Act of 1996, In the matter of investigating and adopting procedural rules for implementing the Final Order	198
Tenaska Operations, Inc. For approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	426
Tenaska Virginia Partners, L.P. For approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	426
Tenaska, Inc. For approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia	426
Tetreault, Stewart E. License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	138
Tharpe, Ashley License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	82
Thompson Cable Services, Inc. Settlement for alleged violations of the Underground Utility Damage Prevention Act	549
Tidewater Loans LLC d/b/a American Title Loans For a license to engage in business as a motor vehicle title lender	20
Time Insurance Company Settlement for alleged violations of §§ 38.2-502 (1) <i>et al.</i> of the Code of Virginia.....	182
Time Warner Cable Inc. For approval of the transfer of control of Time Warner Cable Information Services (Virginia), LLC, Time Warner Cable Business LLC, and DukeNet Communications, LLC, pursuant to Va. Code § 56-88 <i>et seq.</i>	219

Toll Road Investors Partnership II, L.P. For an increase in tolls pursuant to § 56-542 I of the Code of Virginia	362
Tower National Insurance Company To eliminate impairment in its surplus and restore same to amount required by law.....	83
Take notice order of license suspension pursuant to § 38.2-1040 of the Code of Virginia	84
Final Order.....	84
Towne Bank Order Reducing Fees	37
Triad Guaranty Insurance Corporation Take Notice Order of License Revocation.....	47
License revocation pursuant to § 38.2-1040 of the Code of Virginia.....	48
Tripp, Justin Kyle License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	121
Order Granting Reconsideration.....	121
Trustees of the Funds of the Protestant Episcopal Church in the Diocese of Virginia For an official interpretation pursuant to § 13.1-525 of the Code of Virginia.....	515
Tufino-Martinez, Marco Antonio License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	128
Tuma, George K. Settlement for alleged violations of § 13.1-504 A (i) <i>et al.</i> of the Virginia Securities Act.....	513
tw telecom of virginia llc, <i>et al.</i> For approval of the transfer of control of tw telecom of virginia llc to Level 3 Communications, Inc.	228
Twin City Fire Insurance Company Settlement for alleged violation of § 38.2-1906 D of the Code of Virginia	116
- U -	
Ultralight FS, Inc. f/k/a Obopay, Inc. Settlement for alleged violations of §§ 6.2-1905 D <i>et al.</i> of the Code of Virginia.....	26
United Telephone - Southeast, Inc. For Extended Local Service between United Telephone's Bland Exchange and Verizon South's Rocky Gap Exchange	203
United Telephone Southeast LLC d/b/a CenturyLink For alternative dispute resolution of interconnection agreements with NTELOS Network Inc. and NA Communications Inc.	207
For elimination of conditions	213
To establish a competitive test.....	229
UnitedHealthcare Insurance Company Settlement for alleged violations of §§ 38.2-305 B <i>et al.</i> of the Code of Virginia	165
Unitrin Auto and Home Insurance Company Settlement for alleged violation of § 38.2-305 of the Code of Virginia.....	89
Unity Telecom, LLC For cancellation of certificate for the provision of local exchange telecommunications services and of the associated bond and tariffs.....	235
Urban Bar-B-Que Company Settlement for alleged violations of the Virginia Retail Franchising Act.....	531
UT Citywide Partners, LLC For registration of securities pursuant to § 13.1-510 of the Code of Virginia.....	516
Utiliquet, LLC Settlement for alleged violations of the Underground Utility Damage Prevention Act	548
Settlement for alleged violations of the Underground Utility Damage Prevention Act	554
Settlement for alleged violations of the Underground Utility Damage Prevention Act	564
Settlement for alleged violations of the Underground Utility Damage Prevention Act	586
Settlement for alleged violations of the Underground Utility Damage Prevention Act	589

Settlement for alleged violations of the Underground Utility Damage Prevention Act	597
Settlement for alleged violations of the Underground Utility Damage Prevention Act	601
Settlement for alleged violations of the Underground Utility Damage Prevention Act	604

- V -

Venable, Kenneth L.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia.....	159
Verizon South Inc.	
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	201
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	202
For Extended Local Service between United Telephone's Bland Exchange and Verizon South's Rocky Gap Exchange	203
For approval of an interconnection agreement.....	205
For approval of an interconnection agreement.....	206
Notice of election to be regulated as a competitive telephone company.....	226
Verizon South Inc. f/k/a GTE South Incorporated	
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	199
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	200
Verizon Virginia Inc.	
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	201
Verizon Virginia Inc., Verizon Virginia LLC f/k/a	
Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	203
For approval of an interconnection agreement.....	205
For approval of an interconnection agreement.....	207
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	199
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	202
Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	204
Verizon Virginia LLC	
Notice of election to be regulated as a competitive telephone company.....	227
Verizon Virginia LLC f/k/a Verizon Virginia Inc.	
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	199
For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996.....	202
Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	203
Amendment No. 1 to the Interconnection Agreement between Verizon Virginia LLC f/k/a Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996.....	204
For approval of an interconnection agreement.....	205
For approval of an interconnection agreement.....	207
Victory Fire & Casualty Company	
Settlement for alleged violations of §§ 38.2-305 A <i>et al.</i> of the Code of Virginia.....	92
VIP Loan Shop.com, The, VIP PDL Services, LLC a/k/a	
Cease and Desist Order	30
VIP PDL Services, LLC a/k/a VIP Loan Shop.com, The	
Cease and Desist Order	30
Virginia American Water Company	
For Rulemaking to establish a Water and Wastewater Infrastructure Service Charge	463
Virginia Beach Community Development Corporation	
To be designated as a bona fide nonprofit organization.....	15
Virginia Electric and Power Company	
For authority to establish a credit facility	244
For authority to establish a credit facility	245
For authority to establish a credit facility	246
For approval and certification of electric transmission facilities in Loudoun County: Pleasant View South Switching Station and 500 kV Connector Line.....	260

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, 2014	278
For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center.....	282
For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2014	286
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.....	289
For approval and certification of electric transmission facilities for the Loudoun-Pleasant View 500 kV Transmission Line #558 Rebuild pursuant to §§ 56-46.1 and 56-265.1 <i>et seq.</i> of the Code of Virginia.....	318
For approval and certification of electric transmission facilities for the Doods-Lexington 230 kV transmission line pursuant to §§ 56-46.1 and 56-265.1 <i>et seq.</i> of the Code of Virginia.....	329
For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the rate year commencing September 1, 2014.....	334
For authority to issue debt and preferred securities	357
For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia.....	388
Order Modifying Stipulation	411
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia.....	414
Order Establishing 2014-2015 Fuel Factor.....	418
For approval and certification of electric transmission facilities: Cunningham-Elmont 500 kV Transmission Line Rebuild.....	439
For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 <i>et seq.</i>	454
Order on Reconsideration.....	456
For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	458
For approval of a disposition of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia	462
For approval of the acquisition and disposition of utility securities pursuant to Chapter 5 of Title 56 of the Code of Virginia.....	494
Virginia Electric and Power Company and its affiliates, Fuel procurement arrangements among Order	257
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: Cannon Branch-Cloverhill 230 kV Transmission Line and Cloverhill Substation.....	247
For approval and certification of electric facilities: Doods – Brems 230 kV Transmission Line Rebuild.....	248
Order Granting Reconsideration.....	252
Order Denying Petition	253
Virginia Electric and Power Company d/b/a Dominion Virginia Power, In the matter concerning certain fuel factor cases of Order Closing Fuel Factor Cases.....	241
Virginia Electric and Power Company for 2013 as directed by § 56-585.2 J of the Code of Virginia, Issuance of Renewable Energy Certificates to Issuance of Renewable Energy Certificates.....	448
Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 <i>et seq.</i> of the Code of Virginia Final Order.....	301
Virginia Electric Utility Regulation Act, In the matter of revising the Rules of the State Corporation Commission governing utility rate applications by electric utilities subject to the Order Closing Proceeding	257
Virginia Natural Gas, Inc. Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	563
Virginia Natural Gas, Inc. For authority to issue short-term debt, long-term debt, and common stock to an affiliate.....	259
For approval of its 2014 SAVE Rider update	425
For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia	465
For approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia.....	469
For authority to issue short-term debt, long-term debt, and common stock to an affiliate	496
Final Order.....	541
Final Order.....	542
Final Order.....	543
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	556
Settlement for alleged violations of the Natural Gas Pipeline Safety Act.....	570
Virginia Power Energy Marketing, Inc. For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 <i>et seq.</i>	454
Order on Reconsideration.....	456
Virginia Power Services Energy Corp., Inc. For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 <i>et seq.</i>	454
Order on Reconsideration.....	456

Virginia Power Services, LLC	
For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia	458
Virginia Securities Act, In the matter of Adopting a Revision to the Rules Governing the	
Order to Take Notice	536
Order Adopting Amended Rules	538
Virginia United Methodist Development Company, LLC	
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia	539
Virginia-American Water Company	
For approval to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Virginia Code	263
For authority to enter into an affiliate agreement	346
For authority to issue short-term debt securities	365
For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 <i>et seq.</i> and the Affiliates Act, Va. Code	
§ 56-76 <i>et seq.</i>	445
To continue participation in a financial services agreement with an affiliate	493

- W -

W. E. (Billy) Curling Welding Service, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	582
Waddell, Mark	
For approval of Affiliate Agreement	304
Walnut Run Property Owners Association, Incorporated	
For approval of the transfer of a public utility pursuant to Va. Code § 56-88 <i>et seq.</i>	450
Wang, Bing Sing D. a/k/a Wang, Cindy	
Settlement order pursuant to § 6.2-1620 of the Code of Virginia	23
Wang, Chih-Yuan Derek	
For a declaratory judgment	484
Wang, Cindy, Wang, Bing Sing D. a/k/a	
Settlement order pursuant to § 6.2-1620 of the Code of Virginia	23
Wang, Hui-Hsin Amy	
For a declaratory judgment	484
Washington Gas Light Company	
For authority to revise service agreements	384
For authority to issue securities	451
For approval of Service Agreement pursuant to §56-76 <i>et seq.</i> of the Code of Virginia	452
For approval to revise its SAVE Rider for calendar year 2015	482
Settlement for alleged violations of the Natural Gas Pipeline Safety Act	558
Settlement for alleged violations of the Natural Gas Pipeline Safety Act	567
Settlement for alleged violations of the Natural Gas Pipeline Safety Act	587
Final Order	589
Waterloo North Property Owners Association, Inc.	
For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia	388
Waterloo Property Owners Association Water System	
For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia	388
Waterloo South Property Owners Association, Inc.	
For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia	388
Weigle Insurance Group, The	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	150
Weigle, John H., Jr.	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	150

Western Virginia Water Authority	
For approval of the transfer of a public utility pursuant to Va. Code § 56-88 <i>et seq.</i>	410
For approval of the transfer of a public utility pursuant to Va. Code § 56-88 <i>et seq.</i>	450
For approval of the transfer of a public utility	483
Whitner, Nicholas	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	120
Wide Voice, LLC	
For certificates to provide facilities-based competitive local exchange and interexchange service in the Commonwealth of Virginia	221
William B. Hopke Co., Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	565
Williams, Tavonnah Akia	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	167
Wilson, Rodney Rapheal	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	160
Wire Into Cash, MD Financial LLC d/b/a	
Settlement for alleged violation of § 6.2-1801 of the Code of Virginia	33
Wirtz Services, LLC	
For approval of the transfer of a public utility	483
Wonderland I, LLC	
Final Order	38
Woodard, Neal M.	
Amended Settlement Order	503
Worth Cable, Inc.	
Settlement for alleged violations of the Underground Utility Damage Prevention Act	552
Wrobel, Kyle	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	191
- X -	
Xenith Bank	
For a certificate to conduct a banking business following a merger	18
Xenith Bankshares, Inc.	
To acquire control of Colonial Virginia Bank	18
- Y -	
Yark, Goeffrey S.	
Order Dismissing Case	57
- Z -	
Zayo Group Holdings, Inc.	
For approval of the Pro Forma change in indirect ownership pursuant to Va. Code § 56-88 <i>et seq.</i>	235
Zayo Group, LLC	
For approval of the Pro Forma change in indirect ownership pursuant to Va. Code § 56-88 <i>et seq.</i>	235
Zuniga, Yvette Marie	
License revocation pursuant to § 38.2-1831 of the Code of Virginia	193

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LIST OF CASES ESTABLISHED IN 2014

BAN/BFI	BUREAU OF FINANCIAL INSTITUTIONS
BAN20140001	Rubins Checks Cashed Inc. - To open a check casher at 720 Grant Street # E, Herndon, VA
BAN20140002	Fast Auto Loans, Inc. - To establish an additional motor vehicle title lending office at 505 Hardy Road, Vinton, VA 24179
BAN20140003	Fast Auto Loans, Inc. - To establish an additional motor vehicle title lending office at 4111 George Washington Memorial Highway, Yorktown, VA 23692
BAN20140004	Fast Auto Loans, Inc. - To establish an additional motor vehicle title lending office at 7185 Lee Highway, Falls Church, VA 22046
BAN20140005	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 7029 Mechanicsville Turnpike, Mechanicsville, VA to 6493 Mechanicsville Turnpike, Suite B, Mechanicsville, VA
BAN20140006	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate a payday lender's office from 7029 Mechanicsville Turnpike, Mechanicsville, VA to 6493 Mechanicsville Turnpike, Suite B, Mechanicsville, VA
BAN20140007	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 13900 Lee Highway, Centreville, VA 20120
BAN20140008	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 7429 Lee Highway, Fairlawn, VA 24141
BAN20140009	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 6675 Little River Turnpike, Annandale, VA 22003
BAN20140010	TitleMax of Virginia, Inc. -To establish an additional motor vehicle title lending office at 13619 Lee Jackson Memorial Highway, Chantilly, VA 20151
BAN20140011	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 3045 Columbia Pike, Arlington, Virginia 22204
BAN20140012	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 6325 Richmond Highway, Alexandria, VA 22306
BAN20140013	TitleMax of Virginia, Inc. To establish an additional motor vehicle title lending office at 5265 Lee Highway, Arlington, Virginia 22207
BAN20140014	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 3314 Jefferson Davis Highway, Alexandria, VA 22305
BAN20140015	Damian Lopez d/b/a D and L Check Cashing - To open a check casher at 1201 London Boulevard, Suite B, Portsmouth, VA
BAN20140016	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20140017	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 13619 Lee Jackson Memorial Highway, Chantilly, VA
BAN20140018	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 6325 Richmond Highway, Fairfax County, VA
BAN20140019	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 3045 Columbia Pike, Arlington County, VA
BAN20140020	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 5265 Lee Highway, Arlington County, VA
BAN20140021	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 3314 Jefferson Davis Highway, City of Alexandria, VA
BAN20140022	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 13900 Lee Highway, Centreville, VA
BAN20140023	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 7429 Lee Highway, Fairlawn, VA
BAN20140024	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 6675 Little River Turnpike, Annandale, VA
BAN20140025	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 677 N. Battlefield Boulevard, Chesapeake, VA
BAN20140026	Virginia Credit Union, Inc. - To open a credit union service office at General Assembly Building, 201 North 9th Street, Richmond, VA
BAN20140027	John Marshall Bank - To open a branch at 1330 New Hampshire Avenue, NW, Suite 111, Washington, DC
BAN20140028	Essex Bank - To open a branch at 9954 Mayland Drive, Henrico County, VA
BAN20140029	United Bank - To relocate office from 7535 Old Georgetown Road, Bethesda, MD to 7845 Wisconsin Avenue, Bethesda, MD
BAN20140030	Citizens and Farmers Bank - To merge into it Central Virginia Bank
BAN20140031	Robert Guy Carpenter - To acquire 25 percent or more of Equity United Mortgage Corporation
BAN20140032	Dongshan Enterprises, LLC d/b/a Central SuperMarket - To open a check casher at 6222 Richmond Highway, Alexandria, VA
BAN20140033	Swanson Services Corporation - For a money order license
BAN20140034	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 9651 Lee Highway, Fairfax, VA 22031
BAN20140035	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 1905 South Military Highway, Unit 37 & 44, Chesapeake, VA 23320
BAN20140036	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 849 Chimney Hill Shopping Center, Virginia Beach, VA 23452
BAN20140037	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 1310 Tappahannock Boulevard, Tappahannock, VA 22560
BAN20140038	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 4501 Williamsburg Road, Suite W, Richmond, VA 23231
BAN20140039	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 6506 Hull Street Road, Richmond, VA 23224
BAN20140040	Southern National Bancorp of Virginia, Inc. - To acquire Prince George's Federal Savings Bank
BAN20140041	Sonabank - To merge into it Prince George's Federal Savings Bank
BAN20140042	Floose Corporation - To open a check casher at 8328 Richmond Highway, Alexandria, VA
BAN20140043	Metro City Bank - To open a branch at 5900 Centreville Crest Lane, Centreville, VA
BAN20140044	University of Virginia Community Credit Union, Inc. - To open a credit union service office at 100 Darden Boulevard, Charlottesville, VA
BAN20140045	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 1300 Lincoln Village Circle # 154, Larkspur, CA to 402 El Dorado Street, Unit 3, Arcadia, CA

BAN20140046	CareOne Services, Inc. d/b/a CareOne - To relocate a credit counseling office from 5925 Canterbury Drive, Suite 304, Culver City, CA to 8710 Belford Avenue #B201, Los Angeles, CA
BAN20140047	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Chesapeake City Employees Credit Union Chesapeake, VA
BAN20140048	Fvault, LLC d/b/a Chexbits - To open a check casher at 1604 Spring Hill Road, Suite 300, Vienna, VA
BAN20140049	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To relocate consumer finance office from 9607 Fairfax Boulevard, Suite F, Fairfax County, VA to 9651 Lee Highway, City of Fairfax, VA
BAN20140050	Union First Market Bank - To merge into it StellarOne Bank
BAN20140051	Northside Mart Inc. - To open a check casher at 823 N. Loudoun St., Winchester, VA
BAN20140052	Community Bank of the Chesapeake - To open a branch at 421 William Street, Fredericksburg, VA
BAN20140053	Hari Emporia, LLC - To open a check casher at 121 Courtland Road, Emporia, VA
BAN20140054	Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - For authority for an other business operator to conduct the business of enabling individuals to obtain cash using debit cards from the licensee's payday lending offices
BAN20140055	Manor Resources, LLC - For a license to engage in business as a motor vehicle title lender
BAN20140056	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 2776 Greensboro Road, Henry County, VA to 3404 Virginia Avenue, Henry County, VA
BAN20140057	David Wesley Kruk - To acquire 25 percent or more of Forthright Funding Corporation
BAN20140058	MicroManos Corporation - To open a check casher at 6303 Little River Turnpike, Alexandria, VA
BAN20140059	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open an payday lender's office at 523 Jefferson Davis Highway, Fredericksburg, VA
BAN20140060	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 523 Jefferson Davis Highway, Fredericksburg, Virginia 22401
BAN20140061	Phillip Nathan Hilton - To acquire 25 percent or more of Blue Ridge Mortgage, LLC
BAN20140062	AIV CL LLC - To conduct consumer finance business where a line of credit business will also be conducted
BAN20140063	AIV CL LLC - To open a consumer finance office at 724C E. Riverside Drive, Tazewell, VA
BAN20140064	WashingtonFirst Bank - To open a branch at 21430 Cedar Drive, Unit 100, Sterling, VA
BAN20140065	WashingtonFirst Bank - To open a branch at 1051 Elden Street, Herndon, VA
BAN20140066	Blue Ridge Bank, Inc. - To open a branch at 563 Neff Avenue, Suite B, City of Harrisonburg, VA
BAN20140067	First Capital Bank - To open a branch at 13201 Rittenhouse Drive, Midlothian, VA
BAN20140068	Molina and Reyes, LLC d/b/a La Tabasquena Hispanic Store - To open a check casher at 128 East Atlantic Street, Emporia, VA
BAN20140069	PNB Remittance Centers, Inc. - For a money order license
BAN20140070	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140071	Lendmark Financial Services, Inc. - To open a consumer finance office at 4760 Valley View Boulevard NW, Suite 50, Roanoke, VA
BAN20140072	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union - To merge into it Martinsville Postal Credit Union, Incorporated Martinsville, VA
BAN20140073	Prime Auto Loan Inc. d/b/a Prime Car Title Loan - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices
BAN20140074	Polanco Multi Services LLC d/b/a Polanco Multi Services - To open a check casher at 8619 A Richmond Highway, Alexandria, VA
BAN20140075	El Encuentro, Inc. - To open a check casher at 23476 Lankford Highway, Tasley, VA
BAN20140076	Monarch Bank - To relocate office from 4097 Ironbound Road, Suite C, James City County, VA to 5235 Monticello Avenue, James City County, VA
BAN20140077	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140078	Lendmark Financial Services, LLC - To open a consumer finance office at 12551 Jefferson Avenue, Suite 217, Newport News, VA
BAN20140079	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 9607 Fairfax Boulevard, Suite F, City of Fairfax, VA
BAN20140080	Expedition Trust Company - To open a new independent trust company branch at 310 4th Street N.E., Suite 102, Charlottesville, VA
BAN20140081	Creditcorp of Virginia, LLC d/b/a Check into Cash - To establish an additional motor vehicle title lending office at 201 Keith Street, Suite 80, Cleveland, TN 37311
BAN20140082	Credit Advisors Foundation - To relocate a credit counseling office from 4615 S. 26th Street, Omaha, NE to 2123 South 56th Street, Suite 45, Omaha, NE
BAN20140083	Edmund Buchser, III - To acquire 25 percent or more of Atlantic Home Loans, Inc.
BAN20140084	OneMain Financial, Inc. - To relocate consumer finance office from 1820 Rio Hill Center, Suite B3-4, Rio Hill Center, Albemarle County, VA to 1807 Seminole Trail, Suite 101, Albemarle County, VA
BAN20140085	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140086	Lendmark Financial Services, LLC - To open a consumer finance office at 1866 E. Market Street, Suite B, Harrisonburg, VA
BAN20140087	Anne Marie Herbert - To acquire 25 percent or more of 1ST PREFERENCE MORTGAGE CORP.
BAN20140088	Xenith Bankshares, Inc. - To acquire Colonial Virginia Bank Gloucester, VA
BAN20140089	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 1749 George Washington Memorial Highway, Gloucester, VA 23062 to 4922 George Washington Memorial Highway, Hayes, VA 23072
BAN20140090	Payne's Check Cashing, Inc. - To relocate a payday lender's office from 35 South Carlton Street, Harrisonburg, VA to 785-B East Market Street, Harrisonburg, VA
BAN20140091	F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To relocate a payday lender's office from 1749 George Washington Memorial Hwy, Gloucester, VA to 4922 George Washington Memorial Hwy, Hayes, VA
BAN20140092	Towne Bank - To open a branch at 2808 South Croatan Highway, Nags Head, NC
BAN20140093	Argon Credit of Virginia, LLC - To open a consumer finance office
BAN20140094	Xenith Bank - To merge into it Colonial Virginia Bank
BAN20140095	PCC Title Loans, LLC - For a license to engage in business as a motor vehicle title lender
BAN20140096	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To relocate consumer finance office from 1435 S. Main Street, Blackstone, VA to 1417 S. Main Street, Blackstone, VA
BAN20140097	WashingtonFirst Bank - To relocate office from 1051 Elden Street, Herndon, VA to 13081 Worldgate Drive, Herndon, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20140098	Payne's Check Cashing, Inc. - For authority for an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices
BAN20140099	Payne's Check Cashing, Inc. - For authority for an other business operator to conduct an open-end credit business from the licensee's payday lending offices
BAN20140100	PCC Title Loans, LLC - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices
BAN20140101	PCC Title Loans, LLC - For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20140102	TitleMax of Virginia, Inc. - To relocate a motor vehicle title lending office from 1435 S. Main Street, Blackstone, VA 23824 to 1417 S. Main Street, Blackstone, VA 23824
BAN20140103	National Budget Planners of South Florida, Inc. - To open an additional credit counseling office at 350 Sonic Avenue, Suite 207, Livermore, CA
BAN20140104	Shore Bank - To open a branch at 9748 Stephen Decatur Highway, Unit 112, Ocean City, MD
BAN20140105	Debt Reduction Services, Inc. National Financial Education Center - To relocate a credit counseling office from 1 Corporate Drive, Suite 104, Bohemia, NY to 3920 Veterans Memorial Highway, Suite 10, Bohemia, NY
BAN20140106	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140107	Lendmark Financial Services, LLC - To open a consumer finance office at 927 Battlefield Boulevard, Suite 100, City of Chesapeake, VA
BAN20140108	United Bank - To open a branch at 96 Main Street, Standardsville, VA
BAN20140109	LSF8 Canada Limited - To acquire 25 percent or more of Financial Exchange Company of Virginia, Inc.
BAN20140110	ZOHIFA LLC - To open a check casher at 7253 Maple Place, Annandale, VA
BAN20140111	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 7321 Little River Turnpike, Annandale, VA
BAN20140112	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 305 Garrisonville Road, Stafford County, VA
BAN20140113	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 7409 Little River Turnpike, Suite A, Annandale, VA
BAN20140114	Bank of Lancaster - To open a branch at 6800 Paragon Place, Suite 650, Henrico County, VA
BAN20140115	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140116	Lendmark Financial Services, LLC - To open a consumer finance office at 2040 Coliseum Drive, Suite A-15, City of Hampton, VA
BAN20140117	OCM SLNE Holdings, LLC - To acquire 25 percent or more of Selene Finance LP
BAN20140118	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 1041 Berryville Avenue, City of Winchester, VA
BAN20140119	Park Sterling Bank - To open a branch at 9020 Stony Point Parkway, Suite 350, City of Richmond, VA
BAN20140120	B&D Martinez Enterprise, Inc. - To open a check casher at 1645 Washington Plaza, Reston, VA
BAN20140121	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 950 E. Stuart Drive, Galax, VA 24333
BAN20140122	Norfolk Southern Employees' Credit Union, Incorporated - To relocate a credit union office from 100 Volvo Parkway, Suite 310, Chesapeake, VA to 775 Battlefield Boulevard N., Chesapeake, VA
BAN20140123	Marwan Daamash - To acquire control of Infiniti Lending Group LLC
BAN20140124	Prasad mart llc - To open a check casher at 23755 Roger Clark Boulevard, Ruther Glen, VA
BAN20140125	Country Center Market, Inc. d/b/a USA Market - To open a check casher at 64 C Plaza Street, Leesburg, VA
BAN20140126	Marco Tulio Rojas Linares - To open a check casher at 5701 Hull Street, Suite C, Richmond, VA
BAN20140127	Reverse Mortgage Investment Trust Inc. - To acquire 25 percent or more of Reverse Mortgage Funding LLC
BAN20140128	Bank of Virginia - To open a branch at 2000 Snead Avenue, City of Colonial Heights, VA
BAN20140129	Bank of Virginia - To open a branch at 15000 Hull Street Road, Chesterfield County, VA
BAN20140130	Branch Banking and Trust Company - To relocate office from 7716 Telegraph Road, Hayfield, VA to 7915 Heneska Loop, Alexandria, VA
BAN20140131	TitleBucks of Virginia, Inc. d/b/a TitleBucks - To establish an additional motor vehicle title lending office at 8014 Centreville Road, Manassas, VA 20111
BAN20140132	Benchmark Community Bank - To open a branch at 12335 Wake Union Church Road, Unit 206, Wake Forest, NC
BAN20140133	Pavan S. Agarwal - To acquire 25 percent or more of Sun West Mortgage Company, Inc.
BAN20140134	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Hampton Roads Postal Credit Union, Inc. Hampton, VA
BAN20140135	FNC Insurance Agency, Inc. For a money order license
BAN20140136	Sandra Valencia d/b/a El Mercadito - To open a check casher at 1011 S. Boston Road, Danville, VA
BAN20140137	University of Virginia Community Credit Union, Inc. - To open a credit union service office at 115 N. Madison Road, Orange, VA
BAN20140138	ACE Cash Express, Inc. - For authority for an other business operator to conduct an automated teller machine business from the licensee's payday lending offices
BAN20140139	USA Five Stars Multiservices, LLC - To open a check casher at 13826-H Braddock Road, Centreville, VA
BAN20140140	Tech Friends, Inc. - For a money order license
BAN20140141	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140142	Lendmark Financial Services, LLC - To open a consumer finance office at 2430 Virginia Avenue, Collinsville, VA
BAN20140143	Lendmark Financial Services, LLC - To open a consumer finance office at 18013 Forest Road, Suite A-08, Forest, VA
BAN20140144	Airbnb Payments, Inc. - For a money order license
BAN20140145	Thomas J. Bishop - To acquire 25 percent or more of Epic Funding Inc.
BAN20140146	AIV CL LLC - To relocate consumer finance office from 1117 S. Craig Avenue, Covington, VA to 279 W. Main Street, City of Covington, VA
BAN20140147	AIV CL LLC - To relocate consumer finance office from 3440 Seminole Trail, Albemarle County, VA to 1131 Rio Road East Unit A, Albemarle County, VA
BAN20140148	Southern Finance Corp. - To conduct consumer finance business where a collateral protection insurance business will also be conducted
BAN20140149	Gran Amanecer Latino Market Inc. - To open a check casher at 9645 Jefferson Davis Highway, North Chesterfield, VA

BAN20140150	Essex Bank - To open a branch at 2730 Buford Road, Chesterfield County, VA
BAN20140151	Tidewater Loans LLC d/b/a American Title Loans - For a license to engage in business as a motor vehicle title lender
BAN20140152	HMSV Financial Services, Inc. - To acquire 25 percent or more of HomeServices Lending, LLC
BAN20140153	Michael Taylor - To acquire 25 percent or more of Heritage Financial of Virginia, Inc.
BAN20140154	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 6410 Richmond Highway, Fairfax County, VA
BAN20140155	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To relocate consumer finance office from 6325 Richmond Highway, Fairfax County, VA to 6027 Richmond Highway, Fairfax County, VA
BAN20140156	TitleMax of Virginia, Inc. - To relocate a motor vehicle title lending office from 6325 Richmond Highway, Alexandria, VA 22306 to 6027 Richmond Highway, Alexandria, VA 22303
BAN20140157	MayFlower Ventures, LLC d/b/a OMG Convenience Store To open a check casher at 3050 Nine Mile Road, Richmond, VA
BAN20140158	Debt Management Credit Counseling Corp. - To open a credit counseling office
BAN20140159	GreenPath, Inc. d/b/a GreenPath Debt Solutions - To relocate a credit counseling office from 1525 NE 22nd Avenue, Ocala, FL to 1515 East Silver Springs Boulevard, Suite 100, Ocala, FL
BAN20140160	Isayara Administracao e Participacoes S.A - To acquire 25 percent or more of Pronto Money Transfer Inc
BAN20140161	Bank of the James - To open a branch at 1430 Rolkin Court, Suite 203, Albemarle County, VA
BAN20140162	Eagle Bancorp, Inc. - To acquire Virginia Heritage Bank
BAN20140163	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 7144 Mechanicsville Turnpike, Mechanicsville, VA to 7344 Bell Creek Road, Mechanicsville, VA
BAN20140164	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from Prince William Square, Woodbridge, VA to 3109 Golansky Boulevard, Woodbridge, VA
BAN20140165	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 157 Plaza Road, SW, Wise, VA to 732 Commonwealth Drive, City of Norton, VA
BAN20140166	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open an payday lender's office at 2900 Paulena Drive, Bristol, VA
BAN20140167	Lendmark Financial Services, LLC - To open a consumer finance office at 7230 Bell Creek Road, Suite F, Mechanicsville, VA
BAN20140168	WashingtonFirst Bank - To open a branch at 1356 Chain Bridge Road, McLean, VA
BAN20140169	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 2900 Paulena Drive, Bristol, VA 24202
BAN20140170	Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - For authority for an other business operator to conduct a gift card purchase business from the licensee's payday lending offices
BAN20140171	Piedmont Housing Alliance - To be designated as a bona fide nonprofit organization
BAN20140172	Beacon Credit Union, Incorporated - To open a credit union service office at 2134 Langhorne Road, Lynchburg, VA
BAN20140173	Zee & Zee VA Corp. d/b/a Handi Stop - To open a check casher at 17 Hanover Road, Sandston, VA
BAN20140174	Infiniti Lending Group LLC d/b/a EZ Title Loan - To establish an additional motor vehicle title lending office at 8145 Richmond Highway, Alexandria, VA 22309
BAN20140175	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 1300 Hampton Avenue at West Park, St. Louis, MO to 3636 S. Geyer Road, Suite 100, St. Louis, MO
BAN20140176	Greater Lynchburg Habitat for Humanity Inc. - To be designated as a bona fide nonprofit organization
BAN20140177	Community Credit Counseling Corp. - To relocate a credit counseling office from 3301 C Route 66, Neptune, NJ to 3455 Route 66, Neptune, NJ
BAN20140178	UTX Holdings Limited - To acquire 25 percent or more of Travelex Currency Services Inc.
BAN20140179	InstantSavers, Inc. d/b/a Mailbox Junction - To open a check casher at 13930 Jefferson Davis Highway, Woodbridge, VA
BAN20140180	Mohammad Babul and Mohammad Shakhawat d/b/a Super Mini Mart - To open a check casher at 8792-A Sacramento Dr., Alexandria, VA
BAN20140181	PCC Title Loans, LLC - For authority for an other business operator to conduct an open-end credit business from the licensee's motor vehicle title lending offices
BAN20140182	Global Cash Access, Inc. - For a money order license
BAN20140183	Joe D. Clark Jr. - To acquire 25 percent or more of Anchor Mortgage LLC
BAN20140184	Monarch Bank - To relocate office from 4216 Virginia Beach Boulevard, City of Virginia Beach, VA to 4525 Columbus Street, City of Virginia Beach, VA
BAN20140185	Hanmi Bank - To merge into it United Central Bank
BAN20140186	Darden Partners, LLC - To acquire 25 percent or more of TouchPay Holdings, LLC
BAN20140187	Bank of Charles Town - To open a branch at 2 West Washington Street, Middleburg, VA
BAN20140188	TitleBucks of Virginia, Inc. d/b/a TitleBucks - For authority for an other business operator to conduct a consumer finance business from the licensee's motor vehicle title lending offices
BAN20140189	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140190	Rockbridge Area Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization
BAN20140191	Dominion Management Services, Inc. d/b/a CashPoint - To establish an additional motor vehicle title lending office at 8521 Centreville Road, Manassas Park, VA 20111
BAN20140192	Monarch Bank - To open a branch at 680 Oyster Point Road, City of Newport News, VA
BAN20140193	Circle Internet Financial, Inc. - For a money order license
BAN20140194	TA Operating LLC d/b/a TravelCenters of America - To open a check casher at 100 North Carter Road, Ashland, VA
BAN20140195	TMX Finance of Virginia, Inc. d/b/a TitleMax Loans (At certain locations) - To open a consumer finance office at 6325 Richmond Highway, Fairfax County, VA
BAN20140196	University of Virginia Community Credit Union, Inc. - To open a credit union service office at 501 College Drive, Charlottesville, VA
BAN20140197	Habitat for Humanity of Northern Virginia, Inc. - To be designated as a bona fide nonprofit organization
BAN20140198	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 213 W. Fourth Street, Salem, VA
BAN20140199	Aaran International LLC - For a money order license

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20140200	Springleaf Financial Services of America, Inc. – To relocate consumer finance office from Oxbridge Square Shopping Center, Chesterfield County, VA to 9947 Hull Street Road, Chesterfield County, VA
BAN20140201	OneMain Financial, Inc. - To relocate consumer finance office from 12639 Jefferson Davis Highway, Chester, VA to 12513 Jefferson Davis Highway, Chester, VA
BAN20140202	Mendoza's, LLC - To open a check casher at 2947 S. Military Highway, Suite 102, Chesapeake, VA
BAN20140203	EVB d/b/a The Bank of Northumberland since 1910 a branch of EVB (In Certain Offices) - To merge into it Virginia Company Bank
BAN20140204	Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 4908 West Mercury Boulevard, Hampton, VA 23666 to 4013 West Mercury Boulevard, Hampton, VA 23666
BAN20140205	Christian Credit Outreach, Inc. - To relocate a credit counseling office from 6730 Roosevelt Avenue, 4th. Floor, Franklin, OH to 71 Cavalier Boulevard, Suite 224, Florence, KY
BAN20140206	Commonwealth Catholic Charities - To relocate a credit counseling office from 1512 Willow Lawn Drive, Richmond, VA to 1601 Rolling Hills Drive, Richmond, VA
BAN20140207	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140208	Lendmark Financial Services, LLC - To open a consumer finance office at 15173 Montanus Drive, Culpeper, VA
BAN20140209	Eastern Virginia Bankshares, Inc. - To acquire Virginia Company Bank
BAN20140210	AIV CL LLC - To open a consumer finance office at 500 Meadowbrook Center, Unit 110, Culpeper, VA
BAN20140211	The Community Lending Store LLC - For a license to engage in business as a motor vehicle title lender
BAN20140212	TitleMax of Virginia, Inc. - To relocate a motor vehicle title lending office from 9607 Fairfax Boulevard, Suite F, Fairfax, VA 22031 to 9651 Fairfax Boulevard, Fairfax, VA 22031
BAN20140213	ZFC Honeybee TRS, LLC - To acquire 25 percent or more of GMFS LLC
BAN20140214	Bank of Lancaster - To open a branch at 5711 Patterson Avenue, Richmond, VA
BAN20140215	Habitat for Humanity - Central Valley - To be designated as a bona fide nonprofit organization
BAN20140216	Cardinal Bank - To open a branch at 7905 Heritage Village Plaza, Gainesville, VA
BAN20140217	First Community Bank - To open a branch at 1001 Bob White Boulevard, Pulaski, VA
BAN20140218	First Community Bank - To open a branch at 210 East Main Street, Wytheville, VA
BAN20140219	First Community Bank - To open a branch at 271 West Main Street, Abingdon, VA
BAN20140220	First Community Bank - To open a branch at 148 North Main Street, Hillsville, VA
BAN20140221	First Community Bank - To open a branch at 704 Independence Boulevard, Mount Airy, NC
BAN20140222	First Community Bank - To open a branch at 135 West Jackson Street, Gate City, VA
BAN20140223	First Community Bank - To open a branch at 1900 South Main Street, Blacksburg, VA
BAN20140224	Global Link Services LLC - To open a check casher at 2724 Washington Boulevard, Arlington, VA
BAN20140225	Lendmark Financial Services, LLC - To relocate consumer finance office from 3304 Taylor Road, Suite F, City of Chesapeake, VA to 4107 Portsmouth Blvd., Suite 114, Chesapeake, VA
BAN20140226	FCHC Holding Company, LLC - To acquire 25 percent or more of Comdata TN, Inc.
BAN20140227	Gustavo Rios - To acquire 25 percent or more of City Lending Inc
BAN20140228	Jose Arregoces - To acquire 25 percent or more of City Lending Inc
BAN20140229	Gagan Jot Inc. d/b/a Fairfax Exxon - To open a check casher at 10480 Lee Highway, Fairfax, VA
BAN20140230	L&S Pardo Inc. - To open a check casher at 4626 Jefferson Davis Highway, Richmond, VA
BAN20140231	AIV CL LLC - To open a consumer finance office at 480 S. Commerce Avenue, Unit A, Front Royal, VA
BAN20140232	Virginia Credit Union, Inc. - To open a credit union service office at 935 West Grace Street, Richmond, VA
BAN20140233	Staunton – Augusta – Waynesboro Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization
BAN20140234	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Hampton City Employees Credit Union, Incorporated, Hampton, VA
BAN20140235	Dar Al Tawakul General Trading, LLC - For a money order license
BAN20140236	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 4421 Stuart Andrew Boulevard, Suite 303, Charlotte, NC to 8604 Cliff Cameron Drive, Suite 102, Charlotte, NC
BAN20140237	MainStreet Bank - To relocate office from 6832 Old Dominion Drive, Suite 105, McLean, VA to 1354 Old Chain Bridge Road, McLean, VA
BAN20140238	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 3000 Old Canton Road, Suite 550, Jackson, MS to 1400 Lakeover Road, Suite 120, Jackson, MS
BAN20140239	Towne Bank - To merge into it Franklin Federal Savings Bank
BAN20140240	Towne Bank - To merge into it Franklin Financial Corporation
BAN20140241	Richmond Fire Department Credit Union, Incorporated - To merge into it Richmond Police Department Credit Union, Incorporated Richmond, VA
BAN20140242	American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate a payday lender's office from River Park Shopping Center, Vinton, VA to 519 Hardy Road, Vinton, VA
BAN20140243	First Community Bank - To open a branch at 173 East Water Street, Gate City, VA
BAN20140244	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 an open-end credit business from the licensee's motor vehicle title lending offices
BAN20140245	Bank of Botetourt - To relocate office from U.S. Route 220, Daleville, VA to 140 Town Center Street, Daleville, VA
BAN20140246	Christian Credit Counselors, Inc. - To open a credit counseling office
BAN20140247	Franklin Finance Company, Incorporated - To relocate consumer finance office from 525 South Main Street, Rocky Mount, VA to 300B Old Franklin Turnpike, Rocky Mount, VA
BAN20140248	MARANATHA MULTISERVICES Inc. - To open a check casher at 1476 N. Beauregard Street, Alexandria, VA
BAN20140249	Franklin Financial Corporation - To open a bank at 4501 Cox Road, Glen Allen, VA
BAN20140250	Union First Market Bank - To relocate office from 1220 Sycamore Square Drive, Midlothian, VA to 200 Charter Colony Parkway, Midlothian, VA
BAN20140251	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 5301 Midlothian Turnpike, Richmond, VA 23225
BAN20140252	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 3505 Franklin Road SW, Roanoke, VA 24014

BAN20140253	Wheaton Services, Inc. - To open a check casher at 4810 Beaugard Street, Alexandria, VA
BAN20140254	Farmville Area Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization
BAN20140255	La Hacienda II Incorporated d/b/a Mi Rancho - To open a check casher at 1200 North Battlefield Boulevard Ste 105, Chesapeake, VA
BAN20140256	Essex Bank - To open a branch at 6143 High Bridge Road, Bowie, MD
BAN20140257	Infiniti Lending Group LLC d/b/a EZ Title Loan - To relocate a motor vehicle title lending office from 8145 Richmond Highway, Alexandria, VA 22309 to 8218 Richmond Highway, Alexandria, VA 22309
BAN20140258	N 20 LLC - To open a check casher at 285 Berry Hill Road, Orange, VA
BAN20140259	American National Bankshares Inc. - To acquire MainStreet Bankshares, Inc. Martinsville, VA
BAN20140260	Feebee Ventures, Inc. - To open a check casher at 3401 Jefferson Davis Highway, Richmond, VA
BAN20140261	Omnex Group, Inc - For a money order license
BAN20140262	Westview Financial Services VA, LLC d/b/a Westview Financial Services - To open a consumer finance office at 4105 Chesapeake Square Blvd., Ste 105, City of Chesapeake, VA
BAN20140263	Dean Lob - To acquire 25 percent or more of Pacific Home Loans, Inc.
BAN20140264	Chul Se Park - To acquire 25 percent or more of PMAC Lending Services, Inc.
BAN20140265	Kenneth R. Lehman - To acquire 25 percent or more of Village Bank and Trust Financial Corp.
BAN20140266	Sonabank - To relocate office from 2807 Chesapeake Beach Road West, Dunkirk, MD to 137 E. Chesapeake Beach Road, Owings, MD
BAN20140267	Chesapeake Bank - To open a branch at 5501 Patterson Avenue, City of Richmond, VA
BAN20140268	Branch Banking and Trust Company - To relocate office from 5105 Westfields Boulevard, Centreville, VA to 5679 Stone Road, Centreville, VA
BAN20140269	Omni Enterprise Inc d/b/a Red Barn Food Store - To open a check casher at 3960 Garwood Avenue, Portsmouth, VA
BAN20140270	Coinbase, Inc. - For a money order license
BAN20140271	Home Point Capital, Inc. - To acquire 25 percent or more of Maverick Funding Corp.
BAN20140272	ACAC, Inc. d/b/a Approved Cash Advance - To relocate a payday lender's office from 1314 S. Memorial Boulevard, Martinsville, VA to 2769 Greensboro Road, Martinsville, VA
BAN20140273	ACAC, Inc. - To relocate a motor vehicle title lending office from 1314 South Memorial Boulevard, Martinsville, VA 24112 to 2769 Greensboro Road, Martinsville, VA 24112
BAN20140274	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 201 Broadview Avenue, Warrenton, VA 20186
BAN20140275	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open an payday lender's office at 201 Broadview Avenue, Warrenton, VA
BAN20140276	ACE Cash Express, Inc. - For authority for an other business operator to conduct a gift card purchase business from the licensee's payday lending offices
BAN20140277	DELETED
BAN20140278	Community Bank of the Chesapeake - To open a branch at 421 William Street, City of Fredericksburg, VA
BAN20140279	SMART Payment Plan, LLC - For a money order license
BAN20140280	Mini Market Latino, Inc. - To open a check casher at 1740 Broad Rock Boulevard, Richmond, VA
BAN20140281	Elizabeth Ontiveros d/b/a El Paisano Market - To open a check casher at 18284 Lankford Highway, Parksley, VA
BAN20140282	Annandale c-store Inc. - To open a check casher at 7336 Little River Turnpike, Annandale, VA
BAN20140283	Morco Acquisition, Ltd. - To acquire 25 percent or more of Fearon Financial, LLC
BAN20140284	U.S. Payments, LLC d/b/a PaySite - For a money order license
BAN20140285	QC Financial Services, Inc. - For authority for an other business operator to conduct an open-end credit business from the licensee's motor vehicle title lending offices
BAN20140286	QC Financial Services, Inc. - For a license to engage in business as a motor vehicle title lender
BAN20140287	Helios Services LLC - To open a check casher at 4819 Columbia Pike, Arlington, VA
BAN20140288	Bora Ju - To acquire 25 percent or more of Bridgeway Financial, LLC.
BAN20140289	Joon H. Park - To acquire 25 percent or more of Bridgeway Financial, LLC.
BAN20140290	JMZ Enterprises LLC - To open a check casher at 203 South Main Street, Woodstock, VA
BAN20140291	Grab & Go Inc. - To open a check casher at 1001 W Broadway, Hopewell, VA
BAN20140292	RealPage Payments Services LLC - For a money order license
BAN20140293	DuPont Community Credit Union - To merge into it Walker Virginia Federal Credit Union
BAN20140294	First Bank - To open a branch at 3474 Rosney Road, Dillwyn, VA
BAN20140295	First Bank - To open a branch at 301 West Spotswood Trail, Elkton, VA
BAN20140296	First Bank - To open a branch at 201 South Main Street, Farmville, VA
BAN20140297	First Bank - To open a branch at 1 West Frederick Street, City of Staunton, VA
BAN20140298	First Bank - To open a branch at 1415 West Main Street, City of Waynesboro, VA
BAN20140299	First Bank - To open a branch at 100 North Main Street, Woodstock, VA
BAN20140300	LBLD Treasury Services Ltd. - To open a check casher at 1135 Heatherstone Drive, Suite 4, Fredericksburg, VA
BAN20140301	Placid Nk Corporation - For a money order license
BAN20140302	Bill.com, Inc. - For a money order license
BAN20140303	EagleBank, Inc. (Used in VA By: EagleBank) - To merge into it Virginia Heritage Bank
BAN20140304	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20140305	Lendmark Financial Services, LLC - To open a consumer finance office at 4126 Halifax Road, South Boston, VA
BAN20140306	Lendmark Financial Services, LLC - To open a consumer finance office at 6719 Fox Centre Parkway, Gloucester County, VA
BAN20140307	Maxitransfers Corporation - For a money order license
BAN20140308	Best Rate Loans, LLC - For a license to engage in business as a motor vehicle title lender
BAN20140309	WorldRemit Corp. - For a money order license
BAN20140310	JHA Money Center, Inc. - For a money order license
BAN20140311	Blue Eagle Credit Union - To open a credit union service office at Cornerstone Development, Lynchburg, VA
BAN20140312	Bank of Clarke County - To open a branch at 44810 Saranac Street, Ashburn, VA

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20140313	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Chesapeake Public School Employee's Credit Union, Inc. Chesapeake, VA
BAN20140314	Allied Title Lending LLC - For a license to engage in business as a motor vehicle title lender
BAN20140315	Cambridge Mercantile Corp. (U.S.A.) - For a money order license
BAN20140316	LenderLive Holdings, Inc. - To acquire 25 percent or more of LenderLive Network, Inc.
BFI-2011-00015	Allecon Mortgage, LP - Alleged violation of VA Code § 6.2-1608
BFI-2013-00017	Rules governing annual fees for the examination, supervision, and regulation of mortgage lenders and mortgage brokers Pursuant to § 6.2-1612 of the Code of Virginia and 10 VAC 5-160-40
BFI-2013-00018	In re: annual fees paid for examination, supervision, and regulation of consumer finance licenses pursuant to § 6.2-1532 of the Code of Virginia and 10 VAC 5-60-60
BFI-2013-00019	Bing Sing Wang - Alleged violation of VA Code § 6.2-1620
BFI-2013-00023	All Homes Financial LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00035	JKB Lending, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00036	LMB Mortgage Services, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00050	Watermark Capital, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00051	Rules Governing Credit Counseling Agencies - Pursuant to 6.2-2012 of the Code of Virginia and 10 VAC 5-110-30 of the State Corporation Commission's rules governing credit counseling agencies, 10 VAC 5-110-10 <i>et seq.</i>
BFI-2013-00063	In re: Amending rules governing industrial loan associations pursuant to VA Code § 6.2-1414 and 10 VAC 5-50-10 <i>et seq.</i>
BFI-2013-00064	In re: amending rules governing banks and savings institutions - pursuant to VA Code §§ 6.2-908, 6.2-909, and 6.2-1202 and 10 VAC 5-20-10 <i>et seq.</i>
BFI-2013-00079	In re: annual assessment of licensees under Chapter 19 of Title 6.2 of the Code of Virginia
BFI-2013-00081	CPL Holdings, LLC - Alleged violation of VA Code Section 6.2-1608
BFI-2013-00096	SI Mortgage Company - Alleged violation of VA Code § 6.2-1601 and 6.2-406
BFI-2013-00099	Lifetime Mortgage, Inc. - Alleged violation of VA Code § 6.2-1601 and 1603 and 10 VAC 5-160-20 (7)
BFI-2013-00106	St. Fin Corp. d/b/a Star Financial - Alleged violations of 6.2-1614 (8)
BFI-2013-00109	786 Mortgage LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00110	Alpha Mortgage Corporation - Alleged violation of VA Code § 6.2-1610
BFI-2013-00111	Atlantic Mortgage Direct LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00112	Bay-Valley Mortgage Group, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00114	CoreLogic Services, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00115	Cstone Mortgage, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00116	Gradient Home Mortgage, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00118	Nationwide Financial Corp - Alleged violation of VA Code § 6.2-1610
BFI-2013-00120	PMAC Lending Services, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00121	Residential Finance Corporation - Alleged violation of VA Code § 6.2-1610
BFI-2013-00122	Residential Mortgage Funding Corporation - Alleged violation of VA Code § 6.2-1610
BFI-2013-00123	Security America Mortgage, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00124	Select Mortgage Group, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00125	U S Loans Mortgage, Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00127	Washington Home Mortgage, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2013-00128	First Capital Mortgage Group Inc. - Alleged violation of VA Code § 6.2-1610
BFI-2013-00129	Ultralight FS, Inc. (licensed as Obopay, Inc.) - Alleged violation of VA Code § 6.2-1905 D
BFI-2013-00131	MetCity Capital LLC - Alleged violation of VA Code § 6.2-1604
BFI-2013-00132	Ocwen Loan Servicing, LLC/Ocwen Financial Corp., a Multi-state Settlement Agreement under Chapter 16 of Title 6.2 Code of Virginia between Ocwen & Consumer Financial Protection Bureau and various state agencies for misconduct Ocwen servicing single family residential mortgage
BFI-2014-00002	Bottom Dollar Payday and BD PDL Services, LLC a/k/a Bottom Dollar Payday.com - Alleged violation of VA Code § 6.2-1801
BFI-2014-00005	Schedule prescribing annual fees paid for examination, supervision, and regulation of state chartered credit unions
BFI-2014-00006	VIP PDL Services, LLC a/k/a The VIP Loan Shop.com - Alleged violation of VA Code § 6.2-1801
BFI-2014-00009	In Re: Money Order Sellers and Money Transmitters Regulations, pursuant to 10 VAC 5-120-10 <i>et seq.</i>
BFI-2014-00010	In re: annual assessment of licensees under Chapter 16 of Title 6.2 of the Code of Virginia
BFI-2014-00011	In re: annual assessment of licensees under Chapter 15 of Title 6.2 of the Code of Virginia
BFI-2014-00012	Loan Shop a/k/a Loan Shop Online and Shop Online.com - Alleged violation of VA Code § 6.2-1801
BFI-2014-00014	ACI Worldwide Corp. - Alleged violation of VA Code § 6.2-1914
BFI-2014-00023	New America Financial Corporation - Alleged violation of VA Code §§ 6.1-1614 (1) <i>et al.</i>
BFI-2014-00024	Executive Financial Services Co., Inc. - Alleged violation of VA Code § 6.2-1619
BFI-2014-00026	MD Financial LLC d/b/a Wire Into Cash - Alleged violation of VA Code § 6.2-1801
BFI-2014-00027	Life Line Credit Union, Inc. - Order closing the credit union
BFI-2014-00028	Richard Allen Drake - Alleged violation of VA Code § 6.2-1717
BFI-2014-00029	In re: annual assessment of financial institutions under Chapters 8 and 11 of Title 6.2 of the Code of Virginia
BFI-2014-00030	In re: Reducing 2015 annual assessment of banks and savings institutions under Chapters 8 and 11 of Title 6.2 of the Code of Virginia
BFI-2014-00031	In re: annual assessment of industrial loan associations under Chapter 14 of Title 6.2 of the Code of Virginia
BFI-2014-00036	<i>Ex Parte</i> : In re: annual assessment of licensees under Chapter 19 of Title 6.2 of the Code of Virginia
BFI-2014-00039	1st Mortgage Mortgage Inc. - Alleged violation of VA Code § 6.1-425
BFI-2014-00042	Summit Funding d/b/a Greenwood Lending - Alleged violation of VA Code § 6.2-1624
BFI-2014-00044	EC Financial LLC - Alleged violation of VA Code § 6.2-1604
BFI-2014-00045	Approved Financial Corp. - For cancellation of Certificate
BFI-2014-00046	A-1 Mortgage Corporation - Alleged violation of VA Code § 6.2-1612
BFI-2014-00050	Seckel Capital LLC - Alleged violation of VA Code § 6.2-1612
BFI-2014-00052	USA Lending, LLC - Alleged violation of VA Code § 6.2-1612

BFI-2014-00053 Washington Home Mortgage LLC - Alleged violation of VA Code § 6.2-1612
 BFI-2014-00054 Towne Bank - For order reducing fees

CLK**OFFICE OF THE CLERK**

CLK-2013-00009 In re: Election of Judith Williams Jagdmann to the State Corporation Commission
 CLK-2014-00001 Election of Chairman pursuant to VA Code § 12.1-7
 CLK-2014-00002 Administrative Order designating supervision of divisions to the members of the Commission
 CLK-2014-00003 The Election of James C. Dimitri to the State Corporation Commission
 CLK-2014-00004 Holcim (US) Inc. - refund order under VA Code § 13.1-2035.
 CLK-2014-00005 The Northern Neck Children's Home, Inc. - request for involuntary termination of corporate existence under § 13.1-915 of the Code.
 CLK-2014-00006 In Re: Petition of Loudon Mutual Insurance Company
 CLK-2014-00007 HCTT, LLC - For order cancelling LLC existence
 CLK-2014-00008 Lumos Networks of West Virginia, Inc., for and on behalf of Lumos FiberNet Inc. - Petition for the correction of Articles of Merger and Certificate of Merger.
 CLK-2014-00009 Marina Land, L.L.C. - For order cancelling LLC existence

INS**BUREAU OF INSURANCE**

INS-2000-00249 Corporate Benefits - Alleged violation of Virginia Code § 38.2
 INS-2011-00228 Frank L. Rees - Petition for appeal of Shenandoah Life Insurance Company deputy receiver's determination of appeal
 INS-2013-00104 *Ex Parte:* In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of one insurance company for the assessable year 2012
 INS-2013-00229 Genworth Life and Annuity Insurance Company - Alleged violation of VA Code § 38.2-610 A 1 *et al.*
 INS-2013-00239 Thomas L. Miles, Jr. - Petition appealing denial of insurance producer license application.
 INS-2013-00242 Carlos Reconco - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2013-00254 Southwest Bonding & Civil Process LLC - Alleged violation of VA Code § 38.2-1804 *et al.*
 INS-2013-00255 Lionel J. Mallicote, Jr. - Alleged violation of VA Code § 38.2-1812.2 *et al.*
 INS-2013-00258 BCHH, Inc. - Alleged violation of VA Code § 55-525.30
 INS-2013-00261 Lawrence A. Poole - Alleged violation of VA Code § 38.2-1822 E *et al.*
 INS-2013-00263 Philadelphia Indemnity Insurance Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2013-00267 Raymond C. Grandon, Jr. - Alleged violation of VA Code §§ 38.2-1826, 38.2-1831 (1)
 INS-2013-00272 Aviva Life & Annuity Company - In the matter of approval multi-state regulatory settlement agreement between Aviva Life & Annuity Co. for and on behalf of the Virginia Bureau of Insurance and Insurance Regulators
 INS-2013-00273 Discover Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-305
 INS-2013-00275 Settlement Escrow and Abstract Solutions, Inc. - Alleged violation of VA Code § 55-525.27 *et al.*
 INS-2013-00277 Allstate Insurance Company - Alleged violation of VA Code § 38.2-317
 INS-2013-00278 Sentinel Insurance Company LTD - Alleged violation of VA Code § 38.2-1906 D
 INS-2013-00279 Midland National Life Insurance Company & North American Company for Life and Health Insurance – for and on behalf of the Virginia Bureau of Insurance and Insurance Regulators
 INS-2013-00280 The Lincoln National Life Insurance Company, Lincoln Life and Annuity Company of New York, and First Penn Pacific Life Insurance Company - for and on behalf of the Virginia Bureau of Insurance and Insurance Regulators
 INS-2013-00281 Edward M. Hamlet - Alleged violation of VA Code § 38.2-1809 *et al.*
 INS-2013-00282 Alfa Alliance Insurance Corporation - Alleged violation of VA Code § 38.2-305 A *et al.*
 INS-2013-00283 Gary R. Cortellessa - Petition for Review of Southern Title Insurance Corporation Deputy Receiver's determination of appeal
 INS-2013-00284 In the matter of Approval of Regulatory Settlement Agreement between Humana Insurance Co. and the Insurance Commissioners or Directors of States of Mississippi, Wisconsin, & Missouri for and on behalf of the Virginia State Corporation's Bureau of Insurance
 INS-2014-00002 Reco L. Clyburn - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2014-00003 Filip Haddad - Alleged violation of VA Code § 38.2-1809
 INS-2014-00004 Ashley Tharpe - Alleged violation of VA Code § 38.2-1826 and 38.2-1831 (1)
 INS-2014-00005 Anne Marie Cathey - Alleged violation of VA Code § 38.2-1826
 INS-2014-00006 Tower National Insurance Co - for alleged violation of VA Code § 38.2-1028
 INS-2014-00008 Alleged Violation of VA Code Section(s) Governing Rules Section(s) 38.2-1809 and 38.2-1831 Subsections 1&2
 INS-2014-00009 *Ex Parte:* In the matter of refunding overpayments of the retaliatory tax of insurance companies of taxable year 2012
 INS-2014-00010 *Ex Parte:* In the matter of refunding overpayments of the retaliatory tax of insurance companies of taxable year 2011
 INS-2014-00011 *Ex Parte:* In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2012
 INS-2014-00012 In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2012
 INS-2014-00013 Alleged Violation of VA Code Section(s) Governing Rules Section(s) 38.2-613.2, 38.2-1812.2, and 38.2-1822
 INS-2014-00014 Alleged Violation of VA Code Section(s) Governing Rules Section(s) 38.2-1804, 38.2-1809, 38.2-1812.2, 38.2-1822
 INS-2014-00015 Shana Chandler Shannon - Alleged violation of VA Code § 38.2-512 and 38.2-1822
 INS-2014-00016 Renaissance Settlement Partners Inc. - Alleged violation of VA Code § 55-525.27
 INS-2014-00017 Gregory Dean Bodoh - Alleged violation of 14 VAC 5-80-350 (2)
 INS-2014-00018 James Fredrick Hunnell, Jr. - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2014-00019 In the Matter of Amending the Rules Governing Long Term Care Insurance
 INS-2014-00022 Scottish Re (U.S.), Inc. - Alleged violation of VA Code § 38.2-1316.2
 INS-2014-00025 Unitrin Auto and Home Insurance Company - Alleged violation of VA Code § 38.2-305
 INS-2014-00026 Andrew Johnson - Alleged violation of VA Code § 38.2-1813

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

INS-2014-00027	ACE American Insurance Company and ACE Fire Underwriters Insurance Company - Alleged violation of VA Code §§ 38.2-317 and 38.2-1906 D
INS-2014-00028	Electric Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00029	Davey Allen Looney and Looney Bonding, LLC - Alleged violation of VA Code § 38.2-1804 <i>et al.</i>
INS-2014-00030	Steven Edward Medley, Jr. - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00031	Alfa Vision Insurance Corporation - Alleged violation of VA Code § 38.2-305 A <i>et al.</i>
INS-2014-00032	Victoria Fire and Casualty Company - Alleged violation of VA Code § 38.2-305 A <i>et al.</i>
INS-2014-00033	James Franklin Lloyd - Alleged violation of VA Code § 38.2-1831 (9)
INS-2014-00034	Sean A. Green - Alleged violation of VA Code § 38.2-1831 (1) & (2)
INS-2014-00035	DSI Building Services, Inc. - For Review of a Decision by the National Council on Compensation Insurance Pursuant to VA Code § 38.2-1923 and 38.2-2018
INS-2014-00036	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. - Alleged violation of VA Code § 38.2-3407.4
INS-2014-00037	Title Town Settlements LLC - Alleged violation of VA Code § 55-525.11 and 55-525.27
INS-2014-00038	California Casualty Insurance Company - Alleged violation of VA Code § 38.2-305
INS-2014-00039	American Bankers Insurance Company of Florida - Alleged violation of VA Code § 38.2-305
INS-2014-00040	American Bankers Insurance Company of Florida - Alleged violation of VA Code § 38.2-305
INS-2014-00042	Kathryn Macey Smith - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00043	Great American Insurance Company (16691), Great American Assurance Company (26344), Great American Insurance Company of New York (22136), Great American Alliance Insurance Company (26832) - Alleged violation of VA Code Section 38.2-305
INS-2014-00044	Chase Carmen Hunter - Petition for Declaratory Judgment.
INS-2014-00045	Legal Service Plans of Virginia, Inc. - Alleged violation of VA Code § 38.2-1300
INS-2014-00046	Charles A. Cress - Alleged violation of VA Code § 38.2-512 and 38.2-1831 (2) <i>et al.</i>
INS-2014-00047	The Assurance Group, Inc. - Alleged violation of VA Code § 38.2-1826
INS-2014-00048	Karl Canaii - Alleged violation of VA Code § 38.2-1826
INS-2014-00049	Teachers Protective Mutual Life Insurance Company - Alleged violation of VA Code § 38.2-1030
INS-2014-00050	Grace Title Inc. - Alleged violation of VA Code § 55-525.11 <i>et al.</i>
INS-2014-00051	Select Home Warranty LLC - Alleged violation of VA Code § 38.2-2619
INS-2014-00052	In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2012
INS-2014-00053	In the matter of refunding overpayments of the retaliatory tax of insurance companies of taxable year 2012
INS-2014-00055	ATG Title Inc. - Alleged violation of VA Code § 55-525.11
INS-2014-00056	Dana R. Guinn - Alleged violation of VA Code § 38.2-512
INS-2014-00057	Coverage Center LLC & Jason R. Guzauskas - Alleged violation of VA Code § 38.2-613.2 <i>et al.</i>
INS-2014-00059	Christopher Kopatz - Alleged violation of VA Code § 38.2-1826
INS-2014-00060	Lawrence T. King - Alleged violation of VA Code § 38.2-1826
INS-2014-00061	Richard Olen Dickerson - Alleged violation of VA Code § 38.2-1826
INS-2014-00062	Benjamin Victor Fistel - Alleged violation of VA Code § 38.2-1826
INS-2014-00063	Daryl Craig Ostrander Sr. - Alleged violation of VA Code § 38.2-1826
INS-2014-00064	Heather L. Bissonette - Alleged violation of VA Code § 38.2-1809 and 38.2-1826
INS-2014-00065	Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. - For modification of the Final Order to permit an Anthem affiliate to provide certain medical management services from locations outside Virginia
INS-2014-00066	Everest National Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00067	Charlene Simmons - Alleged violation of VA Code § 38.2-512 and 38.2-1813
INS-2014-00068	Great American Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2014-00069	Lewis F. Conway and Conway Insurance Agency - Alleged violation of VA Code § 38.2-1813
INS-2014-00070	Ryan Braley - Alleged violation of VA Code § 38.2-1826
INS-2014-00071	Daniel Patrick Cobb - Alleged violation of VA Code § 38.2-1826
INS-2014-00073	Tiffany Michelle Gillespie - Alleged violation of VA Code § 38.2-1826
INS-2014-00074	Mike Lee Gonzales - Alleged violation of VA Code § 38.2-1826
INS-2014-00075	Randall Wayne Dixon and ASAP Bail Bonds Inc. - Alleged violation of VA Code § 38.2-1804, 38.2-1809, 38.2-1813 and 38.2-1822
INS-2014-00076	Fara D. Morrow - Alleged violation of VA Code § 38.2-512 A and 38.2-1826 A
INS-2014-00077	Lawrence Michael Blusewicz - Alleged violation of VA Code § 38.2-1826
INS-2014-00078	Twin City Fire Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00079	Diamond State Liability Company - Alleged violation of VA Code § 38.2-1906 D and 38.2-317
INS-2014-00080	Executive Risk Indemnity Inc. & Federal Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00081	AssuranceAmerica Insurance Company - Alleged violation of VA Code § 38.2-305 A <i>et al.</i>
INS-2014-00082	Justice Title & Escrow LLC - Alleged violation of VA Code § 38.2-1812 and 38.2-4614
INS-2014-00083	Pride Settlement and Escrow LLC - Alleged violation of VA Code § 55-525.24 <i>et al.</i>
INS-2014-00084	Alethea Natasha Turner - Alleged violation of VA Code § 38.2-18136 A
INS-2014-00085	Nicholas Whitner - Alleged violation of VA Code Section 38.2-1826 and 38.2-1831 (1)
INS-2014-00086	Justin Kyle Tripp - Alleged violation of VA Code Section 38.2-1826
INS-2014-00087	Allied Property & Casualty Insurance Company, AMCO Insurance Company and Depositors Insurance Company - Alleged violation of VA Code § 38.2-1906 A
INS-2014-00088	Allied Property & Casualty Insurance, AMCO Insurance Co., Depositors Insurance Co., Nationwide Mutual Fire Insurance Co., Nationwide Mutual Insurance Co., Nationwide Property & Casualty Insurance Co., and Nationwide Agribusiness Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00089	Freestone Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2014-00090	Patriot Title Agency Inc. - Alleged violation of VA Code § 55-525.24
INS-2014-00091	Sandra Diesel - Alleged violation of VA Code § 38.2-1826
INS-2014-00092	Mark Hermosillo - Alleged violation of VA Code § 38.2-1826

INS-2014-00094	Josh Jackson - Alleged violation of VA Code § 38.2-1826
INS-2014-00095	Marco Antonio Tufino-Martinez - Alleged violation of VA Code §§ 38.2-512 B and 38.2-1831 (12)
INS-2014-00096	Primerica Life Insurance Company - Alleged violation of VA Code § 38.2-316 A <i>et al.</i>
INS-2014-00097	Cristina Marie Allen - Alleged violation of VA Code § 38.2-406
INS-2014-00099	Derrick Patrick O Neill - Alleged violation of VA Code § 38.2-406
INS-2014-00100	Jared Gumaro Martinez - Alleged violation of VA Code § 38.2-406
INS-2014-00101	Brunswick Insurance Agency Inc. - Alleged violation of VA Code § 38.2-406
INS-2014-00102	Kevin Lay - Alleged violation of VA Code § 38.2-406
INS-2014-00104	Bradley Joseph Plummer - Alleged violation of VA Code § 38.2-406
INS-2014-00105	Timothy K Bonnell - Alleged violation of VA Code § 38.2-406
INS-2014-00106	Manry-Rawls LLC - Alleged violation of VA Code § 38.2-406
INS-2014-00107	Nicole L. Brown - Alleged violation of VA Code § 38.2-406
INS-2014-00108	John Thomas Foreman - Alleged violation of VA Code § 38.2-406
INS-2014-00109	Hub International Midwest Limited - Alleged violation of VA Code § 38.2-406
INS-2014-00110	Great Point Insurance Services, Inc. - Alleged violation of VA Code § 38.2-406
INS-2014-00111	Paladin Insurance Services Inc. - Alleged violation of VA Code § 38.2-406
INS-2014-00112	Professional Risk Management Services, Inc. - Alleged violation of VA Code § 38.2-406
INS-2014-00113	Jeffrey Earl Freeman - Alleged violation of VA Code § 38.2-406
INS-2014-00114	Stewart E. Tetreault - Alleged violation of VA Code § 38.2-406
INS-2014-00115	Robert A. Forti - Alleged violation of VA Code § 38.2-406
INS-2014-00116	Allstate Insurance Company, Allstate Property and Casualty Insurance Company and Allstate Indemnity Company - Alleged violation of VA Code § 38.2-305 A
INS-2014-00117	In the matter of Repealing the Rules Governing Essential and Standard Health Benefit Plan Contracts
INS-2014-00118	In the matter of Amending the Rules Governing Health Maintenance Organizations
INS-2014-00119	Robert Alan Yergey - Alleged violation of VA Code § 38.2-512
INS-2014-00120	In the matter of presentations of premium rates in connection with health insurance coverage issued in the individual and small group markets
INS-2014-00121	Kurt A. Jones and Sudden Bail Bonds, LLC - Alleged violation of VA Code § 38.2-1813 <i>et al.</i>
INS-2014-00123	Robyn Southers - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2014-00124	Keisha Denise Holley - Alleged violation of VA Code § 38.2-1826
INS-2014-00126	Diana Lynn Roberts - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00127	GEICO Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906 C
INS-2014-00128	Atlantic Protective Security, Inc. - Petition.
INS-2014-00129	Mitsui Sumitomo Insurance Company of America & Mitsui Sumitomo Insurance USA Inc. - Alleged violation of VA Code § 38.2-317 and 38.2-1906 D
INS-2014-00130	Rodney M. Louis & Rodney M. Louis Agency LLC - Alleged violation of VA Code § 38.2-1813 and 38.2-1822
INS-2014-00131	Regent Insurance Company and General Casualty Company of Wisconsin - Alleged violation of VA Code § 38.2-317 and 38.2-1906 D
INS-2014-00132	<i>Ex Parte:</i> In the matter of refunding overpayments of the Help Eliminate Automobile Theft (HEAT) Fund assessment based on direct gross premium income of insurance companies for the assessable year 2013
INS-2014-00133	In Re: Refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2013
INS-2014-00134	<i>Ex Parte:</i> In the matter of refunding overpayments of the Flood Prevention and Protection Assistance Fund assessment based on direct gross premium income of insurance companies for the assessable year 2013
INS-2014-00135	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance Companies for the assessable year 2013
INS-2014-00136	<i>Ex Parte:</i> In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of one insurance company for the assessable year 2013
INS-2014-00138	Prudential Insurance Company of America - Alleged violation of 14 VAC 5-400-60
INS-2014-00140	James B. Johnston Inc. - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00142	Jacqueline Marie Palumbo - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00143	Deborah Niccole Palmer - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00144	John H. Weigle - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00146	Bruce Kenneth Howson - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00147	First Choice Insurance Intermediaries Inc. - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00149	Michael G. Anderson - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00150	Scott H. Keller - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00151	Michael Joseph Eichhorn - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00152	George Miochael Gavaris - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00154	Andrea Keel Fitterling - Alleged violation of VA Code § 38.2-4809.1
INS-2014-00155	In the matter of refunding overpayments of premium license tax on gross premium income of surplus lines brokers for the taxable year 2013.
INS-2014-00156	Lundie Insurance Center, Inc., and Franklin M. Lundie, Jr. - Alleged violation of VA Code §§ 38.2-613.2, 38.2-1813, and 38.2-1822 A
INS-2014-00157	Kenneth Allan Myers - Alleged violation of VA Code § 38.2-502
INS-2014-00158	James M. Kresinske - Alleged violation of VA Code § 38.2-512
INS-2014-00159	Mysty Leigh Nelson - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00160	Ivy Joe Bostick, Sr. - Alleged violation of VA Code § 38.2-512 and 38.2-1831 (10)
INS-2014-00161	Robert Gardner Draper II - Alleged violation of VA Code Section 38.2-1831 (1)
INS-2014-00162	Royal Braxton Ferguson, III - Alleged violation of VA Code § 38.2-1812 A <i>et al.</i>
INS-2014-00163	Rodolfo Jimenez, Jr. - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1831 (1)
INS-2014-00164	Kenneth Lee Venable - Alleged violation of VA Code § 38.2-1826
INS-2014-00165	Bernard L. Fields - Alleged violation of VA Code § 38.2-1826

INS-2014-00166	Rodney Rapheal Wilson - Alleged violation of VA Code § 38.2-1826
INS-2014-00167	Harold Edward Harding, III - Alleged violation of VA Code § 38.2-1826
INS-2014-00168	Michael Scales - Alleged violation of VA Code § 38.2-512 A <i>et al.</i>
INS-2014-00169	Steven Theodore Clark - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00171	Kanawha Land Title Services, LLC - Alleged violation of VA Code § 55-525-24 <i>et al.</i>
INS-2014-00172	National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates.
INS-2014-00173	UnitedHealthCare Insurance Company - Alleged violation of VA Code § 38.2-305 B <i>et al.</i>
INS-2014-00174	Fidelity Life Association (a Legal Reserve Life Insurance Company) - Alleged violation of VA Code § 38.2-3115 B
INS-2014-00175	Shawn Chamizo - Alleged violation of VA Code § 38.2-1826
INS-2014-00176	Umesh Dustin Singh - Alleged violation of VA Code § 38.2-1826
INS-2014-00177	Tavonnah Akia Williams - Alleged violation of VA Code § 38.2-1826
INS-2014-00179	Jasmine Chastang - Alleged violation of VA Code § 38.2-1826
INS-2014-00182	Robert Dodd - Alleged violation of VA Code § 38.2-518 F
INS-2014-00183	Real Estate Settlements & Escrow LLC - Alleged violation of VA Code § 55-525.30
INS-2014-00184	Robert Langner - Alleged violation of VA Code § 8.2-1838 (1)
INS-2014-00187	Blue Ridge Mutual Association, Inc. - Alleged violation of VA Code § 38.2-3115 B <i>et al.</i>
INS-2014-00189	Chase Carmen Hunter - Alleged violation of § 38.2-1809
INS-2014-00190	Strategic Outsourcing, Inc. - Alleged violation of 14-VAC-5-410-40 D
INS-2014-00192	Communicating for America, Inc. - Alleged violation of 14-VAC-5-410-40 D
INS-2014-00193	TriNet HR Corporation - Alleged violation of 14-VAC-5-410-40 D
INS-2014-00195	Willis of Nebraska - Alleged violation of VA Code § 38.2-1822
INS-2014-00196	Northstar Settlements LLC - Alleged violation of VA Code § 55-525.20 <i>et al.</i>
INS-2014-00197	CMFG Life Insurance Company - Alleged violation of VA Code § 38.2-502 <i>et al.</i>
INS-2014-00199	Resource Real Estate Services, LLC - Alleged violation of VA Code § 55-525.20 <i>et al.</i>
INS-2014-00200	Carrie Ann Marie Snyder-Anderson - Alleged violation of VA Code § 38.2-1809 <i>et al.</i>
INS-2014-00201	Giovanni R. Jean-Baptiste - Alleged violation of VA Code § 38.2-1831 (1)
INS-2014-00202	In Re: Amending Rules Governing Accelerated Benefits Provisions, Rules Governing Long-Term Care Insurance, Rules Governing Actuarial Opinions/Memoranda, Life Insurance Reserves, 2001 CSO Mortality Table in Determining Reserve Liabilities and Preneed Life Insurance Minimum Standards, <i>et al.</i>
INS-2014-00203	In the matter of Amending the Rules Governing Insurance Holding Companies
INS-2014-00204	Farmers Mutual Insurance Company - Alleged violation of VA Code § 38.2-1833
INS-2014-00206	Nationwide Property and Casualty Insurance Company and Nationwide Mutual Fire Insurance Company - Alleged violation of Virginia Code §§ 38.2-305 A, 38.2-305 B, <i>et al.</i>
INS-2014-00207	Alonzo Williams - Alleged violation of VA Code § 38.2-1831 (1) <i>et al.</i>
INS-2014-00208	Farm Family Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906 D <i>et al.</i>
INS-2014-00209	Richard Christopher Ferrell - Alleged violation of VA Code § 38.2-1826 C
INS-2014-00210	Richard Robert Fulton - Alleged violation of VA Code § 38.2-1826 C <i>et al.</i>
INS-2014-00211	Jillian Elizabeth Wood - Alleged violation of VA Code § 38.2-1826 C <i>et al.</i>
INS-2014-00212	Nyaten Gaye - Alleged violation of VA Code § 38.2-1809 <i>et al.</i>
INS-2014-00213	Christopher Jones - Alleged violation of VA Code § 38.2-1809 <i>et al.</i>
INS-2014-00214	Zachary S. Jepperson - Alleged violation of VA Code § 38.2-1826
INS-2014-00215	Jerald Jackson - Alleged violation of VA Code § 38.2-1826 <i>et al.</i>
INS-2014-00218	In Re: Assessment upon certain insurers, Health Maintenance Organizations <i>et al.</i> to pay the expense of the BOI for the Year 2015
INS-2014-00219	State Corporation Commission vs. ALPS Property and Casualty Insurance Company
INS-2014-00221	Financial American Life Insurance Company - Alleged violation of VA Code § 38.2-610 A 1 <i>et al.</i>
INS-2014-00222	Time Insurance Company - Alleged violation of VA Code § 38.2-503 <i>et al.</i>
INS-2014-00223	Skyler Musser - Alleged violation of VA Code § 38.2-1809 and 38.2-1831 (1)
INS-2014-00224	Luke H. Minor, Jr. - Alleged violation of VA Code § 38.2-613.2 <i>et al.</i>
INS-2014-00225	Emma Margaret Moreau - Alleged violation of VA Code § 38.2-1826
INS-2014-00226	Edward Alan Abel - Alleged violation of VA Code § 38.2-1826 <i>et al.</i>
INS-2014-00227	Germone Gadsden - Alleged violation of VA Code § 38.2-1826
INS-2014-00228	Clear Title Escrow & Settlements - Alleged violation of VA Code §§ 38.2-509 and 55-525.12
INS-2014-00229	SeeChange Health Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2014-00230	De Borah Dunbar - Alleged violation of VA Code § 38.2-1826
INS-2014-00231	Jeannette Louise Mix - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2014-00232	Jenifer Jo Waldron - Alleged violation of VA Code § 38.2-512 <i>et al.</i>
INS-2014-00234	Melissa Romero - Alleged violation of VA Code § 38.2-1826
INS-2014-00235	Omni Indemnity Company - Alleged violation of VA Code § 38.2-305 A <i>et al.</i>
INS-2014-00236	Dominion Eagle Insurance Agency, LLC - Alleged violation of VA Code § 38.2-1822
INS-2014-00237	Nathan M. Chesser - Alleged violation of VA Code § 38.2-1826 C and 38.2-1831 (1)
INS-2014-00239	Kyle Wrobel - Alleged violation of VA Code § 38.2-1826 and 38.2-1831 (1)
INS-2014-00240	Central Acceptance Company, Inc. - Alleged violation of VA Code §§ 38.2-4707
INS-2014-00241	MutualAideXchange (11878) - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00242	Ernest W Adams Insurance Agency, Inc. & Ernest Washington Adams, IV - Alleged violation of VA Code § 38.2-613.2 <i>et al.</i>
INS-2014-00243	Monica McNeil Radke - Alleged violation of VA Code § 38.2-1813
INS-2014-00244	Appalachian Regional Healthcare, <i>et al.</i> - Petition for Review of Deputy Receiver's Determination of Appeal.
INS-2014-00245	Sun Life Insurance Co. of Canada, Delaware Life Insurance Company, Independence Life and Annuity Company, Professional Insurance Company and Sun Life Health Insurance Company - For and on behalf of the Virginia Bureau of Insurance and Insurance Regulators of Florida, California, Connecticut, Illinois, Michigan, North Dakota, Pennsylvania, and Virginia

INS-2014-00246 Yvette Marie Zuniga - Alleged violation of VA Code § 38.2-1826
 INS-2014-00247 Blake Dillon Steiert - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2014-00248 Integon Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906 A
 INS-2014-00249 Progressive Northern Insurance Company - Alleged violation of VA Code § 38.2-1906 A
 INS-2014-00251 National Union Fire Insurance Company of Pittsburgh, PA - Alleged violation of VA Code § 38.2-317
 INS-2014-00252 Symetra National Life Insurance Company - For and on behalf of the Virginia Bureau of Insurance and Insurance Regulators of Florida, California, Connecticut, Illinois, Michigan, North Dakota, Pennsylvania, and Virginia
 INS-2014-00256 Cameron Thompson Judd - Alleged violation of VA Code § 38.2-1822 A
 INS-2014-00263 Jeremy Paul Augusta - Alleged violation of VA Code § 38.2-1826
 INS-2014-00264 Christina Marie Jaramillo - Alleged violation of VA Code § 38.2-1826

PST**DIVISION OF PUBLIC SERVICE TAXATION**

PST-2013-00006 Spruance Genco, LLC - Application for review of correction of the Virginia State Corporation Commission's Assessments and Supplemental Assessments of the value and classification of Spruance's Tangible Personal Property as of 1/1/09, 1/1/10, and 1/1/11
 PST-2013-00023 MCI WORLDCOM Network Services, Inc. - Correction of the Commission's Assessment for the Tax Year 2013
 PST-2013-00024 Cox Virginia Telcom, L.L.C. - Correction of the Commission's Assessment for the Tax Years 2012 and 2013
 PST-2013-00027 MCI Communications Services Inc. and Verizon Business Network Services Inc. - Application for Review and Correction of 2013 Real Estate Property Assessment
 PST-2013-00031 Portsmouth Genco, LLC - Application for Review and Correction of Assessment of the Value of Property Subject to Local Taxation – Tax Year 2013
 PST-2013-00032 James River Genco LLC - Application for Review and Correction of Assessment of the Value of Property Subject to Local Taxation – Tax Year 2013

PUC**DIVISION OF COMMUNICATIONS**

PUC-2013-00042 Access One of Virginia, Inc. - Application for Certificate of Public Convenience and Necessity to Provide Local Exchange, Telecommunications Services
 PUC-2013-00045 CenturyLink, Inc. Qwest Communications Company, LLC d/b/a CenturyLink QCC, and Qwest Communications Corporation of Virginia, Inc. d/b/a CenturyLink - Joint Petition for Approval of an Internal Corporate Restructuring
 PUC-2013-00046 Qwest Communications Company, LLC d/b/a CenturyLink QCC - Application to provide facilities-based and resold local exchange, exchange access, and interexchange telecommunications services in the Commonwealth of Virginia
 PUC-2014-00001 iNetworks Group Virginia, Inc. - Cancellation of its Certificate of Public Convenience and Necessity to provide Resold Local Exchange Telecommunications Services, Local Certificate No. T-686 issued August 2009
 PUC-2014-00002 Verizon Virginia LLC & BCN Telecom of Virginia, Inc. - Interconnection Agreement
 PUC-2014-00003 Verizon South Inc. and BCN Telecom of Virginia, Inc. - Interconnection Agreement
 PUC-2014-00004 United Telephone Southeast LLC d/b/a CenturyLink & Central Telephone Company of Virginia d/b/a CenturyLink - Application for elimination of various separation conditions imposed on companies in 2006 as a result of their spin-off from Sprint Nextel Corp.
 PUC-2014-00005 Lumos Telephone of Botetourt Inc. and Comcast Phone of Virginia, LLC - Interconnection Agreement
 PUC-2014-00006 SIG Acquisition Company, LLC - Application for Cancellation & Reissuance of Certification of Public Convenience & Necessity to Provide Local Exchange and Interchange Telecommunications Services to Reflect a Company Name Change
 PUC-2014-00007 RNK VA, LLC - For cancellation of CLEC and IXC
 PUC-2014-00008 Conterra Ultra Broadband, LLC, Conterra Ultra Broadband Holdings, Inc. and CUB Parent, Inc. - Joint Application for Transfer of Control
 PUC-2014-00009 DSCI Corporation - Notification of Pro Forma Transactions
 PUC-2014-00010 Peerless Network, Inc. & IntelPeer, Inc. - Joint Application for approval of a transfer of control of an Authorized Telecommunications Provider
 PUC-2014-00011 Verizon Virginia LLC and Burke's Garden Telephone Company, Inc. - Interconnection Agreement
 PUC-2014-00012 Verizon Virginia LLC and Citizens Telephone Cooperative - Interconnection Agreement
 PUC-2014-00013 Time Warner Cable, Inc. and Comcast Corporation - Joint Petition for approval of the transfer of control of Time Warner Cable Information Services, LLC Time Warner Cable Business LLC, & DukeNet Communications, LLC
 PUC-2014-00016 Birch Communications of Virginia, Inc. d/b/a Birch Communications & Beyond Communications, LLC - Joint Petition for approval to Transfer Customers and Assets
 PUC-2014-00018 Verizon Virginia LLC and Qwest Communications Corporation of Virginia d/b/a CenturyLink - Interconnection Agreement
 PUC-2014-00019 NEON Virginia Connect, LLC - Request to Surrender the Certificates Nos. T-669 and TT-235A
 PUC-2014-00021 Wide Voice, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based Competitive Local exchange and Interexchange Service in the Commonwealth of Virginia
 PUC-2014-00022 Qwest Communications Company, LLC - Application requesting cancellation and reissuance of its Certificates of Public Convenience and Necessity to reflect a corporate name change
 PUC-2014-00024 Infotelecom, LLC - For cancellation of certificate
 PUC-2014-00025 Charter Communications, Inc. - Petition
 PUC-2014-00026 Midwest Cable, LLC, Charter Communications, Inc. and Comcast Corporation - Joint Petition for approval of Transfer of Control of Midwest Cable Phone of Virginia, LLC
 PUC-2014-00027 Midwest Cable Phone of Virginia, LLC - For CLEC and IXC
 PUC-2014-00028 Verizon Virginia LLC f/k/a Verizon Virginia Inc. and Broadwing Communications, LLC f/k/a Focal Communications Corporation of Virginia - Amendment No. 1 and Amendment No. 2 to the Interconnection Agreement
 PUC-2014-00029 Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink and Peerless Network of Virginia, LLC
 PUC-2014-00030 MCIMetro Access Transmission Services of Virginia, Inc. - Written notice to the State Corporation Commission of Company's election to be regulated as a competitive telephone company
 PUC-2014-00031 Verizon South Inc. - Written notice to the State Corporation Commission of Company's election to be regulated as a competitive

	telephone company
PUC-2014-00032	Verizon Virginia LLC - Written notice to the State Corporation Commission of Company's election to be regulated as a competitive telephone company
PUC-2014-00033	tw telecom of virginia llc and Level 3 Communication - Joint Petition
PUC-2014-00034	Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink - Application to establish a competitive test under Va. Code § 56-235.5(E)
PUC-2014-00035	InSite Fiber of Virginia, LLC - Application
PUC-2014-00036	Crown Castle NG Atlantic LLC – Application
PUC-2014-00038	Town of Bedford - Request to Amend Certificates of Public Convenience and Necessity; Name Change of the City of Bedford to the Town of Bedford
PUC-2014-00039	Sprint Communications Company of Virginia, Inc. - Petition for Partial Discontinuance of Service
PUC-2014-00040	Communications Infrastructure Investments, LLC, Zayo Group Holdings, Inc. & Zayo Group, LLC - Joint Application
PUC-2014-00041	Verizon South Inc. f/k/a GTE South Incorporated and TelCove Operations, LLC - and Amendment No. 1 and Amendment No. 2. to the Interconnection Agreement
PUC-2014-00042	Verizon Virginia LLC f/k/a Verizon Virginia Inc. & Telcove Operations, LLC - Interconnection Agreement between Bell Atlantic - Virginia, Inc. n/k/a Verizon Virginia LLC & Hyperion Telecommunications of Virginia, Inc. n/k/a Telcove Operations, LLC
PUC-2014-00046	Unity Telecom, LLC f/k/a dPi Teleconnect, LLC - Letter requesting surrender of CPCN authority and withdrawal of CLEC Registration in the state of Virginia
PUC-2014-00047	IntelePeer, Inc. - Letter requesting reissuance of certificates to reflect name change from IntelePeer Inc.'s to Airus Virginia, Inc.
PUC-2014-00049	Talk America Services 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-2014-00051	Crown Castle NG Atlantic LLC and 24/7 Mid-Atlantic Network of Virginia, LLC, 24/7 Chesapeake Holdings, LLC and GRI Fund #2, L.P. - Joint Application for Approval of the Transfer of Indirect Control of 24/7 Mid-Atlantic Networks of Virginia, LLC
PUC-2014-00052	Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink and New Horizons Communications of Virginia Inc. - Interconnection Agreement
PUC-2014-00053	Verizon South Inc. and Voxbeam Telecommunications Inc. - Interconnection Agreement
PUC-2014-00054	Verizon Virginia LLC and Voxbeam Telecommunications Inc. - Interconnection Agreement
PUC-2014-00056	Onvoy, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based Competitive Local and Interexchange Telecommunications Services within the Commonwealth of Virginia
PUC-2014-00057	Verizon Virginia LLC and Hypercube Telecom, LLC - Interconnection Agreement
PUC-2014-00058	Verizon South Inc. and Hypercube Telecom, LLC - Interconnection Agreement
PUC-2014-00059	Vodafone Americas Virginia Inc. - Application for a Certificate of Public Convenience and Necessity to Provide Competitive Local Exchange and Facilities-Based Interexchange Telecommunications Services in the Commonwealth of Virginia
PUC-2014-00061	Lightower Fiber Networks I, 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

PUE**DIVISION OF ENERGY REGULATION**

PUE-2007-00083	MRDB Holdings LP d/b/a LPB Energy Consulting - For a permanent license to conduct business as an electric and gas aggregator
PUE-2014-00001	Appalachian Power Company - Petition for authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia.
PUE-2014-00002	Virginia-American Water Co. - For authority to issue short-term debt securities
PUE-2014-00003	In the matter of amending regulations governing net energy metering.
PUE-2014-00004	Virginia American Water Company - Annual Informational Filing for the twelve-months ended September 30, 2013
PUE-2014-00005	Washington Gas Light Company - Annual Informational Filing for the twelve-months ended September 30, 2013
PUE-2014-00006	Virginia Natural Gas, Inc. - 2013 Annual Informational Filing based on the twelve-months ended September 30, 2013.
PUE-2014-00007	Appalachian Power Company - Petition for Approval of Rate Adjustment Clause
PUE-2014-00008	Kentucky Utilities Company d/b/a Old Dominion Power Company, <i>et al.</i> - Verified Joint Application to Engage in Affiliate Transactions
PUE-2014-00009	Appalachian Natural Gas Distribution - Annual Informational Filing for the year ended September 30, 2013.
PUE-2014-00010	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to revise its fuel factor
PUE-2014-00011	Columbia Gas of Virginia, Inc. - Application for approval of a Capacity Assignment agreement, a Capacity Interest Lease Agreement, and a Negotiated Rate FT-C Transportation Service Agreement with Columbia Transmission, LLC
PUE-2014-00012	Aqua Virginia, Inc., <i>et al.</i> - For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2014-00013	Dominion Virginia Power and Northern Neck Electric Cooperative - boundary line adjustment
PUE-2014-00014	Appalachian Power Company - Application for approval to close its Peak Shaving and Emergency Demand Response Rider
PUE-2014-00015	Washington Gas Light Company - Application for approval to revise service agreements for the services Washington Gas provides to three of its affiliates
PUE-2014-00016	Columbia Gas of Virginia, Inc. - Approval of a special rate and contract pursuant to VA Code § 56-235.2
PUE-2014-00018	Columbia Gas of Virginia, Inc. - Application for approval of Master Auto PAL Agreements with Columbia Gas Transmission, LLC and Columbia Gulf Transmission, LLC pursuant to Chapter 4 of Title 56 of the Code of Virginia.
PUE-2014-00019	Fauquier Water and Sanitation Authority, Waterloo North Property Owners' Association, Inc., <i>et al.</i> - Petition for approval by the State Corporation Commission of the transfer of public utility
PUE-2014-00020	Columbia Gas of Virginia, Inc. - Application for general increase in rates and charges
PUE-2014-00021	Virginia Electric and Power Company d/b/a Dominion Virginia Power - Application/Petition pursuant to § 56-585.1 A 4 of the Code of Virginia
PUE-2014-00022	Kentucky Utilities Company d/b/a Old Dominion Power Company - 2013 Annual Informational Filing
PUE-2014-00023	Skyline Innovations, Inc. - For license to become a Natural Gas Aggregator
PUE-2014-00024	Ecova, Inc. - Application for a Gas and Electric Aggregator license
PUE-2014-00025	Virginia Electric and Power Company - For approval and certification of electric transmission facilities for the Remington CT-Warrenton 230 kV Double Circuit Transmission Line, Vint Hill-Wheeler and Wheeler Loudoun 230 kV Transmission Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station

PUE-2014-00026	Appalachian Power Company - Application for a 2014 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-2014-00027	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-2014-00028	Appalachian Natural Gas Distribution Company - For authority to incur debt and receive cash capital contributions from an affiliate under Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia
PUE-2014-00029	Western Virginia Water Authority & Lakewood Service Corporation - Petition for approval of a transfer of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2014-00030	Virginia Electric and Power Company - Motion to Modify Approved Stipulation
PUE-2014-00031	Kentucky Utilities Company d/b/a Old Dominion Power Company - Verified Application for Authority to Issue Securities and Assume Obligations Under Chapter 3 of Title 56 of Code of Virginia and Engage In an Affiliate Transaction Under Chapter 4 of Title 56 of the Code of Virginia
PUE-2014-00032	Columbia Gas of Virginia, Inc. - Application for Authorization to Extend its Gas Cost Hedging Program
PUE-2014-00033	Virginia Electric and Power Company - Application to revise its fuel factor pursuant to Va. Code § 56-249.6
PUE-2014-00034	Massanutten Public Service Corporation - 2013 Annual Informational Filing
PUE-2014-00035	Massanutten Public Service Corporation - Notice of Intent to File an Application for Increase in Rates pursuant to Chapter 10 Title 56 of the Code of Virginia
PUE-2014-00036	Dale Service Corporation - Application for its Annual Informational Filing
PUE-2014-00037	Virginia Natural Gas, Inc. - Application for approval of its 2014 SAVE Rider update
PUE-2014-00038	East Coast Transport, Inc., Tenaska, Inc., Tenaska Virginia Partners, L.P. and Tenaska Operations, Inc. - Application for renewed approval pursuant to the Affiliates Act, Chapter 4 of Title 55 of the Code of Virginia, of certain agreements
PUE-2014-00039	Appalachian Power Company - 60 day Notice of Intent to File Petition for approval of Rate Adjustment Clauses pursuant to Va Code § 56-585.1 A 5 c
PUE-2014-00040	Appalachian Power Company - Application for Approval and Certification of the Richlands-Whitewood 138 kV Transmission Line Project under Title 56 of the Code of Virginia
PUE-2014-00041	Mansfield Power and Gas, LLC - Application for choice marketer certification
PUE-2014-00042	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider W, Warren County Power Station, for the Rate Year Commencing April 1, 2015
PUE-2014-00043	A&N Electric Cooperative - For authority to incur long-term indebtedness
PUE-2014-00044	Atmos Energy Corporation - Application for approval of a 2014-2015 SAVE Plan and rider adjustment and to amend the SAVE Plan
PUE-2014-00045	Aqua Virginia Inc. - Notice to file a general rate case regarding all water and wastewater systems no sooner than August 1, 2014
PUE-2014-00046	Aqua Virginia Inc. and Manquin Water Company - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2014-00047	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Cunningham-Elmont 500 kV Transmission Line Rebuild
PUE-2014-00048	Pepco Holdings, Inc., Delmarva Power & Light Company, Potomac Electric Power Company, Conectiv LLC, Exelon Corporation, <i>et al.</i> - Joint Petition for approval of merger pursuant to the Utility Transfers Act, VA Code § 56-88 <i>et seq.</i>
PUE-2014-00049	Roanoke Gas Company - for Authority to Issue Debt
PUE-2014-00050	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, 2015
PUE-2014-00051	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center, for the Rate Year Commencing April 1, 2015
PUE-2014-00052	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider R, Bear Garden Generating Station, for the Rate Year Commencing April 1, 2015
PUE-2014-00053	Dale Service Corporation and Virginia-American Water Company - Petition for approval of change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 <i>et seq.</i>
PUE-2014-00054	Roanoke Gas Company - Affiliate Act Application
PUE-2014-00055	The Potomac Edison Company - Petition for a Declaratory Judgment.
PUE-2014-00056	In re: Issuance of Renewable Energy Certificates to Virginia Electric and Power Company for 2013 as directed by § 56-585.2 J of the Code of Virginia
PUE-2014-00057	Virginia Electric and Power Company d/b/a Dominion Virginia Power & Central Virginia Electric Cooperative - For revision of certificates under the Facilities Act
PUE-2014-00058	Columbia Gas of Virginia Inc. - Application for approval of a Purchase and Sale Agreement, a Restated and Amended Delivery Interconnect Agreement and a Revised Point of Delivery Policy pursuant to the Utility Facilities Act and Utility Transfer Act
PUE-2014-00059	Western Virginia Water Authority, <i>et al.</i> - Petition
PUE-2014-00060	Washington Light Gas Company - For authority to issue long-term debt securities
PUE-2014-00061	Washington Gas Light Company - Application for approval of Service Agreement between Washington Gas and a new affiliate, WGL Midstream MP
PUE-2014-00062	Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc. – For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2014-00063	Virginia Electric and Power Company and Virginia Power Services, LLC - For approval of a revised affiliate agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2014-00064	Columbia Gas of Virginia, Inc. - Application for approval of a Service Agreement between Columbia Gas of Virginia, Inc. and NiSource Corporate Services Company
PUE-2014-00065	Virginia Electric and Power Company - Petition for approval of a disposition of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2014-00066	Virginia American Water Company, Aqua Virginia, Inc. and Massanutten Public Service Corporation - Petition for Rulemaking to establish a Water and Wastewater Infrastructure Service Charge
PUE-2014-00067	Roanoke Gas Company - Application for Modification of its SAVE Plan and Rider
PUE-2014-00068	Virginia Natural Gas, Inc. - Notice of Intent to File an Application for Authorization to Amend its CARE Plan on or after September 1, 2014

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

PUE-2014-00069	Virginia Natural Gas, Inc. and Pivotal Propane of Virginia, Inc. - Application for approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2014-00070	The Potomac Edison Company - Application for Approval of Electrical Facilities pursuant to Va. Code § 56-46.1 and for Certification of Such Facilities under the Utility Facilities Act
PUE-2014-00071	Virginia Electric and Power Company - Notice of intent to file applications or petitions pursuant to § 56-585.1 A 5 of the Code of Virginia
PUE-2014-00072	Bedford Regional Water Authority and Hull's L.L.C. - Petition for approval of a transfer of a public utility pursuant to Chapter 5 of Title 56
PUE-2014-00073	Appalachian Natural Gas Distribution Company - Application for a special rate and contract pursuant to Virginia Code § 52-235.2
PUE-2014-00074	Maryland Energy Advisors, LLC - for license to provide broker/aggregation services for electricity and natural gas supply
PUE-2014-00078	Aqua Virginia, Inc. and Aqua America, Inc. - for Approval of an affiliate agreement
PUE-2014-00079	Aqua Virginia, Inc., Aqua Presidential, Inc., Aqua America, Inc. - Joint Application to Update Authority Granting in Case No. PUE-2008-00013 for Continued Participation in a Tax Allocation Agreement Pursuant to Affiliates Act
PUE-2014-00080	Southside Electric Cooperative - For authority to issue long-term debt
PUE-2014-00081	Appalachian Power Company - Application for Authority to Enter into an Affiliate Transaction under Title 56, Chapter 4 of the Code of Virginia
PUE-2014-00083	Atmos Energy Corporation - For authority to issue Common Stock
PUE-2014-00084	Atmos Energy Corporation - for authority to issue Common Stock
PUE-2014-00085	Smart One Energy, LLC - Application for a license to conduct business in Virginia as a competitive service provider and \$250 check for filing fee.
PUE-2014-00086	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities, Brambleton - Mosby 500 kV Line #546
PUE-2014-00087	Virginia Electric and Power Company - Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.
PUE-2014-00088	Columbia Gas of Virginia, Inc. - Application for approval to implement a 2015 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions.
PUE-2014-00089	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For establishment of a Rate adjustment clause: Rider U, new underground distribution facilities for the Rate Year commencing September 1, 2015
PUE-2014-00090	Washington Gas Light Company - Application for approval of the SAVE Rider for calendar year 2015
PUE-2014-00091	Washington Gas Light Company - Application for Authority to Revise Rate Schedule Nos. 4, 7, 9, and 11
PUE-2014-00092	Aqua Virginia, Inc. - Petition for Waiver of Annual Informational Filing
PUE-2014-00093	Western Virginia Water Authority and Wirtz Services, LLC - Petition
PUE-2014-00094	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Rappahannock Electric Cooperative - For revision of service territory boundary lines
PUE-2014-00095	Integrus Energy Services - Natural Gas, LLC; Compass Energy Services, LLC; NOVEC Energy Solutions, Inc., Direct Energy Services, LLC and Bollinger Energy, LLC - Petition against Washington Gas Light Company.
PUE-2014-00096	Columbia Gas of Virginia, Inc. - Company's 60 day advance notice of intent to file Application for Authorization to Amend its Conversation and Ratemaking Efficiency Plan
PUE-2014-00097	John E. Pavlansky, Jr., and Dianne H. Pavlansky - Petition for a Declaratory Judgment
PUE-2014-00098	Chih-Yuan Derek Wang and Hui-Hsin Amy Wang - Petition for a Declaratory Judgment
PUE-2014-00099	Aubon Water Company, Inc. and Hannon B. Graves - Petition for approval of Transfer of Assets of a Virginia Water Public Utility with corresponding Real Estate Purchase Contract
PUE-2014-00100	Appalachian Power Company - for Approval to enter into affiliate transaction
PUE-2014-00101	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 and \$250 check for filing fee
PUE-2014-00102	English Biomass Partners - Ferrum, LLC - Application for license to do business as a Competitive Service Provider of Electricity Supply Service; \$250 check enclosed for filing fee
PUE-2014-00103	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2015
PUE-2014-00104	Dominion Virginia Power and Shenandoah Valley Electric - boundary line change
PUE-2014-00105	Agera Energy LLC - Application to become an electric and gas supplier in Virginia
PUE-2014-00106	Southwestern Virginia Gas Company - Annual Informational Filing
PUE-2014-00107	Roanoke Gas Company - Annual Information Filing for the year ending June 30, 2014
PUE-2014-00108	Appalachian Power Company - Application and Exhibits Under Chapter 3 of Title 56 of the Code of Virginia
PUE-2014-00109	Columbia Gas of Virginia, Inc. - Application for Authority to Issue Long-Term and to Participate in an Intrasystem Money Pool Arrangement with an Affiliate
PUE-2014-00110	Shenandoah Valley Electric Cooperative - Application for authority to issue a Note to the United State Department of Agriculture Rural Utilities Services
PUE-2014-00111	Virginia-American Water Company and American Water Capital Corp. - Joint Request to Continue Prior Authorization to extend Authority
PUE-2014-00112	Ree Va, Inc. and Po River Water and Sewer Company - Joint Petition for Approval of a Transfer of Stock.
PUE-2014-00113	Virginia Electric and Power Company and the East Ohio Gas Company - Application for an exemption from approval or, alternatively, for approval of a transfer of used laptop computers pursuant to Chapter 4, Title 56 of the Code of Virginia, as amended
PUE-2014-00114	Virginia Electric and Power Company - Petition for approval of the acquisition and disposition of utility securities pursuant to Chapter 5 of Title 56 of the Code of Virginia.
PUE-2014-00115	Virginia Electric and Power Company - For approval and certification of electric facilities: Pacific 230 kV Double Circuit Transmission Line and 230-34.5 kV Pacific Substation
PUE-2014-00116	Sprague Operating Resources LLC - License Application for Competitive Service Provider
PUE-2014-00117	Virginia Natural Gas, Inc., AGL Resources Inc. and AGL Services Company - Application for Authority to Issue Short-Term Debt, Long-Term Debt & Common Stock to an Affiliate under Chapter 3 and 4, Title 56 of the Code of Virginia & \$250 check for filing fee
PUE-2014-00118	Rappahannock Electric Cooperative - for Authority to incur indebtedness
PUE-2014-00121	Atmos Energy Corporation and Atmos Energy Marketing, LLC - Joint Application for authority to enter into a gas supply and asset management agreement under the Affiliates Act, Va. Code § 56-76 et seq.
PUE-2014-00122	Northern Virginia Electric Cooperative - Application for an Increase in Parental Loan Guarantee Limit on behalf of its Affiliates Under Chapters 3 & 4 of Title 56 of the Code of Virginia and \$250 check for filing fee.

PUE-2014-00123 Virginia Electric and Power Company d/b/a Dominion Virginia Power and Rappahannock Electric Cooperative - For amended boundary line certificate
 PUE-2014-00126 Aqua Virginia Inc. and Wintergreen Valley Utility Company, L.P. - Joint Petition for Approval of a Transfer of Utility Assets
 PUE-2014-00129 Toll Road Investors Partnership II L.P. - Application for an increase in tolls pursuant to § 56-542 I of the Virginia Code

SEC**DIVISION OF SECURITIES AND RETAIL FRANCHISING**

SEC-2011-00049 Fintegra, LLC - Alleged violation of 21 VAC 5-20-260 A & B
 SEC-2012-00046 Robert Allan Sigleer - Alleged violation of VA Code § 13.1-504 *et al.*
 SEC-2013-00008 National Covenant Properties - 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-2013-00029 Independent Financial Group, LLC - Alleged violation of VA Code § 13.1-502 *et al.*
 SEC-2013-00041 Alan T. Lane - For Order Imposing Special Supervisory Procedures
 SEC-2013-00042 Bio-Fuel Development Company, LLC - Alleged violation of VA Code § 13.1-507
 SEC-2014-00002 Allegiancy, LLC - for registration of securities pursuant to VA Code § 13.1-510
 SEC-2014-00003 Sharky's Cuts for Kids International Co., LLC & Scott Sharkey - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
 SEC-2014-00004 Trustees of the Funds of the Protestant Episcopal Church in the Diocese of Virginia - for an official interpretation
 SEC-2014-00006 Mullins Investment Services - Alleged violation of VA Code § 13.1-504 C (i) and 21 VAC 5-80-170 B
 SEC-2014-00007 UT Citywide Partners, LLC - for registration of securities pursuant to § 13.1-510 of the Code of Virginia
 SEC-2014-00009 Mark D. Kinsler - Alleged violation of VA Code §§ 13.1-507 and 13.1-502 (2)
 SEC-2014-00011 James D. Oliver - Alleged violation of VA Code §§ 13.1-507 and 13.1-502 (2)
 SEC-2014-00012 Pacific West Securities, Inc. - Alleged violation of VA Code § 13.1-502 (2)
 SEC-2014-00013 Church of God Foundation - for an Order of Exemption
 SEC-2014-00014 Brickhouse Cardio Club, Inc. f/k/a Sprouse Fitness, LLC, and Victor Sprouse - Alleged violation of VA Code § 12.1-33
 SEC-2014-00015 Robert Russell Grimes - Alleged violation of VA Code § 13.1-504. A (i) *et al.*
 SEC-2014-00016 Adam Eric Campbell - Alleged violation of 21 VAC 5-45-20 A *et al.*
 SEC-2014-00017 Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund - Exemption from registration pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00018 Jack G. Azar & Manhattan Pizza Company, LLC and Luv'n'berry - Alleged violation of VA Code § 13.1-560
 SEC-2014-00019 Jessalynn Marie Medairy & Jessalynn & Company, LLC - Alleged violation of VA Code § 13.1-560
 SEC-2014-00020 National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00021 Columbia Union Revolving Fund - For order of exemption pursuant to VA Code § 13.1-514.1 (B)
 SEC-2014-00023 Richard Lawrence Pennington, Jr. - Alleged violation of VA Code §§ 13.1-507, 13.1-504 B and 13.1-502 (2)
 SEC-2014-00025 Heritage Investment Services Fund, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00026 Mission Investment Fund of the Evangelical Lutheran Church of America - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00027 J. P. Morgan Securities, LLC - Alleged violation of VA Code § 13.1-504 *et al.*
 SEC-2014-00028 Restoration 1 Franchise Holding, LLC - Alleged violation of VA Code § 13.1-560
 SEC-2014-00029 The Solomon Foundation - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00032 Urban Bar-B-Que Company & David J. Calkins - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
 SEC-2014-00034 Morgan Stanley Smith Barney, LLC - Alleged violation of 21 VAC 5-20-260 B *et al.*
 SEC-2014-00036 Diveley Lind & Associates, LLC - For cancellation of surety bond
 SEC-2014-00037 MidAtlantic IRA, LLC - Alleged violation of VA Code §§ 13.1-504 A, 13.1-504 B, and 13.1-507
 SEC-2014-00039 Royal Alliance Associates, Inc. - Alleged violation of VA Code § 13.1-502
 SEC-2014-00040 Mr. Oil Saver, LLC - for alleged violation of VA Code §§ 13-1560, 13.1-563 (4), 13.41-563 (2), and 13.1-563 (3)
 SEC-2014-00041 In the matter of adopting a revision to the Rules Governing the Virginia Securities Act
 SEC-2014-00044 Lutheran Church Extension Fund - Missouri Synod (LCEF) #1411 - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00047 Virginia United Methodist Development Company, LLC - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00049 Harvest Life Changers Church International Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B

URS**DIVISION OF UTILITY AND RAILROAD SAFETY**

URS-2009-00415 Atmos Energy Corporation - Alleged violation of VA Code §§ 56-265.19 A *et al.*
 URS-2010-00075 Skanska USA Civil Southeast Inc. - Alleged violation of VA Code §§ 56-265.24 B *et al.*
 URS-2010-00421 My Builder, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2010-00422 Sowers Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2012-00019 C. W. Davis Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2012-00140 Perry Engineering Company, Incorporated - Alleged violation of VA Code §§ 56-265. 24 A, 56-265. 24 C and 20 VAC 5-309-140 2
 URS-2012-00146 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.17 A, 56-265.19 A and 20 VAC 5-309-110 M
 URS-2012-00173 Bright Masonry, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2012-00185 Raco, Incorporated - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140 2
 URS-2012-00192 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A and 20 VAC 5-309-160
 URS-2012-00198 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2012-00339 Precision Pipe, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2012-00431 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2013-00043 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2013-00085 E.E. Lyons Const. Co., Inc. - Alleged violation of VA Code §§ 56-265.18 and 56-265.24
 URS-2013-00173 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2013-00201 Fanton Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2013-00257 Atmos Energy Corporation - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*

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-2013-00290 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00316 United Excavating and Land Development, Inc. - Alleged violation of VA Code § 56-265.17 B *et al.*

URS-2013-00387 C. W. Wright Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00410 Blair Construction, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*

URS-2013-00427 East Coast Communication, LLC - Alleged violation of VA Code §§ 56-265.24A and 56-265.24 C

URS-2013-00435 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*

URS-2013-00444 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A

URS-2013-00445 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*

URS-2013-00446 Thompson Cable Services, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00447 Shirley Contracting Company, LLC - Alleged violation of VA Code § 56-265.17 D *et al.*

URS-2013-00453 A-1 Sewer and Drain, Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00454 Pilgrim Communications LLC - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00457 Chevy Chase Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2013-00460 Meadow Green Builders Incorporated - Alleged violation of VA Code 56-265.17 A

URS-2013-00464 Columbia Gas of Virginia - Alleged violation of 49 C.F.R. §§ 192.199 (e), *et al.*

URS-2013-00465 DCI/Shires, Inc. - Alleged violation of VA Code § 56-265.24 C

URS-2013-00473 Worth Cable, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00474 American Eagle Masonry - Alleged violation of VA Code § 56-265.17 A

URS-2013-00477 Demarr Construction, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00480 NPL Construction Co - Alleged violation of VA Code § 56-265.24 A

URS-2013-00481 River House Enterprises LC - Alleged violation of VA Code §§ 56-265.18 and 24 A

URS-2013-00482 SJ Cable - Alleged violation of VA Code § 56-265.24 A

URS-2013-00487 Bella Terra, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00490 Branche Industries, Inc. - Alleged violation of VA Code §§ 56-265.17 A, 24 A and 24 E

URS-2013-00497 A & B Electric, Incorporated - Alleged violation of VA Code § 56-265.17 A *et al.*

URS-2013-00498 Basnight Land & Lawn, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00500 A&A Asphalt, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00506 New Technologies Construction Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00507 PPJ & T - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00512 Hurricane Fence Co.. - Alleged violation of VA Code § 56-265.17 A

URS-2013-00515 Peters and White Construction Co - Alleged violation of VA Code § 56-265.24 A

URS-2013-00516 Computer Cabling & Technology Services, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00517 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A

URS-2013-00522 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00523 Hall Bros. Electrical Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*

URS-2013-00524 Southern Plumbing & Backhoe, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00525 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00526 Springfield Construction, Inc. - Alleged violation of VA Code § 56-265.24 C *et al.*

URS-2013-00527 Virginia Erosion Control LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00528 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00529 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.17 D *et al.*

URS-2013-00530 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00531 Ed Lawrence Construction Co. - Alleged violation of VA Code § 56-265.17 B (1)

URS-2013-00532 Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00533 Horton's Nursery - Alleged violation of VA Code § 56-265.17 A *et al.*

URS-2013-00534 KS Communication, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2013-00535 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00536 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2013-00537 Urban Construction, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00538 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A

URS-2013-00539 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*

URS-2013-00540 Winn Nursery of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2013-00541 Trigon Exploration, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00542 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*

URS-2013-00543 Exclusive Design - Alleged violation of VA Code § 56-265.17A, and 20 VAC 5-309-200

URS-2013-00544 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 B *et al.*

URS-2013-00545 Faulconer Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00546 K C Electric Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00548 Kenwood Builders, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2013-00549 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*

URS-2013-00550 Lambert's Cable Splicing Company LLC - Alleged violation of VA Code § 56-265.24 A

URS-2013-00552 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.150.6, 150.8, 24 A

URS-2013-00553 Techcon, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00554 The Building Management Co., LLC - Alleged violation of VA Code § 56-265.17 A

URS-2013-00555 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00556 Venture Construction - Ram Jack Co. - Alleged violation of VA Code § 56-265.24 A

URS-2013-00557 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A

URS-2013-00558 Virginia Carolina Paving Co., MCC Acquisition, LC t/a Virginia Carolina Paving Co - Alleged violation of VA Code § 56-265.24 A

URS-2013-00559 Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2013-00560 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2013-00561 General Excavation, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2013-00562 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2013-00563 Brandonbilt Foundations, Inc. - Alleged violation of VA Code § 56-265.24 D
 URS-2013-00565 Basic Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2013-00567 Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00001 Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00002 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00003 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00004 Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00006 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00007 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00008 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00009 Utilities Unlimited, L. L. C. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00010 W. R. Gibson Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00011 Tysons Service Corporation of Virginia - Alleged violation of VA Code § 56-265.17 B 1
 URS-2014-00013 Payne's Excavating & Erosion Control, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00015 North American Construction Company, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00016 Matthews Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00017 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00018 The King Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00019 Bissette Construction Corporation - Alleged violation of VA Code § 56-265.140.3, 24 A
 URS-2014-00022 Town & Country Electrical, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00023 Worley Turf & Irrigation, Inc. - Alleged violation of VA Code § 56-265.140.4, 24 A
 URS-2014-00024 Anderson Greenhouses Incorporated - Alleged violation of VA Code Service 56-265.17 A
 URS-2014-00025 APEX Concrete & Asphalt - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00027 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.140.3, 24 A
 URS-2014-00028 C'ville Residential (Partnership) - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00029 Classic City Mechanical, Inc. - Alleged violation of VA Code § 56-265.140.2, 140.4, 24 A
 URS-2014-00030 Commercial Scrapes, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00031 Custom Stone Company, Inc. - Alleged violation of VA Code § 56-265.17A
 URS-2014-00032 The Davishir Group, Inc. t/a Davishar Plumbing - Alleged violation of VA Code § 56-265.140.2, 140.4, 24 A
 URS-2014-00033 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.140.0, 140.4, 180, 24 A
 URS-2014-00035 Faulconer Construction Company, Incorporated - Alleged violation of VA Code § 56-265.200, 24 A
 URS-2014-00036 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.140.2, 140.4, 24 A
 URS-2014-00037 Infrasource Construction Services, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00038 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 B
 URS-2014-00039 Little Egypt Corporation - Alleged violation of VA Code § 56-265.17 A, 200
 URS-2014-00040 Plumbing by Chance, Inc. - Alleged violation of VA Code § 56-265.17 A, 24 A
 URS-2014-00041 Anike Group, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00042 James Simmons - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00043 Terminix Seva, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00045 SCW Services, Inc. - Alleged violation of VA Code § 56-265.140.4, 17 A, 24 A
 URS-2014-00047 Five Star Septic, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00048 Sports Turf Services Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00049 E. E. Lyons Const. Co., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00050 Area Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00051 Re Ry, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00052 Advanced Construction Group, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00053 Ace Irrigation - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00054 Appalachian Power Company - Alleged violation of VA Code § 56-265.140.3, 24 A
 URS-2014-00055 Atlantic Construction Company, LLC - Alleged violation of VA Code § 56-265.150.4, 150.8, 24 A
 URS-2014-00056 William B. Hopke Co. Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00057 DLB, Inc - Alleged violation of VA Code § 56-265.24 C
 URS-2014-00059 J.M. Fencing Contractor Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00061 Martinez Construction of Roanoke LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00062 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00063 Amsterdam Enterprises LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00064 Crigger Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00066 Ashburn Contracting Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00067 Fonseca Concrete Inc. - Alleged violation of VA Code § 56-265.17 A, 200
 URS-2014-00069 RER Underground LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00070 CWA Cable TV, Inc. - Alleged violation of VA Code § 56-265.19 A, 19 E
 URS-2014-00071 Momentum Earthworks, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00072 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00075 Southside Concrete Services, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00076 Shoosmith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00077 Randy Hostetter Excavating, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00080 Branscome Inc. - Alleged violation of VA Code § 56-265.140.2, 140.4, 200, 24 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2014-00081 Wolf Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00082 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00083 S&N Locating Services LLC - Alleged violation of VA Code § 56-265.110.M, 19 A
 URS-2014-00084 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.140.2, 140.4, 24 A
 URS-2014-00085 Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00086 Ed Lawrence Construction Co. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00087 DU, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00088 Denison Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00089 Colonial Plumbing & Heating Co., Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00090 The Collier Companies, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00091 Carroll Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00092 Branche Industries, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00093 Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00094 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00095 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00096 Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2014-00097 D&W Marketing, Inc. t/a Innovative Spas - Alleged violation of VA Code § 56.265.17 A
 URS-2014-00098 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00099 Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192-199 (e) *et al.*
 URS-2014-00100 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00101 Roanoke Gas Company - Alleged violations of 49 C.F.R. § 192.199 (w) *et al.*
 URS-2014-00102 Pulte Home Corporation - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00103 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.17 C *et al.*
 URS-2014-00104 Commonwealth Irrigation & Landscape Corporation - Alleged violation of VA Code § 56-265
 URS-2014-00105 M & C Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00106 Davis H. Elliot Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00107 James Plumbing - Alleged violation of VA Code § 56-265.24 D
 URS-2014-00108 Marco Plumbing & Handyman, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00109 Orders Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 D *et al.*
 URS-2014-00110 Prillaman & Pace, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00111 Valley Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00112 A & D Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00113 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00114 J. M. Briggs, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00115 Linco Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00116 Branscome Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00117 Chesapeake Bay Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00118 Classic Concrete Finishes, L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00119 E. T. Lawson and Son, Incorporated - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00120 Everett's Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00121 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00122 Innovative Construction Concepts, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00125 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00126 DLB, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00127 W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00128 Commercial Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00129 Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00130 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00131 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00132 Eidson & Son Concrete & Repair Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00133 Arthur V. Brandriff, III - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00134 J. H. Fisher Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00135 K. Hovnanian Homes of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00138 Realty Direct, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00139 The Ryland Group, Inc. t/a Ryland Homes - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00142 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00143 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00144 New Home Media - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00145 DJ Fence LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00146 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00147 Utiliquist, LC - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00148 A & J Development and Excavation, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00149 AWP Asset Management Limited Company - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00150 Armstrong Electric Co., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00151 Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00152 Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00154 Computer Cabling & Technology Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00155 Athens Building Corporation t/a First Class Contracting - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00156 Godsey & Son, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00157 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2014-00158 Momentum Earthworks, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00161 Pease Industries, Inc. t/a Roto Rooter - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00162 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00163 DNS Renovation - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00165 Green Village Concrete, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00168 LCS Site Services, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00169 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00170 Meadows Farms, Inc. - Alleged violation of VA Code § 56-265.24 E *et al.*
 URS-2014-00171 MR Project Management, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00172 New York Excavation, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00173 One Loudoun, L.L.C. c/o Miller and Smith - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00174 NPL Construction Co. - Alleged violation of VA Code § 56-265.17 C *et al.*
 URS-2014-00178 Sharp Haulers & Backhoe Services, LLC - Alleged violation of VA Code § 56-265.24 B
 URS-2014-00179 Tessa Construction & Tech Company, LLC - Alleged violation of VA Code § 56-265.18
 URS-2014-00180 Tysons Service Corporation of Virginia - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00183 The Fishel Company - Alleged violation of VA Code § 56-265.24 B
 URS-2014-00184 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00185 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00186 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00187 Washington Gas Light Company- Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
 URS-2014-00188 P. R. Plumbing Solutions, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00189 Chesapeake Bay Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00190 CFS Service Corporation - Alleged violation of VA Code § 56-265.24 C *et al.*
 URS-2014-00191 Independence Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00192 Masonry Specialist, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00193 Perennial Landscape, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00194 Reliable Assets, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00195 The Sheffield Company, Inc. - Alleged violation of VA Code § 56-265.17 B 1 *et al.*
 URS-2014-00196 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00197 Greenfield Landscaping LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00198 Envirostruct, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00199 All In 1 Erosion Control, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00200 Red Line Outdoor Services - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00202 Accumark, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00203 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 B
 URS-2014-00204 Pilgrim Communications - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00205 Spanish Quality Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00206 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00207 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2014-00208 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00209 Miller-Pipeline, LLC - Alleged violation of VA Code § 56-265.24 C *et al.*
 URS-2014-00210 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00211 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 B *et al.*
 URS-2014-00215 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00216 Davishar Plumbing Group, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00217 E. W. Brown Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00218 ITM Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00219 P.J. Cable Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00220 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00221 Dale Wayman Bragg - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00222 Gary W. Smith Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00223 Larry's Maintenance Services - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00224 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00225 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00226 Midasco Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00228 A.N.D. Contractors Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00229 A.N.D. Contractors Incorporated of DC t/a Anchor Construction Corporation - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00230 Chevy Chase Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00231 D N D Backhoe Service, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00232 HP Building Electric LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00233 Jones Utilities Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00234 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00235 Windsor Electric Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00236 Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00238 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00239 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00240 City Concrete Corp - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00241 Green Light Concrete LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00242 R.A.D. Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00244 Richmark Site Services, LLC - Alleged violation of VA Code § 56-265.140.2, 24 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2014-00245	Sagres Construction Corporation - Alleged violation of VA Code § 56-265.140.2, 24 A
URS-2014-00246	Underground Solutions, Inc. (NC) - Alleged violation of VA Code § 56-265.150.6, 150.8, 24 A
URS-2014-00247	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.110.M, 19 A
URS-2014-00248	A.G. Dillard, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2014-00249	Asphalt Roads and Materials Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2014-00250	Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.200, 24 E
URS-2014-00252	Davis Masonry, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00254	Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A
URS-2014-00255	Linco Inc. - Alleged violation of VA Code § 56-265.140.4, 24 A
URS-2014-00256	M & K Concrete and Construction - Alleged violation of VA Code § 56-265.140.4, 17 A, 24 A
URS-2014-00257	Majestic Concrete Construction LLC - Alleged violation of VA Code § 56-265.17 A, 24 A
URS-2014-00258	Peanut City Vegetable Oil Co. - Alleged violation of VA Code § 56-265.17 A, 24 A
URS-2014-00260	S. L. Williamson Company, Incorporated - Alleged violation of VA Code § 56-265.140.4, 17 A, 24 A
URS-2014-00261	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2014-00262	Midasco, LLC - Alleged violation of VA Code § 56-265.18 <i>et al.</i>
URS-2014-00264	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A <i>et al.</i>
URS-2014-00265	Plumbright Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 D <i>et al.</i>
URS-2014-00266	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A <i>et al.</i>
URS-2014-00267	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A <i>et al.</i>
URS-2014-00270	Sharp Haulers & Backhoe Services, LLC - Alleged violation of VA Code § 56-265.17 D <i>et al.</i>
URS-2014-00271	Gaston Brothers Utilities, LLC - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00272	Simons Contracting Company, Inc. - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00273	Rose Backhoe & Construction, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2014-00274	Parson Construction Co. - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00275	Lytile Utilities, Incorporated - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00276	J. A. Walder, Incorporated - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00277	Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00280	Henderson Construction Co. Inc. - Alleged violation of VA Code § 56-265.24 A <i>et al.</i>
URS-2014-00281	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.349 A
URS-2014-00282	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2014-00283	DCI/Shires, Inc. - Alleged violation of VA Code § 56-265.17 A <i>et al.</i>
URS-2014-00284	Nickelston Industries, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00286	Ed Lawrence Construction Co. - Alleged violation of VA Code § 56-265.24 A 20 VAC 5-309-140 (4)
URS-2014-00287	Fiber Network Services Incorporated - Alleged violation of VA Code § 56-265.24 A 20 VAC 5-309-180
URS-2014-00290	Affordable Septic, LLC - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-180; and 20 VAC 5-309-200
URS-2014-00291	Lineberry's Electrical & Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00292	Silver Springs Concrete - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-140 (2) and 20 VAC 5-309-140 (4)
URS-2014-00293	Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2014-00294	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2014-00295	Bay Country Enterprises, Inc. t/a Bay Country Contractors - Alleged violation of VA Code § 56-265.17 A
URS-2014-00296	Coy B Cannon Excavating - Alleged violation of VA Code § 56-265.17 A
URS-2014-00299	Prestige Acres Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00300	Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2014-00301	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A; 20 VAC 5-309-110 M
URS-2014-00302	State Construction Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2014-00303	Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A; and 20 VAC 5-309-140 (4)
URS-2014-00304	TCR Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00306	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2014-00307	Linco Inc. - Alleged violation of VA Code §§ 56-265.24 A and 56-265.24 E; 20 VAC 5-309-140 (4) and 20 VAC 5-309-200
URS-2014-00308	S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2) and 20 VAC 5-309-140 (3) and violation of VA Code §§ 56-265.17 C and 56-265.24 A; 20 VAC 5-309-140 (2), 20 VAC 5-309-140 (3) and 20 VAC 5-309-180
URS-2014-00310	Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2014-00311	Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.19 A
URS-2014-00312	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2014-00313	Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2014-00314	Branham Electric Corporation - Alleged violation of VA Code § 56-265.140.4, 17 D, 24 A
URS-2014-00316	Eidson & Son Concrete & Repair, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00317	Interstate Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2014-00318	JKS Construction Company - Alleged violation of VA Code § 56-265.17 A
URS-2014-00319	K. P. Glass Construction, Incorporated - Alleged violation of VA Code § 56-265.140.4, 24 A
URS-2014-00321	Dranlon Enterprises, Inc. t/a Mr. Asphalt - Alleged violation of VA Code § 56-265.24 A
URS-2014-00322	Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A
URS-2014-00323	Shoosmith Bros., Inc. - Alleged violation of VA Code § 56-265.140.3, 24 A
URS-2014-00324	S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.110 M, 19 A
URS-2014-00325	Via Satellite, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2014-00326	Benchmark VA LLC t/a Accumark VA LLC - Alleged violation of VA Code § 56-265.19 A
URS-2014-00327	Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e) <i>et al.</i>
URS-2014-00328	McLaughlin Building Associates, LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2014-00329	Roto-Rooter Services Co. - Alleged violation of VA Code § 56-265.17 A

URS-2014-00330 Burkhardt's Nursery, Inc. - Alleged violation of VA Code § 56-265.17 B 1
 URS-2014-00332 Directional Sign Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00333 Interview, Ltd. - Alleged violation of VA Code § 56-265.17 B 1
 URS-2014-00335 Richardson-Wayland Electrical Company LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00336 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00337 Stable Foundations, LLC - Alleged violation of VA Code § 5-265.17 A
 URS-2014-00338 THS Construction Company - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00341 Ashton Manor Environmental, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00343 J.S.G. Corporation - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200
 URS-2014-00345 Prata Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00346 American Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200
 URS-2014-00347 Meadow Green Builders Incorporated - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00348 American Infrastructure-VA, Inc. - Alleged violation of VA Code §§ 56-265.24 A, 56-265.24 B and 56-265.24 D
 URS-2014-00351 C&W Construction, LLC - Alleged violation of VA Code §§ 56-265.17 A, 56-265.17 F and 56-265.18
 URS-2014-00352 Darrell Kellum, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00353 Dwight Duren Construction Co. - Alleged violation of VA Code §§ 56-265.24 A and 56-265.24 E; 20 VAC 5-309-140 (4); 20 VAC 5-309-200

 URS-2014-00354 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00355 Quality Enterprises USA, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00357 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00358 Exterior Services - Alleged violation of VA Code §§ 56-265.17 D and 56-265.24 D
 URS-2014-00359 Moores Electrical & Mechanical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00360 Contracting Enterprises, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00361 East Coast Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (1)
 URS-2014-00363 Jose Pimenta Construction Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00364 L. R. Hill Custom Builders, Inc. - Alleged violation of VA Code § 56-265.20:1
 URS-2014-00365 Langford Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00367 McLean Custom Homes, LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 E
 URS-2014-00368 Verizon Virginia LLC - Alleged violation of VA Code § 56-265.19A
 URS-2014-00369 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00370 Benchmark VA LLC Subsurface Utility Service t/a Accumark - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00371 S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A and 56-265.21; 20 VAC 5-309-110 D; 20 VAC 5-309-110 E; 20 VAC 5-309-110 Q

 URS-2014-00372 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A; 20 VAC 5-309-110 M
 URS-2014-00373 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00374 Cable Protection Services, Inc. - Alleged violation of VA Code §§ 56-265.19 A and 56-265.19 E; 20 VAC 5-309-110 B; 20 VAC 5-309-110 E; 20 VAC 5-309-110 J; 20 VAC 5-309-110 Q

 URS-2014-00375 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199 (e) *et al.*
 URS-2014-00376 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00377 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00378 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00379 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00380 Roto-Rooter Services Co. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00387 Perry Engineering Company, Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00389 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.20:1
 URS-2014-00390 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00391 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00392 Gault Electric LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00393 Junior Construction, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00395 Traditional Plumbing & Heat L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00396 Southeast Connections, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00397 Ridgeline Tree & Landscape, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00398 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00400 JES Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00402 JKSS Construction, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00403 Commonwealth Irrigation and Landscape Corporation - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00406 Buddy's Septic and Sewer Service, Inc.-Alleged violation of VA Code § 56-265.17 A
 URS-2014-00408 Dominion Plumbing Contractors - Alleged violation of VA Code §§ 56-265.17 A, 56-265.24 A and 56-265.24 E
 URS-2014-00409 Alam Design Group, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00410 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.5
 URS-2014-00414 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.4
 URS-2014-00415 Peninsula Paving, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00416 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00417 W. H. McCutcheon Plumbing and Contracting, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00418 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00419 Pointe West Management Company - Alleged violation of Virginia Code § 56-265.17 A
 URS-2014-00420 Dewey, LLC t/a SAM Fencing - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00421 The Landtek Group, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00422 Atlas Plumbing, LLC - Alleged code violation of VA Code § 56-265.24 A
 URS-2014-00424 Thomas W. Beasley - Alleged violation of VA Code § 56-265.17 A

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

URS-2014-00427 Perkinson Construction, LLC - Alleged violations of VA code §56-265.14 A and 20VAC 5-309-140.4
 URS-2014-00429 American Door & Glass - Southwest Virginia, Inc. t/a All American Home Improvement - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00430 Raco Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00432 Branch Highways, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-200
 URS-2014-00433 Cook Bros. Corporation t/a Cook Bros. Contracting - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00434 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00435 Denny Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00436 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00437 DH Building & Investments, Inc. - Alleged violation of VA Code §§ 56-265.17 A, 56-265.24 A and 56-265.24 E
 URS-2014-00439 Domingo Ballel - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00440 E. E. Lyons Const. Co., Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2014-00441 E. C. Pace Company, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.3, 20 VAC 5-309-200
 URS-2014-00442 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00443 Geofreeze, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00444 Hall Septic Tank Cleaning, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00446 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A and 20 VAC 5-309-160
 URS-2014-00447 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00448 Prillaman & Pace, Inc. - Alleged violation of VA Code §§ 56-265.24 A, 20 VAC 5-309-140 (5), 20 VAC, 5-309-200
 URS-2014-00454 R. F. Knight Electric, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00457 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00458 Talbott Concrete and Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00463 Eldridge Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00465 Pifer Company, Inc. t/a N R V Grading and Paving Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00467 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00470 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00472 Basic Construction Company, L.L.C. t/a Basic Construction Company - Alleged violation of VA Code § 56-265.24 A; and 20 VAC 5-309-140 (4)
 URS-2014-00473 Dominion Concrete Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00475 Henderson, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00476 Home & Turf, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00477 It's Electric, Inc. - Alleged violation of VA Code §§ 56-265.17 B.2 and 56-265.24 A
 URS-2014-00478 M. Wilton Construction Company - Alleged violation of VA Code § 56-265.24 A; and 20 VAC 5-309-140 (4)
 URS-2014-00479 Air Conditioning Specialists, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00480 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00482 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00483 Counts & Dobyms, Inc. - Alleged violation of VA Code § 56-265.24 A 20 VAC 5-309-140 (4)
 URS-2014-00485 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00486 Landscape by Beckner - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00491 Branscome, Inc. - Alleged violation of VA Code §§ 56-265.18 and 56-265.24 A; and 20 VAC 5-309-140 (4)
 URS-2014-00493 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00494 Possie B. Chenault, Inc. - Alleged violation of VA Code §§ 56-265.24 A, 56-265.17 B.1; and 20 VAC 5-309-140 (4)
 URS-2014-00501 Richard L. Crowder Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00502 J M D Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00506 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A